RENOLD

**Renold Chain India Private Limited**
**11th Annual Report**

# Re-engineering our future.

Continuing
**Our Progress.**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

S Ramachandran

B Vijayakumar

Ian Lloyd Scapens

Michael Peter Wallwork

## COMPANY SECRETARY

T Vinothkumar

## AUDITORS

Deloitte Haskin & Sells LLP

## BANKERS

The Federal Bank Limited

State Bank of India

HDFC Bank Limited

## REGISTERED OFFICE

SF 568/1A, 569/1&2 D Gudalur Post

Vedasanthur Taluk

Dindigul 624 620

CIN: U27109TZ2008FTC017737

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### 11TH ANNUAL GENERAL MEETING

**DATE** : 30.09.2019

**DAY** : Monday

**TIME** : 10.00 AM

**VENUE** : Renold Chain India Private Limited
D. Gudalur, Vedasanthur Taluk
Dindigul 624620

**Renold Chain India at a Glance**

**Who we are**

Renold India manufactures and sells Transmission and conveyor chains which caters the need of the sectors which includes textiles, railways, food, cement, oil, agricultural, sugar etc.

Renold India is a part of Renold Group. Its equity share capital is held by Renold International Holding Limited, UK (ultimately held by Renold Plc UK) and L.G.Balakrishnan & Bros Limited, India. Renold International Holdings Limited has 75% stake in Renold India and the balance 25% stake is held by L.G.Balakrishnan & Bros Limited.

Renold Plc, UK is an international engineering group and produces a wide range of precision engineering products. It is engaged in the manufacture and sale of industrial chains and torque transmission products.
Renold India is uniquely positioned to offer global experience and local expertise to meet the demands of the Indian market for technically superior products at competitive prices.

**What we do**

We work closely alongside our customers to design and manufacture industrial chains and provide solution to specific application needs. Our solution delivers excellent fatigue life, consistent reliability and long life demanding industrial applications. We are committed to focus on improving existing or developing new ways of doing business that will reduce our environmental foot print and increase our positive social impact.

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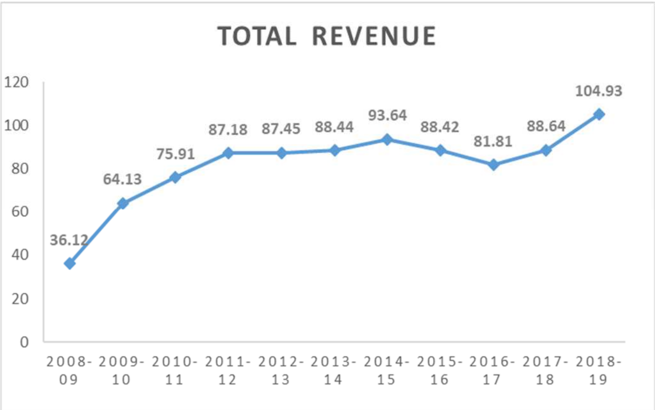
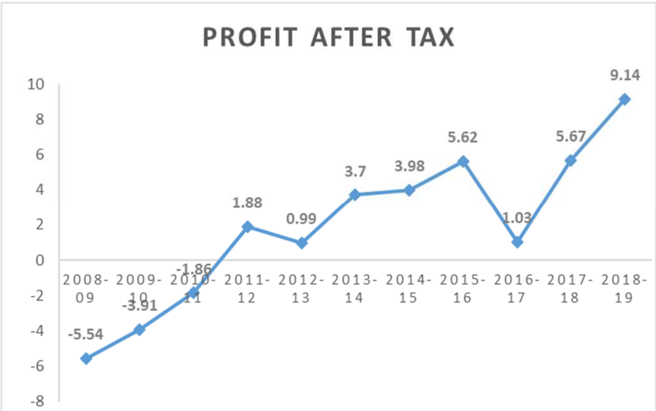
**FINANCIAL HIGHLIGHTS**

**Total Revenue (Net) – Rs. In Crores**




**Profit After Tax (PAT) – Rs. In Crores**



## NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Members of Renold Chain India Private Limited will be held on Monday, the 30th day of September 2019 at 10.00A.M at the Registered Office of the Company at SF No. 568/1A, 569/1&2, D.Gudalur (Post), Vedasanthur (TK), Dindigul (DT), Tamilnadu – 624 620, India to transact the following businesses:

**ORDINARY BUSINESS**

1. To consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2019 together with the reports of the Board of Directors and Auditors thereon.

2. To appoint Mr.B.Venkateswar, Cost Accountant, the Cost Auditor of the Company for the Financial year 2019-20 and to fix remuneration and in this regard pass with or without modification(s), the following resolution as an ordinary resolution.

   **RESOLVED THAT** pursuant to section 148 and other applicable provision if any of the Companies Act, 2013 and Rules made thereunder (including statutory modification(s) or re-enactment(s) thereof for the time being in force) Mr.B.Venkateswar, Cost Accountant be and is hereby appointed as the Cost Auditor of the Company for the financial year ending 31st March 2020 at a remuneration of Rs.40,000/- (Rupees Forty Thousand only) plus taxes and reimbursement of out of pocket expenses incurred in connection with cost audit be and is hereby ratified.

**NOTES:**

1. A member entitled to attend and vote at the annual general meeting (“the meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting. A proxy form for the AGM is enclosed.

2. Members may note that M/s. Deloitte Haskins & Sells LLP., Chartered Accountants, (Firm Registration No.11736w/w-100018), the statutory auditors of the company were appointed by the shareholders at their Annual General Meeting (AGM) held on 28th September, 2015, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2020, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May 2018 has amended section 139 of the companies act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Accordingly, the original resolution appointing the statutory auditors passed by the shareholders at their AGM held on 28th September, 2015 was amended vide an

ordinary resolution approved by the shareholders at their 10th AGM held on 26th September, 2018 and omitted the requirement for ratification of the appointment of statutory auditors by the shareholders at every AGM. Hence, no resolution is being proposed for ratification of appointment of statutory auditors at this 11th Annual General Meeting.

3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send the company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.

**D. Gudalur Post**
**Dindigul DT**
**28.08.2019**

**By Order of the Board**

**S. Ramachandran**
**Managing Director**

**DIRECTORS' REPORT**

**Dear shareholders**

Your Directors take pleasure in presenting the 11th Annual Report of your Company together with the audited accounts for the year ended 31st March 2019.

**COMPANY SPECIFIC INFORMATION**

**FINANCIAL RESULTS**

The Summary of the financial performance of the company for the year ended 31st March 2019 as compared to the previous year is as below:
The Financial Statement is prepared in accordance with Indian Accounting Standards (IND AS), in accordance with the notification issued by Ministry of Corporate Affairs.

*All amounts are in thousands of Indian Rupees*

| Particulars | 31-03-2019 | 31-03-2018 |
|---|---|---|
| Total Revenue | **10,56,755** | **8,97,564** |
| Profit before interest, depreciation & tax | 1,55,514 | 1,09,635 |
| Less: Depreciation and amortization Expenses | 24,022 | 23,022 |
| Less: Finance Cost | 1,528 | 1,878 |
| **Profit Before Tax** | **1,29,964** | **84,735** |
| **Less: Tax Expenses** | | |
| (a) Current Tax | **35,836** | **23,320** |
| (b) Deferred Tax | **2,696** | **4,714** |
| Other comprehensive income | (23) | 123 |
| **Profit after Tax & comprehensive income** | **91,409** | **56,826** |
| **Earnings per Equity Share (face value of share Rs.10)** | **2.23** | **1.38** |

**OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE**

Total Revenue from operations increased to Rs.105.68 crores as against Rs.89.76 Crores in the previous year, there by registering the growth of 17.73%. The increase in revenue was mainly on account of increase in intergroup business.

The Profit after tax for the current year is Rs.9.14 Crores as against Rs.5.68 Crores in the previous year. The performance of the Company during the year has been discussed and your Directors are confident of achieving better working results in the years to come.

**TRANSFER OF PROFIT TO RESERVES**

Keeping in view of non-declaration of dividend during the year, the Board has decided to retain the profit in the Profit and Loss Account and hence no amount has been transferred to reserves.

**DIVIDEND**

Considering the continuous investments in Capital expenditure which has been estimated for the financial year 2019-20,your Directors regret their inability to recommend Divided for the year 2018-19.

**MATERIAL CHANGES AFFECTING THE COMPANY**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2018-19 and the date of this report.

**CHANGE IN NATURE OF BUSINESS**

There has been no change in the nature of business of the Company.

**MIGRATION OF ERP**

At present, the company operates in SAP, an ERP system wherein all of its accounting records are stored in electronic form. Renold group wants to have a common ERP platform across all of its group companies. Hence, it has been decided to migrate from SAP to M3 software and it is expected to complete before this financial year.

## GENERAL INFORMATION

**QUALITY**

The company continues to attach great importance in the Quality of its products and its pursuit for perfection in its direction is an ongoing process. The company is aware of the need to globalize its business and as an integral part of its goal, concentrates its efforts towards conducting training programme on quality aspects for personnel from various departments of the company, thereby enabling the company to confirm to international standards and making its product readily acceptable in the international markets.

**INDUSTRIAL RELATIONS**

Your Company has always considered its workforce as its valuable asset and continues to invest in their excellence and development programs. Your company has taken several initiatives for enhancing employee engagement and satisfaction.

## CAPITAL AND DEBT STRUCTURE

**SHARE CAPITAL**

The paid up share capital of the company as at 31st March, 2019 stood at Rs.41 Crores. During the year under review the company has not made any fresh issue of shares.

**BUY BACK OF SECURITIES:**

The Company has not bought back any of its securities during the year under review.

**SWEAT EQUITY:**

The Company has not issued any Sweat Equity Shares during the year under review.

**BONUS SHARES:**

No Bonus shares were issued during the year under review.

**EMPLOYEE STOCK OPTION PLAN:**

The Company has not provided any Stock option Scheme to the employee/directors**.**

**MANAGEMENT**

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**Resignation of Mr. Graham Conyers**

MR. Graham Conyers, Director, tendered his resignation from the office of the Directors of the Company with effect from 25.04.2018.

During his association with the Company, his contribution to the Board has been immensely valuable. The Board places on record its appreciation for his inspiring guidance and his outstanding contribution to improve the overall functioning of the Company.

**Appointment of Mr Michael Peter Wallwork as Director of the Company**

The Board of Directors at their meeting held on 25th April 2018 has appointed Mr Michael Peter Wallwork as an Additional Director of the Company with effect from 25.04.2018.

Appropriate resolution for the appointment of Mr. Michael Peter Wallwork as a Director of the Company has been passed in the Annual General Meeting held during the year 2018 for his appointment.

**Resignation of Mr. L Anoor Nalla Senapathy**

MR. L Anoor Nalla Senapathy, Chief Financial Officer, tendered his resignation from the office of the Directors of the Company with effect from 31.10.2018.

During his association with the Company, his contribution to the Company has been immensely valuable. The Board places on record its appreciation for his inspiring guidance and his outstanding contribution to improve the overall functioning of the Company.

**Key Managerial Personnel**

Mr S Ramachandran, Managing Director, Mr. L Anoor Nalla Senapathy, Chief Financial Officer (until 31.10.2018) and Mr.T.Vinothkumar Company Secretary are the key Managerial Personnel of the Company in accordance with the provision of sections 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

**DECLARATION OF INDEPENDENT DIRECTORS**

Being a Private Limited Company Provisions of Section 149 pertaining to the appointment of Independent Directors does not apply to our company.

**BOARD MEETING**

The Company had conducted 7 Board Meetings during the financial year and the date on which the Board Meetings were conducted is given below.

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

| S. No | Date of Board Meeting | Venue of Board Meeting |
|---|---|---|
| 1 | 25.04.2018 | Registered Office |
| 2 | 22.05.2018 | Registered Office |
| 3 | 28.07.2018 | Manchester, United Kingdom |
| 4 | 03.09.2018 | Registered Office |
| 5 | 23.10.2018 | Manchester, United Kingdom |
| 6 | 30.01.2019 | Manchester, United Kingdom |
| 7 | 22.03.2019 | Registered Office |

Further the Board passed 2 (two) matters by passing Resolution by way of Circulation on 03.07.2018 and 10.10.2018.

**COMMITTEES**

**NOMINATION AND REMUNERATION COMMITTEE**

Being a Private Limited Company, the provisions of Section 178 (1) relating to constitution of Nomination and Remuneration committee are not applicable to the Company and hence the company has not devised any policy relating to appointment of directors, payment of Managerial Remuneration, Directors Qualification, positive attributes, independence of Directors and other related matters as provided under section 178 (3) of the Companies Act, 2013.

None of the employees is in receipt of remuneration of rupees eight lakhs fifty thousand per month and rupees one crore two lakhs per annum during the financial year under review.

**AUDIT COMMITTEE AND VIGIL MECHANISM**

The provisions of section 177(1) of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of the Board and its powers) Rules, 2014 is not applicable to the Company. The provisions of section 177 (9) relating to establishment of vigil mechanism is not applicable to the company.

Pursuant to Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its powers) Rules, 2014, we nominate Mr S Ramachandran to play the role of audit committee for the purpose of vigil mechanism to whom other directors and employees may report their concerns.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

As on 31st March 2019, the CSR Committee comprises of following Members:

| S.No | Name | Designation in the Company | Status in the Committee |
|---|---|---|---|
| 1 | S Ramachandran | Managing Director | Chairman |
| 2 | B Vijayakumar | Director | Member |
| 3 | Ian Lloyd Scapens | Director | Member |
| 4 | T Vinothkumar | Company Secretary | Secretary |

The Company had conducted 3 CSR Committee Meetings during the financial year and the date on which the CSR Meetings were conducted is given below.

| S.No | Date of Board Meeting | Venue of Board Meeting |
|---|---|---|
| 1 | 23.07.2018 | Registered Office |
| 2 | 15.10.2018 | Registered Office |
| 3 | 25.01.2019 | Registered Office |

**<u>EVALUATION OF BOARD'S PERFORMANCE</u>**

Section 134 (3) (p) of the Companies Act, 2013 as well as Rule 8 (4) of the Companies (Accounts) Rules, 2014 are not applicable to the Company.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3) (c) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), the Directors of your company confirm that:

i. In the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards and Schedule III of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) for the time being in force), have been followed along with proper explanation relating to material departures, if any;
ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2019 and the profit and loss of the company for the financial year ended 31st March, 2019;
iii. 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;

iv. The Directors had prepared the annual accounts on a going concern basis;
v. Proper internal financial control laid down by the Directors were followed by your company and that such internal controls are adequate and were operating effectively; and
vi. Proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.
vii. Details in respect of frauds reported by auditors under sub section (12) of section 143 other than those which are reportable to the Central Government.

**ADEQUACY OF INTERNAL FINANACIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records.

The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3) (i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors report.

**FRAUDS REPORTED BY AUDITORS**

Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

**DISCLOSURES RELATING TO SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES COMPANIES**

During the year under review none of the company became the subsidiary or joint venture or an associate company of your company and vice versa.

**REPORT OF FINANACIAL POSITION OF EACH OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Pursuant to the Companies (Accounts) Rules, 2014 the company neither has any subsidiaries, Associates nor has entered into any form of joint venture for the relevant year.

**DETAILS OF DEPOSITS**

During the year under review, your company has not accepted any deposit within the meaning of Sections 73 and 74 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for time being in force).

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

There were no loans were given by the Company as mentioned under section 186 of the Companies Act, 2013 during the financial year 2018-19.

During the year, the company acquired 12,000 equity shares of Rs.91.24 each, of Clean Wind Power (Pratapgarh) Private Limited on June 1, 2018 for Rs.10,94,880/- in order to cater its power need to the tune of 10 Lakhs units of Electricity till March 31, 2019. Subsequently the electricity consumption was estimated to be only 3 Lakh units and hence the Company has reduced its existing investment by selling 8,400 equity shares of Clean Wind Power (Pratapgarh) Private Limited to Hero Wind Energy Private Limited during March 2019 at the carrying value of Rs. 91.24 per share aggregating to Rs. 7,66,416.

As at March 31st, 2019, the Company holds 3,600 equity shares of Rs. 91.24 per share in Clean Wind Power (Pratapgarh) Private Limited.

**RELATED PARTY TRANSACTIONS**

Details of the transactions with Related Parties are provided in the accompanying financial statements. There were no transactions during the year which would require to be reported in Form AOC.2.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company is bound to spend INR 14.41Lakhs towards Corporate Social Responsibility activities during the financial year 2018-19 and against which the company has spent INR 15.05Lakhs.

The Company's CSR policy statement and annual report on CSR activities undertaken during the financial year ended 31st March 2019, in accordance with section 135 of the Companies Act,2013 and companies (Corporate Social Responsibility policy) Rules, 2014 is annexed to this report as **Annexure B.**

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

We continue with our initiatives to save energy wherever possible.

**Energy Conservation**

Your Company continues to give priority to conservation of energy on an ongoing basis. This includes reviewing the running time of the production equipment to avoid waste and minimizing the diesel generator sets wherever possible.

**Technology Absorption**

There is ongoing technology absorption towards development in increasing the resistance of chain, upgradation of design and development with upgraded software.

**Research and Development**

Your company continues to accord top priority to research and development activity which is a continuous ongoing process.

**Foreign Exchange Earning and Outgo**

| | | |
|---|---|---|
| I. | Foreign Exchange earned during the year amounts to | : Rs. 29,59,66,673 |
| II. | Foreign Exchange used | : Rs. 3,82,76,792 |

**RISK MANAGEMENT POLICY**

The Company has a well-defined process to ensure risks are identified and steps to treat them are put in place at the right level in the management. The operating managers are responsible for identifying and putting in place mitigation plan for operational and process risks. Key strategic and business risks are identified and managed by the senior leadership team in the organisation. There are no risks which in the opinion of the Board threaten the existence of the Company.

**WHISTLE BLOWING POLICY**

The Company has established a Whistle Blower Policy for Directors and employees to report their genuine concern. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism.

To overcome the potentially difficult circumstances and to protect the Whistle blower, our Company has joined EXPOLINK. This is an anonymous, free to call and confidential service to enable you to report your concern. It could be criminal activity, fraud, theft or damage to property by the Company, its management, supervisors, employees or suppliers. It may be more personal, such as discrimination, bullying or harassment. EXPOLINK can also be used when you have a really good idea but do not wish to be identified.

EXPOLINK is a completely independent organisation with impartial staff to handle these types of calls. Whistle Blower can phone in total confidence knowing that the call will not be traced or recorded – won't even be asked Whistle Blower name. The information given to EXPOLINK will be passed on to one of the senior executives who will act on it without compromising you in any way. There's no charge; Whistle Blower can even call from home for total privacy. EXPOLINK gives a unique code number to make it easy for to phone back with more information.

Whistle Blower can contact EXPOLINK free from any phone in your country, 7 days, 24 hours.

Just dial 000 800 440 1286.

Your Company is committed to achieving an open working environment in which you feel able to report directly to your Manager. However, there may be times when you're not comfortable with that or feel unable to do so. It's for those times that you should call EXPOLINK.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE FORUM**

There are no significant and material orders that were passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

## AUDITORS

### STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the act and rules there under, M/s. Deloitte Haskin & Sells LLP (Firm Registration No: 117366w/w-100018) were appointed as the statutory auditors of the company at the Annual General Meeting held on 28th September 2015, to hold office till the conclusion of the Annual General Meeting to be held in the year 2020.

### COST AUDITOR

Pursuant to the provisions of section 148 of the companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain the Cost records and accordingly such accounts and records are made and maintained in the prescribed manner for the financial year 2018-19.

As the company's turnover has crossed 100 crores during the financial year 2018-19, cost audit has become mandated for the company from the financial year 2019-20. The Board of Directors of the Company, has appointed Mr. B.Venkateswar Cost Accountants, (Firm Registration No. 100753) as the Cost Auditor of the Company to conduct the cost audit for the financial year 2019 - 20. The Board of Directors has fixed the remuneration for the cost audit at Rs. 40,000/- (excluding taxes & out of pocket expenses) subject to the ratification by the members of the company at the ensuing Annual General Meeting of the Company.

### SECRETARIAL AUDITOR

Being a private limited company, the provisions of section 204 of the Companies Act, 2013 is not applicable to the company and hence the company has not appointed any secretarial auditor for the year 2018-19.

## BOARD'S RESPONSES TO OBSERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS IN AUDITOR'S REPORT

The Statutory Auditors (Auditors) have qualified their opinion in relation to the matters specified in Note 7 of the financial statements for the year ended March 31, 2019. The Board's responses to the qualification are as follows:

**Auditor's Observation under 'Basis for Qualified Opinion' of the Independent Auditor's Report:**

As specified in Note 7 to the financial statements, the Company's inventories of Work in Progress (WIP) are carried at Rs. 42,071 thousands and Finished Goods (FG) are carried at Rs. 25,998 thousands as at the Balance Sheet date. The Management had valued the inventories at standard costs that have not been updated during the year and therefore were materially different from the actual costs of the inventories. This constituted a departure from the Indian Accounting standard 2 'Valuation of Inventories'. The management has analysed and reconciled the differences and recorded the adjustments to the year-end inventory balance. We are unable to validate the analysis and reconciliation provided by the management for the differences and accordingly unable to comment on further adjustments, if any, required to the carrying value of work in progress and finished goods as at the balance sheet date and the cost of goods sold debited to the Statement of Profit and Loss during the year.

**Board's Response to audit qualification on valuation to inventories**

The company has duly reconciled and updated all material Standard cost adjustment in the financial statements. The Management believes that the Inventory valuation and Cost of Goods sold are recorded in line with the Accounting Standard 2 'Valuation of Inventories'. It has also been confirmed by the auditors that, proper analysis & reconciliation were made during the year and the adjustments to the yearend inventory balance have been recorded. But the auditors were not able to validate on the analysis & reconciliation made by the company. Accordingly from the management perspective, no further adjustments are required other than those already accounted for. Also, the company is in the process of Re-engineering the Costing process with new ERP Platform so as to simplify the Annual Standard cost update in the ensuing years.

**COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors, General Meetings and on Board Report.

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of Annual Return as on 31st March, 2018 in Form MGT – 9 in accordance with section 92 (3) of the companies act, 2013 read with Companies (Management and Administration) Rules, 2014 are set out herewith as **Annexure A** to this report.

**OTHER DISCLOSURES**

**HUMAN RESOURCE**

Your Company Firmly believes that employees are its most valued resource and their efficiency plays a key role in achieving defined goals and building a competitive work environment. Many initiatives have been taken to support business through organizational efficiency, process change support and various employee engagement programmes which has helped the Organization achieve higher productivity levels. In its pursuit to attract, retain and develop best available talents, several programmes are regularly conducted at various levels across the Company. Employee relations continued to be cordial and harmonious across all levels and at all the units of the Company.

**ENVIROMENT HEALTH AND SAFETY**

The Company carries out activities with due attention to Environment, Health & Safety. The Company focuses on environmental protection, occupational health and safety and strives for the continual improvement in all the above parameters. Each and every employee of the company is educated regarding health & safety policy of the company. The Department Heads and Supervisors ensure adequate safety and security in their respective departments.

Every year Renold India observes safety day. This year it was on observed 4th March 2019. The main objective of the safety theme followed at Renold India is to "Be Safe, Act Safe and Think Safe" always. All employees at the factory (including contract labours) are provided with Helmets, ear buds, cloves, shoes, eye glasses and also fire extinguishment cylinders are made available at all places. This provides an additional layer to ensure that facilities are as safe as possible for every employee.

Some of the initiatives taken in the area of Health & Safety are listed below:

i. The Company continues to move on the health agenda by keeping Occupational Health Centres (OHCs) at its manufacturing plant upgraded and ahead of the regulatory requirements.

ii. A safety program, has been implemented which encompasses safety audits, training & communication, safety systems, incident management, safety campaigns, road safety industrial Safety, fire safety and electrical safety. Under the programme, the units are graded and an annual award is presented to the winning team.

iii. All the critical safety incidents, if any, are thoroughly investigated. The root cause and the corrective and preventive actions are reviewed and approved by the Management. The implementation of actions is monitored by the Corporate Quality and Safety group.

iv. The Company provides mediclaim facility under the Group Mediclaim Policy to its on-roll employees.

v. Suitable checks and balances are ensured at each of the units to ensure that wage payments statutory contributions, provision of safety equipment and other such obligations are met by the contractor as per the prescribed laws. The Company employs stringent screening and selection criteria for contractors and ensures the terms of contract clearly stipulate statutory requirements to be followed by them.

vi. Welfare facilities like subsidised food, rest rooms, medical check-up and medical facilities are provided to all employees working in your Company.

## DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a policy on prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Prevention of Sexual Harassment of Women at Workplace Act") and Rules framed thereunder and an internal complaints committee has also been set up to redress complaints received regarding sexual harassment.

During the year under review there were no cases filed pursuant to the Sexual Harassment at Workplace (Prevention, prohibition and Redressal) Act, 2013. The company's annual report on Policy on Prevention of Sexual Harassment at Workplace is annexed to this report in **Annexure C**.

**ACKNOWLEDGEMENT**

Your Directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, cooperation and dedication during the year.

Your Directors sincerely convey their appreciation to employees, shareholders, customers, vendors, bankers, regulatory and Governmental authorities for their continued support.

| | | |
|---|---|---|
| | **By Order of the Board** | |
| **Place: Karur**<br>**Date: 28.08.2019** | | |
| | **S. RAMACHANDRAN**<br>**MANAGING DIRECTOR**<br>**DIN NO: 03535894** | **B. VIJAYAKUMAR**<br>**DIRECTOR**<br>**DIN NO: 00015583** |

# ANNEXURE 'A' TO THE BOARD REPORT

## EXTRACT OF ANNUAL RETURN

## As on the financial year ended 31.03.2019

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

## FORM NO. MGT – 9

### 1. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| i) | CIN | U27109TZ2008FTC017737 |
| ii) | Registration Date | 01/05/2008 |
| iii) | Name of the Company | Renold Chain India Private Limited |
| iv) | Category / Sub-Category of the company | Company having Share Capital |
| v) | Address of the Registered office and contact details | 568/1A, 569/1&2, D.Gudalur, Vedasanthur Taluk, Dindigul – 624 620 |
| vi) | Whether listed company Yes / No | No |
| vii) | Name, Address and contact details of Registrar and Transfer Agent, if any | Not Applicable |

### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sl. No | Name and Description of main products / services | NIC Code of the Products/ Service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Industrial Chains | 2814 | 100% |

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

| Sl. No | Name and Address of the company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | Renold International Holdings Limited | Not Applicable | Holding | 75% | 2(46) |

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

| Category Code | Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| **(A)** | **Promoter and Promoter Group** | | | | | | | | | |
| **(1)** | **Indian** | | | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | - | - | - | - | - | - | - | - | - |
| (b) | Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | - | 1,02,50,000 | 1,02,50,000 | 25 | - | 1,02,50,000 | 1,02,50,000 | 25 | - |
| (d) | Financial Institutions/ Banks | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (A)(1)** | - | 1,02,50,000 | 1,02,50,000 | 25 | - | 1,02,50,000 | 1,02,50,000 | 25 | - |
| **(2)** | **Foreign** | | | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | - | - | - | - | - | - | - | - | - |
| (b) | Bodies Corporate | - | 3,07,50,000 | 3,07,50,000 | 75 | - | 3,07,50,000 | 3,07,50,000 | 75 | - |
| (c) | Institutions | - | - | - | - | - | - | - | - | - |
| (d) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (e) | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (A)(2)** | - | 3,07,50,000 | 3,07,50,000 | 75 | - | 3,07,50,000 | 3,07,50,000 | 75 | - |
| | **Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)** | - | 4,10,00,000 | 4,10,00,000 | 100 | - | 4,10,00,000 | 4,10,00,000 | 100 | - |
| **(B)** | **Public shareholding** | | | | | | | | | |
| **(1)** | **Institutions** | | | | | | | | | |
| (a) | Mutual Funds/UTI | - | - | - | - | - | - | - | - | - |
| (b) | Financial Institutions/ Banks | - | - | - | - | - | - | - | - | - |
| (c) | Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - |
| (d) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (e) | Insurance Companies | - | - | - | - | - | - | - | - | - |
| (f) | Foreign Institutional Investors | - | - | - | - | - | - | - | - | - |
| (g) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - |
| (h) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (B)(1)** | - | - | - | - | - | - | - | - | - |
| **(2)** | **Non-institutions** | | | | | | | | | |
| (a) | Bodies Corporate | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (b) | Individuals - | - | - | - | - | - | - | - | - | - |
| | (i) Individual shareholder holding nominal share capital up to Rs. 1 lakh. | - | - | - | - | - | - | - | - | - |
| | (ii) Individual shareholder holding nominal share capital in excess of Rs. 1 lakh. | - | - | - | - | - | - | - | - | - |
| (c) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| (d) | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| | NRIs/OCBs | - | - | - | - | - | - | - | - | - |
| | Clearing Member | - | - | - | - | - | - | - | - | - |
| | Directors & Relatives | - | - | - | - | - | - | - | - | - |
| | Hindu Undivided Families | - | - | - | - | - | - | - | - | - |
| | Trusts | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (B)(2)** | - | - | - | - | - | - | - | - | - |
| | **Total Public Shareholding (B)= (B)(1)+(B)(2)** | - | - | - | - | - | - | - | - | - |
| | **TOTAL(A)+(B)** | - | - | - | - | - | - | - | - | - |
| **(C)** | **Shares held by Custodians and against which Depository Receipts have been issued** | - | - | - | - | - | - | - | - | - |
| | **Promoter and Promoter Group** | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Public | - | - | - | - | - | - | - | - | - |
| | **GRAND TOTAL (A)+(B)+(C)** | **-** | **4,10,00,000** | **4,10,00,000** | **100** | **-** | **4,10,00,000** | **4,10,00,000** | **100** | **-** |

**ii) Shareholding of Promoters**

| | Shareholders Name | No. of Shares held at the beginning of the year 01.04.2018 | | | No. of Shares held at the end of the year 31.03.2019 | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Share Of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Share of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | Renold International Holdings Limited | 3.07,49,997 | 75 | - | 3,07,49,997 | 75 | - | - |
| 2 | Renold PLC | 3 | - | - | 3 | - | - | - |
| 3 | L.G. Balakrishnan &Bros Limited | 1,02,50,000 | 25 | - | 1,02,50,000 | 25 | - | - |

**iii) Change in Promoters' shareholding (Please specify, if there is no change)**

| Shareholding at the beginning of the year | | | Cumulative Shareholding during the year | |
|---|---|---|---|---|
| | **No. of Shares** | **% of total shares of the Company** | **No. of Shares** | **% of total shares of the Company** |
| At the beginning of the year | | | | |

| | |
|---|---|
| Date/wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc); | **No Change** |
| At the end of the year | |

**iv)Shareholding Pattern of Top Ten Shareholders (Other than directors, Promoters and Holders of GDRs and ADRs)**

| **For Each of the Top Ten Shareholders** | **Shareholding at the beginning of the year** | | **Shareholding at the end of the year** | |
|---|---|---|---|---|
| | **No. of Shares** | **% of total shares of the company** | **No. of Shares** | **% of total shares of the company** |
| Not Applicable | | | | |

**v) Shareholding of Directors and Key Managerial Personnel**

| **For Each of the Directors and KMP** | **Shareholding at the beginning of the year** | | **Cumulative Shareholding during the year** | |
|---|---|---|---|---|
| | **No. of Shares** | **% of total shares of the Company** | **No. of Shares** | **% of total shares of the Company** |
| Graham Conyers | - | - | - | - |
| Ian Lloyd Scapens | - | - | - | - |
| Michael Peter Wallwork | - | - | - | - |
| S Ramachandran | - | - | - | - |
| B Vijayakumar | - | - | - | - |
| T Vinothkumar | - | - | - | - |
| L Anoor Nalla Senapathy | - | - | - | - |

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits in Lakhs | Unsecured Loans in Lakhs | Deposits in Lakhs | Total Indebtedness in Lakhs |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | **NIL** | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| **Total (i+ii+iii)** | | | | |
| Change in Indebtedness during the financial year | | | | |
| Addition | | | | |
| Reduction | **NIL** | | | |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| **Total (i+ii+iii)** | | | | |

**VI. A. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

| Sr. No | Particulars of Remuneration | Mr. S Ramachandran Managing Director Amount in '000 |
|---|---|---|
| 1 | Gross Salary | |
| 2 | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 5,112 |
| 3 | (b) Value of perquisites under Section 17(2) Income Tax Act, 1961 | - |
| 4 | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | - |
| 5 | Stock Options | - |
| 6 | Sweat Equity | - |
| 7 | Commission | - |
| | - as % of profit | - |
| | - others, specify…. | - |
| | Others, please specify<br>i. Deferred bonus (pertaining to the current Financial year payable in 2018)<br>ii. Retirals | - |
| | **Total (A)** | 5,112 |

**B. Remuneration to other Directors:**

1. Independent Directors

All amounts are mentioned in thousands of Indian Rupees

| S. No | Particulars of Remuneration | Name of the Directors | | | | Total Amount in Lakhs |
|---|---|---|---|---|---|---|
| | | B Vijayakumar | Graham Conyers | Ian Lloyd Scapens | Michael Peter Wallwork | |
| 1 | Fee for attending Board/ committee Meetings | - | - | - | - | - |
| 2 | Commission | - | - | - | - | - |
| 3 | Others, please specify | - | - | - | - | - |

2. Non-Executive Directors

| S. No | Particulars of Remuneration | Name of Directors | Total Amount in Lakhs |
|---|---|---|---|
| 1 | Fee for attending Board / Committee Meetings | Not Applicable | |
| 2 | Commission | | |
| 3 | Others, please specify | | |
| 4 | Total (B)(2) | | |
| | **Total (B)=(B) (1) + (B)(2)** | | **0** |

**C.REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

All Amounts are mentioned in Thousands of Indian Rupees

| S. No | Particulars of Remuneration | Mr. L Anoor Nalla Senapathy Chief Financial Officer (Until 31.10.2018) | Mr. T Vinothkumar Company Secretary |
|---|---|---|---|
| | Gross Salary | | |
| 1 | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 1,424 | 1,311 |
| | (b) Value of perquisites under Section 17(2) Income Tax Act, 1961 | | |
| | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | | |

| | | | |
|---|---|---|---|
| 2 | Stock Options | | |
| 3 | Sweat Equity | | |
| 4 | Commission | | |
| | - as % of profit | | |
| | - others, specify…. | | |
| 5 | Others, please specify | | |
| | **Total** | **1,424** | **1,311** |

**VII.PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal; made, if any (give details) |
|---|---|---|---|---|---|
| **A.COMPANY** | | | | | |
| Penalty | | | | | |
| Punishment | | | NONE | | |
| Compounding | | | | | |
| **B.DIRECTORS** | | | | | |
| Penalty | | | | | |
| Punishment | | | NONE | | |
| Compounding | | | | | |
| **C.OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | | | |
| Punishment | | | NONE | | |
| Compounding | | | | | |

| | | |
|---|---|---|
| | **By Order of the Board** | |
| **Karur**<br>**28.08.2019** | **S. Ramachandran**<br>**Managing Director**<br>**Din No. 03535894** | **B. Vijayakumar**<br>**Director**<br>**Din No: 00015583** |

## ANNEXURE 'B' TO BOARD'S REPORT

**Corporate Social Responsibility (CSR) Activities Pursuant to Section 135 of the Companies Act, 2013**

| S.No | Particulars | Remarks |
|---|---|---|
| 1 | A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and project or programs | ➢ In accordance with the CSR Policy of the Company, the CSR initiatives were focussed on the areas of 'Promoting Education'.<br>➢ In the area(s) of promoting education, the company would contribute towards facilitating & providing support in developing infrastructure for Government/Government aided schools, conducting education programmes that lead to development of a better community, livelihood, etc. |
| 2 | The Composition of CSR Committee | 1. Mr. S Ramachandran - Chairman of the Committee<br>2. Mr B Vijayakumar - Member<br>3. Mr Ian Lloyd Scapens - Member<br>4. Mr. T Vinothkumar - Secretary |
| 3 | Average Net Profit of last three Financial Years | **Rs. 7,20,86,558** |
| 4 | Prescribed CSR Expenditure (2% of the amount as mentioned in the above item no:3 | **Rs. 14,41,731** |
| 5 | Details of CSR spent during the financial year<br>a) Total amount to be spent for the financial year<br>b) Amount unspent, if any: | <br>**Rs. 14,41,731**<br>**NIL** |

c) Manner in which entire amount spent during the financial year is detailed below:

| S. No | CSR Project or activity identified | Sector in which the project is covered | Projects or Programs (1) Local area or other (2) Specify the State and district where projects or program was undertaken | Amount Outlay (budget) project or programs Subheads: Direct Wise | Cumulative expenditure up to the reporting period | Amount spend Direct or through impleme nting Agency |
|---|---|---|---|---|---|---|
| 1 | Financial Assistance for construction of Compound Wall. | Promoting Education-Schedule VII (ii) | 1. At V.O.C High School<br>2. Dindigul District, Tamilnadu | Direct Expenditure | Rs. 15.05 Lakhs | Direct |

6. In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board Report: **NIL.**

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR.

| | |
|---|---|
| **Place: Karur**<br>**Date: 28.08.2019** | **By order of the Board**<br><br>**S. Ramachandran**<br>**Managing Director&**<br>**Chairman of the Committee**<br>**Din No: 03535894**<br><br>**B. Vijayakumar**<br>**Director & Member of the Committee**<br>**DIN No: 00015583** |

## ANNEXURE 'C' TO BOARD'S REPORT

## Annual Report on Complaints received by the Sexual Harassment Committee during the Financial Year Ended 31.03.2019

The details of the meeting of the Sexual Harassment Committee, the complaints received are as under:

1. Number of Meeting held during the year : 4
2. Number of complaints received during the year : NIL
3. Number Complaints disposed off during the year : NIL
4. Number cases pending for more than 90 days : NIL
5. Number of Awareness Program carried during the year : NIL
6. Nature of action taken by the Employer : NIL

No Complaints were received by the Committee or by the HR department during the financial year 2018-2019.

| | |
|---|---|
| **Place: Karur**<br>**Date: 28.08.2019** | **By order of the Board**<br><br>**S. Ramachandran**<br>**Managing Director**<br>**Din No: 03535894**<br><br>**B. Vijayakumar**<br>**Director**<br>**DIN No: 00015583** |

INDEPENDENT AUDITOR'S REPORT

To The Members of Renold Chain India Private Limited Report on the Audit of Ind AS Financial Statements

## Qualified Opinion

We have audited the accompanying financial statements of RENOLD CHAIN INDIA PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section below, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended,"Ind AS" prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affair s ofthe Company as at 31st March 2019t and its profit, total comprehensive loss, its cash flows and the Statement of changes in equity for the year ended on that date.

## Basis for Qualified Opinion

As specified in Note 7 to the financial statements, the Company's inventories of Work in Progress (WIP) are carried at Rs. 42,071 thousands and Finished Goods (FG) are carried at Rs. 25,998 thousands as at the Balance Sheet date. The Management had valued the inventories at standard costs that have not been updated during the year and therefore were material lydifferent from the actual costs of the Inventories. The Company is in the process of revising its current Enterprise Resource Planning (ERP) system to a new application whose implementation is underway, and accordingly has not examined or revised the inventory valuation parameters relating to the standard cost included for the purpose of the valuation of its work-in progress and Finished Goods within the current ERP. We are unable to comment on adjustments, if any, required to the carrying value of work in progress and finished goods as at the balance sheet date and the cost of goods sold debited to the Statement of Profit and Loss during the year.

We conducted our audit in accordance with the Standards on Auditing (SAS) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described tn the Auditor's Responsibility for the Audit of the 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

## Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind

AS financial statements or our knowledge obtained during the course of our 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 Responsibility for the Ind AS Financial Statements**

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

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 financial 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 system 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 made by the management.

- Conclude on the appropriateness of management's 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

**Report on Other Legal and Regulatory Requirements**

1 As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

a) We have sought and except for the matter described in Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) The matter described in the Basis for Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion, and to the best of our information and according to the explanations given to us, the company being a private company, Section 197 of the Act related to the managerial remuneration is not applicable.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements.

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

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place Bengaluru
Date August 28, 2019
Ref JT/RG/2019/65

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/w-100018)

Jaideep S. Trasi
Partner
(Membership No. 211905)
UDIN : 19211095AAAACV3329

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of RENOLD CHAIN INDIA PRIVATE LIMITED ("the Company") as of 31st March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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"). 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013 , to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internat financial control over financial reporting 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 Over Financial Reporting

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

**Basis for Qualified Opinion**

According to the information and explanations given to us and based on our audit, material weakness has been identified in the Company's internal financial controls over financial reporting as at 31st March 2019 relating to adequacy of Internal Financial controls Over Financial Reporting in respect of determination of cost of valuation of inventories comprising of Work in Progress and Finished Goods, which could potentially result in the material misstatements in the Company's financial statements with respect to value of Work in Progress and Finished Goods in the balance sheet and cost of goods sold in the Statement of Profit and Loss.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements wili not be prevented or detected on a timely basis.

**Qualified Opinion**

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internat financial controls over financial reporting were operating effectively as of 31st March 2019, based on "the internal control over financial reporting 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 issued by the Institute of Chartered Accountants of India".

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Ind AS financial statements of the Company for the year ended 31st March 2019, and the material weakness have affected our opinion on the said financial statements of the company and we have issued a qualified opinion on the financial statements of the Company.

Place Bengaluru

DateAugust 28, 2019 For DELOITTE HASKINS & SELLS I-LP

Chartered Accountants

(Firm's Registration No. 117366W/w-100018)

Jaideep S. Trasi

Partner

(Membership No. 211905)

UDIN : 19211095AAAACV3329

Ref. . JT/RG/2019/65

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

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

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for term loans / working capital facilities from banks are held in the name of the Company based on the confirmations received by us. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to' us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Customs Duty, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities with the exception of the dues disclosed in (b) below.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Value Added Tax, Wealth Tax, Goods and Service Tax and other material statutory dues in arrears as at 31st March 2019 for a period of more than six months from the date they became payable except for the following:

| Nature of Statute | Nature of Dues | Amount (Rs. '000) | Period to which the Amount Relates | Due Date |
|---|---|---|---|---|
| Income Tax Act, 1961 | Tax Deducted at Source | 3,160 | 2013-14 to September 2017 | Various dates |

(c) Details of dues of Income-tax, Service Tax and Excise Duty which have not been deposited as on 31 st March 2019 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates | Amount Involved (Rs. '000)# | Amount Unpaid s. |
|---|---|---|---|---|---|
| Income tax Act, 1961 | Income tax | Deputy Commissioner of Income Tax DCIT) | FY 201011 | 2,221 | 2,221 |
| | | The Commissioner of Income Tax, (Appeals) | FY 201112 | 1,367 | |
| | | | FY 201213 | 6,618 | 6,618 |
| | | The Assistant Commissioner of Income Tax, Chennai | FY 201314 | | |
| Central Excise Act, 1944 | Central Excise | Custom Excise & Service Tax Appellate Tribunal (CESTAT) | January 2013 to March 2013 | 5,000 | 5,000 |
| | | | January 2013 to March 2013 | 5,000 | 5,000 |

# the amounts include the tax demanded and do not include any additional penalty and interest that may arise.

(vii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of the Order is not applicable to the Company.

(viii) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(ix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(x) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.

(xi) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xii) The Company is a private company and, hence, the provisions of Section 177 of the Companies Act, 2013 are not applicable to the Company. In our opinion and according to the information and explanations given to us, the company is in compliance with Section 188 of the Companies Act, 2013, where applicable. In our opinion and according to the information and explanations given to us, the Company has disclosed the details of related party transactions in the financial statements etc. as required by the applicable accounting standards.

(xiii) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xv) The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

Place Bengaluru
Date August 28, 2019
Ref: JT/RG/2019/65

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/w-100018)

Jaideep S. Trasi
Partner
(Membership No. 211905)
UDIN : 19211095AAAACV3329

**Renold Chain India Private Limited**
**Balance sheet as at 31st March 2019**
**All amounts are in Rs. in Thousands unless otherwise stated**

| | PARTICULARS | Note No. | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| | **Non-Current Assets** | | | |
| a) | Property, Plant and Equipment | 3 | 2,12,333 | 2,16,940 |
| b) | Capital work-in-progress | | 41,416 | 23,226 |
| c) | Intangible assets | 4 | 263 | 70 |
| d) | Financial assets | | | |
| | i) Non-current Investments | 5(a) | 328 | - |
| | ii) Other financial assets | 5(b) | 6,059 | 5,856 |
| e) | Other non-current assets | 6 | 3,320 | - |
| f) | Income tax assets (net) | 10 | 12,441 | 12,441 |
| | **Total** | | **2,76,160** | **2,58,533** |
| | **Current assets** | | | |
| a) | Inventories | 7 | 1,61,442 | 1,39,370 |
| b) | Financial assets | | | |
| | i) Trade receivables | 8 | 1,74,981 | 1,44,977 |
| | ii) Cash and cash equivalents | 9 | 1,95,005 | 1,31,572 |
| | iii) Bank balances other than ii) above | 9 | 12,708 | 16,198 |
| | iv) Other financial assets | 5(b) | 3,929 | 1,320 |
| c) | Other current assets | 6 | 8,647 | 4,926 |
| | **Total** | | **5,56,712** | **4,38,363** |
| | **TOTAL ASSETS** | | **8,32,872** | **6,96,896** |
| | **EQUITY AND LIABILITIES** | | | |
| | **EQUITY** | | | |
| a) | Equity share capital | 13 | 4,10,000 | 4,10,000 |
| b) | Other equity | 14 | 2,12,843 | 1,21,434 |
| | **Total** | | **6,22,843** | **5,31,434** |
| | **LIABILITIES** | | | |
| | **Non-current liabilities** | | | |
| a) | Financial liabilities | | | |
| | i) Other financial liabilities | 16 | 7,155 | 845 |
| b) | Deferred tax liabilities (net) | 11 | 6,217 | 3,531 |
| | **Total** | | **13,372** | **4,376** |
| | **Current Liabilities** | | | |
| a) | **Financial liabilities** | | | |
| | i) Trade payables | 15 | 1,55,138 | 1,29,877 |
| | ii) Other financial liabilities | 16 | 6,106 | 8,664 |
| b) | Provisions | 17 | 5,298 | 4,460 |
| c) | Current income tax liabilities (net) | 10 | 20,096 | 11,531 |
| d) | Other current liabilities | 18 | 10,019 | 6,554 |
| | **Total** | | **1,96,657** | **1,61,086** |
| | **Total Liabilities** | | **2,10,029** | **1,65,462** |
| | **TOTAL EQUITY AND LIABILITIES** | | **8,32,872** | **6,96,896** |
| | Significant Accounting Policies | 2 | | |

The accompanying notes are an integral part of these financial statements

In terms of our report attached.
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Jaideep S Trasi**
Partner

Place: Bengaluru
Date: 28 August 2019

**For and on behalf of the Board of Directors**

**S. Ramachandran**
Managing Director
DIN: 03535894

**B. Vijayakumar**
Director
DIN: 00015583

**T. Vinoth Kumar**
Company Secretary

Place: Karur
Date: 28 August 2019

**Renold Chain India Private Limited**
**Statement of Profit and Loss for the year ended 31st March 2019**
**All amounts are in Rs. in Thousands unless otherwise stated**

| S. No. | Particulars | Note No. | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|---|---|---|---|
| | **REVENUE:** | | | |
| I | Revenue from operations | 19 | 10,49,267 | 8,86,437 |
| II | Other income | 20 | 7,488 | 11,127 |
| III | **Total revenue** | | **10,56,755** | **8,97,564** |
| IV | **EXPENSES:** | | | |
| | Cost of raw material and components consumed | 21(a) | 4,87,111 | 3,53,660 |
| | Changes in inventories of finished goods and work-in-progress. | 21(b) | (10,657) | 16,051 |
| | Excise duty on sale of goods | | - | 17,393 |
| | Employee benefit expense | 22 | 1,20,995 | 1,18,446 |
| | Finance costs | 23 | 1,528 | 1,878 |
| | Depreciation and amortization expense | 24 | 24,022 | 23,022 |
| | Other expenses | 25 | 3,03,792 | 2,82,379 |
| | **Total expenses** | | **9,26,791** | **8,12,829** |
| **V** | **Profit before tax (III - IV)** | | **1,29,964** | **84,735** |
| **VI** | **Tax expense** | | | |
| | a) Current tax | 26 | 35,836 | 23,320 |
| | b) Deferred tax | 26 | 2,696 | 4,714 |
| | **Total tax expense (net)** | | **38,532** | **28,034** |
| **VII** | **Profit for the year (V - VI)** | | **91,432** | **56,701** |
| **VIII** | **Other comprehensive income** | | | |
| | **A. Items that will not be reclassified to profit or loss** | | | |
| | (i) Remeasurements of the defined benefit plans | | (33) | 173 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 26 | 10 | (50) |
| | **B.Items that will be reclassified to profit or loss** | | | - |
| | **Total other comprehensive income** | | **(23)** | **123** |
| **IX** | **Total comprehensive income for the year (VII + VIII)** | | **91,409** | **56,824** |
| | **Earnings per equity share (face value of Rs. 10/-)** | | | |
| | a) Basic (in Rs.) | 27 | 2.23 | 1.38 |
| | b) Diluted (In Rs.) | 27 | 2.23 | 1.38 |
| | The accompanying notes are an integral part of these financial statements | | | |

In terms of our report attached.
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Jaideep S Trasi**
Partner

Place: Bengaluru
Date: 28 August 2019

**For and on behalf of the Board of Directors**

**S. Ramachandran**
Managing Director
DIN: 03535894

**B. Vijayakumar**
Director
DIN: 00015583

**T. Vinoth Kumar**
Company Secretary

Place: Karur
Date: 28 August 2019

**Renold Chain India Private Limited**
**Cash Flow Statement for the year ended 31st March 2019**
**All amounts are in Rs. in Thousands unless otherwise stated**

| Sl. No. | Particulars | Note No. | Year ended 31 March 2019 | Year ended 31 March 2018 |
|---|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES:** | | | |
| | **Profit for the year** | | **91,432** | **56,701** |
| | **Adjustment for :** | | | |
| | Income tax expense recognised in profit or loss | 26 | 38,532 | 28,034 |
| | Depreciation and amortization expenses | 24 | 24,022 | 23,022 |
| | Net (gain)/loss on disposal of property, plant and equipment | 25 | 1,353 | 749 |
| | Net foreign exchange (gain)/loss on non operating activities | | (588) | (1,785) |
| | Provision for doubtful debts and advances (net of reversal) | 25 | 756 | 4,979 |
| | Provisions no longer required written back | 20 | (498) | - |
| | Finance costs recognised in profit or loss | 23 | 1,528 | 1,878 |
| | Interest income recognised in profit or loss | 20 | (4,357) | (2,403) |
| | **Operating profit before working capital changes** | | **1,52,180** | **1,11,175** |
| | **Adjustments for (increase) / decrease in:** | | | |
| | Trade receivables | | (29,590) | 13,824 |
| | Inventories | | (22,072) | (4,846) |
| | Other financial assets | | (2,812) | (527) |
| | Other assets | | (7,041) | 13,790 |
| | **Adjustments for increase / (decrease) in:** | | | |
| | Trade payables | | 25,177 | (3,374) |
| | Other financial liabilities | | 3,752 | 1,800 |
| | Other current liabilities | | 3,465 | 67 |
| | Short-term provisions | | 838 | 322 |
| | **Cash (used in) / from operations** | | **1,23,897** | **1,32,231** |
| | Direct taxes paid | | 27,304 | 21,779 |
| | **NET CASH FROM / (USED IN) OPERATING ACTIVITIES** | | **96,593** | **1,10,452** |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES :** | | | |
| | Investment in equity shares | 5(a) | (328) | - |
| | Payments for property, plant and equipment | | (40,894) | (33,102) |
| | Proceeds from disposal of property, plant and equipment | | 1,743 | 832 |
| | Interest received | | 4,357 | 2,451 |
| | Net movement in bank deposits other than cash and cash equivalents | 9 | 3,490 | (12,220) |
| | **NET CASH (USED IN) / FROM INVESTING ACTIVITIES** | | **(31,632)** | **(42,039)** |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES :** | | | |
| | Interest paid | | (1,528) | (1,878) |
| | **NET CASH USED IN FINANCING ACTIVITIES** | | **(1,528)** | **(1,878)** |
| | **NET CASH FLOWS DURING THE YEAR (A+B+C)** | | **63,433** | **66,535** |
| | **Cash and cash equivalents (opening balance)** | **9** | **1,31,572** | **65,037** |
| | **Cash and cash equivalents (closing balance)** | **9** | **1,95,005** | **1,31,572** |

In terms of our report attached.
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Jaideep S Trasi**
Partner

Place: Bengaluru
Date: 28 August 2019

**For and on behalf of the Board of Directors**

**S. Ramachandran**
Managing Director
DIN: 03535894

**B. Vijayakumar**
Director
DIN: 00015583

**T. Vinoth Kumar**
Company Secretary

Place: Karur
Date: 28 August 2019

**Renold Chain India Private Limited**
**Statement of Changes in Equity for the year ended 31st March 2019**
**All amounts are in Rs. Thousands unless otherwise stated**

**A. Equity Share Capital**

| Particulars | Amount |
|---|---|
| **Balance as at 31 March, 2017** | **4,10,000** |
| Changes in Equity Share capital during the year | - |
| **Balance as at 31 March, 2018** | **4,10,000** |
| Changes in Equity Share capital during the year | - |
| **Balance as at 31 March, 2019** | **4,10,000** |

**B. Other Equity**

| Particulars | Reserves and Surplus | Other Comprehensive Income | Total |
|---|---|---|---|
| | Surplus in Statement of Profit & Loss | Remeasurement of Defined Benefit Liabilities | |
| **Balance as at 31 March, 2017** | **64,610** | **-** | **64,610** |
| Profit for the year | 56,701 | - | 56,701 |
| Remeasurement of Defined Benefit Liabilities | - | 123 | 123 |
| Reclassification (Refer Note below) | 123 | (123) | - |
| **Balance as at 31 March, 2018** | **1,21,434** | **-** | **1,21,434** |
| Profit for the year | 91,432 | - | 91,432 |
| Remeasurement of Defined Benefit Liabilities | - | (23) | (23) |
| Reclassification (Refer Note below) | (23) | 23 | - |
| **Balance as at 31 March, 2019** | **2,12,843** | **-** | **2,12,843** |

Note: In accordance with Notification G.S.R 404(E) , dated April 06, 2016, remeasurment of defined benefit plans is recognised as a part of retained earnings.

The accompanying notes are an integral part of these financial statements

In terms of our report attached.
**For Deloitte Haskins & Sells LLP**
Chartered Accountants

**Jaideep S Trasi**
Partner

Place: Bengaluru
Date: 28 August 2019

**For and on behalf of the Board of Directors**

**S. Ramachandran**
Managing Director
DIN: 03535894

**B. Vijayakumar**
Director
DIN: 00015583

**T. Vinoth Kumar**
Company Secretary

Place: Karur
Date: 28 August 2019

## 1. General Information

Company Overview:
Renold Chain India Private Limited (‘Renold India’ or ‘the Company’) was incorporated on May 1, 2008 in the State of Tamil Nadu, India. The Company is a Subsidiary of Renold International Holdings Limited, United Kingdom (‘RIHL’) which is owned by Renold PLC, United Kingdom.

The Company is engaged in the manufacture and sale of industrial chains and sprockets within and outside India.

## 2 SIGNIFICANT ACCOUNTING POLICIES:

### 2.1 Statement of Compliance with IND AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

### 2.2 Basis of accounting and preparation of financial statements

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated in a reasonable and prudent manner. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or a liability if market participants would have those characteristics into account when pricing the asset or a liability at the measurement date. Fair value or measurement and/or disclosure purposes in these separate financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or a liability.

All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realization/settlement within twelve months period from the balance sheet date.

**2.3 Functional and presentation currency:**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the “functional currency”). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

**2.4 Use of estimates and judgments**

In the application of the Company’s accounting policies the Management of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities, revenue and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. **Useful lives of Property, Plant and Equipment:**
Depreciation and amortization is based on management estimates of the future useful life and residual value of certain class of property, plant and equipment and intangible assets. Useful life and residual value of an asset is determined by the Management at the time an asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life.

ii. **Employee Benefits:**
The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee

attrition. Any changes in these assumptions will impact the carrying amount of obligations. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations. Actuarial gains/losses relating to defined benefit obligation is recognized in Other Comprehensive income. The sensitivity analysis for changes in estimates is disclosed under relevant Notes.

**iii. Provision and contingencies:**
Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

**iv. Provision for doubtful receivables**
The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

**v. Estimation of net realizable value of inventories:**
Inventories are stated at the lower of cost and net realizable value. In estimating the net realizable value of inventories, the Company makes an estimate of future selling prices and cost necessary to make the sale.

**vi. Fair valuation:**
Fair value is the market based measurement of observable market transaction or available market information.

**vii. Taxes:**
Significant judgments are required in determining the provision for taxes including the amount expected to be paid/recovered for uncertain tax positions

### 2.5 Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Company's activities.

'The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements. As a result, the comparative information has not been restated.

### 2.5.1 Sale of goods

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to the customers. Sales include Excise Duty / Goods and Service Tax (GST). Performance obligations in respect of contracts for sale of manufactured and traded goods is considered as satisfied at a point in time when the control of the same is transferred to the customer and where there is an alternative use of the asset or the company does not have either explicit or implicit right of payment for performance completed till date. In case where there is no alternative use of the asset and the company has either explicit or implicit right of payment considering legal precedents, performance obligation is considered as satisfied over a period of time and revenue is recognized over time.

### 2.5.2 Income from services

Commission income is recognized as and when services are rendered as per the terms of the contract

**2.5.3 Export Incentive**

Benefit on account of entitlement to import goods free of duty under the "Duty Drawback Scheme" is accounted in the year of export.

**2.6 Other Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**2.7 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**2.8 Foreign currencies:**

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction or at rates that closely approximate the date of transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

**2.9 Cash and Cash Equivalents:**

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

**2.10 Cash Flow Statements:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**2.11 Borrowing costs:**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

**2.12 Segment Reporting**

The information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on types of goods and services. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities.

### 2.13 Employee benefits

#### 2.13.1 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item ‘Employee benefits expenses’. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

#### 2.13.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

**2.14 Earnings per share:**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

**2.15 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>(i) Current Income taxes</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted and are applicable as at the end of the reporting period.

In the absence of adequate taxable profits, the Company is required to pay Minimum Alternate Tax (MAT) on the book profits, as adjusted for certain provisions.

<u>(ii) Deferred Income taxes</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

MAT paid in accordance with the tax laws, if any, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax. Accordingly, MAT is recognised as a deferred tax asset in the Balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**2.16 Property, plant and equipment**

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset. Items of stores and spares that meet the definition of PPE are capitalized at cost. Otherwise, such items are classified as inventories.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed. Revenue generated from production during the trial period is capitalised.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Freehold land and leasehold land where the lease is convertible to freehold land under lease agreements at future dates at no additional cost, are not depreciated.
Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life.

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets in whose case the life of certain assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support etc.
The useful life considered for the assets is:

| | | |
|---|---|---|
| i) | Building | - 50 years |
| ii) | Plant and Machinery | - 10 to 15 years |
| iii) | Electrical installations | - 15 years |
| iv) | Office equipment | - 15 years |
| v) | Furniture and Fixtures | - 15 years |
| vi) | Computers | - 3 years |
| vii) | Vehicles | - 4 years |

**2.17 Intangible Assets**

(i) Intangibles assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(ii) Derecognition of intangible assets

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

(iii) Useful lives of Intangible assets
Estimated useful live of the intangible assets are as follows:
Goodwill – 5 years
Computer Software – 5 years

**2.18 Impairment of tangible and intangible assets:**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**2.19 Inventories:**

Inventories are stated at lower of cost and net realizable value. Cost of inventories is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Cost of raw materials include cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work in progress include cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Due allowance is estimated and made by the Management for slow moving/ non-moving inventory wherever necessary, based on the technical assessment and such allowances are adjusted against the closing inventory Value.

**2.20 Provisions, contingent liabilities and contingent assets:**

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Provision for warranty**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically up to eighteen months.
As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

**2.21 Financial instruments:**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

**2.22 Financial assets:**

**2.22.1 Recognition and initial measurement**

(i) The Company initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(ii) The Company has elected to apply the requirements pertaining to Level III financial instruments of deferring the difference between the fair value at initial recognition and the transaction price
prospectively to transactions entered into on or after the date of transition to Ind AS.

(iii) All equity investments are measured at fair value in the balance sheet, with value changes recognised in the Statement of Profit and Loss, except for those equity investments for which the entity has elected to present value changes in ‘Other Comprehensive Income’.

(iv) If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the Statement of Profit and Loss.

**2.22.2 Classification of financial assets:**

On initial recognition, a financial asset is classified to be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy in financial assets measured at amortised cost, refer Note 2.22.5.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognized at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previous accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

**2.22.3 Effective interest method:**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income" line item.

**2.22.4 Financial assets at fair value through profit or loss (FVTPL):**

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**2.22.5 Impairment of financial assets:**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, and other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

**2.22.6 Derecognition of financial assets:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**2.22.7 Foreign exchange gains and losses:**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

## 2.23 Financial liabilities and equity instruments:

### 2.23.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### 2.23.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.
Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### 2.23.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.
However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

**Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss. Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

**Other financial liabilities**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified parties fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

**Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

**Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

**2.24 Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**2.25 Rounding off amounts**

All amounts disclosed in financial statements and notes have been rounded off to the nearest thousands as per requirement of Schedule III of the Act, unless otherwise stated.

**3. Application of New and Revised Ind AS**

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorised have been considered in the preparing these financial statements. There is no other Indian Accounting Standard that has been issued as of that date but was not mandatorily effective.

**Recent Standards notified but not effective:**

**a) New Accounting Standard: Ind AS 116 – Leases**

On 30 March 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

**b) Amendment to Ind AS 12: Income Taxes**

(i) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards)

Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after 1 April 2019.

(ii) On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after 1 April 2019.

**c) Amendment to Ind AS 19: Employee Benefits**

On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after 1 April 2019, though early application is permitted.

The Company is evaluating the effect of the above on its financial statements.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**3 Property, plant and equipment and capital work-in-progress**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Land | 18,061 | 18,061 |
| Buildings | 41,211 | 41,004 |
| Plant and Machinery (Note b) | 1,27,201 | 1,39,179 |
| Electrical Installations | 12,725 | 4,375 |
| Computers | 5,453 | 7,702 |
| Office Equipment | 3,626 | 3,746 |
| Furniture and Fixtures | 812 | 885 |
| Vehicles | 3,244 | 1,988 |
| | **2,12,333** | **2,16,940** |

| Cost (Deemed Cost) | Land | Buildings | Plant and Machinery (Note a) | Electrical Installations | Computers | Office Equipments | Furniture and Fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April, 2017** | **18,061** | **42,773** | **1,68,909** | **5,291** | **7,959** | **3,700** | **1,188** | **1,734** | **2,49,615** |
| Additions | - | 115 | 6,687 | - | 4,466 | 597 | - | 1,704 | 13,569 |
| Disposals | - | - | (1,755) | - | - | (10) | (77) | (101) | (1,943) |
| **Balance at 31 March, 2018** | **18,061** | **42,888** | **1,73,841** | **5,291** | **12,425** | **4,287** | **1,111** | **3,337** | **2,61,241** |
| Additions | - | 1,176 | 9,196 | 9,256 | - | 365 | - | 2,443 | 22,436 |
| Disposals | - | - | (5,028) | | - | - | - | - | (5,028) |
| **Balance at 31 March, 2019** | **18,061** | **44,064** | **1,78,009** | **14,547** | **12,425** | **4,652** | **1,111** | **5,780** | **2,78,649** |

| Accumulated depreciation and impairment | Land | Buildings | Plant and Machinery (Note a) | Electrical installations | Computers | Office Equipments | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April, 2017** | **-** | **923** | **17,160** | **458** | **2,343** | **142** | **155** | **627** | **21,808** |
| Depreciation expense | **-** | 961 | 17,790 | 458 | 2,380 | 405 | 80 | 781 | 22,855 |
| Eliminated on disposals of assets | - | - | (288) | - | - | (6) | (9) | (59) | (362) |
| **Balance at 31 March, 2018** | **-** | **1,884** | **34,662** | **916** | **4,723** | **541** | **226** | **1,349** | **44,301** |
| Depreciation expense | **-** | 969 | 18,078 | 906 | 2,249 | 485 | 73 | 1,187 | 23,947 |
| Eliminated on disposals of assets | **-** | - | (1,932) | - | - | - | - | - | (1,932) |
| **Balance at 31 March, 2019** | **-** | **2,853** | **50,808** | **1,822** | **6,972** | **1,026** | **299** | **2,536** | **66,316** |
| **Carrying amount at 31 March, 2019** | **18,061** | **41,211** | **1,27,201** | **12,725** | **5,453** | **3,626** | **812** | **3,244** | **2,12,333** |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

| Carrying amount | Land | Buildings | Plant and machinery (Note a) | Electrical Installations | Computers | Office Equipments | Furniture & Fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 March, 2017** | **18,061** | **41,850** | **1,51,749** | **4,833** | **5,616** | **3,558** | **1,033** | **1,107** | **2,27,807** |
| Additions | - | 115 | 6,687 | - | 4,466 | 597 | - | 1,704 | 13,569 |
| Disposals | - | - | (1,467) | - | - | (4) | (68) | (42) | (1,581) |
| Depreciation expense | - | (961) | (17,790) | (458) | (2,380) | (405) | (80) | (781) | (22,855) |
| **Balance at 31 March, 2018** | **18,061** | **41,004** | **1,39,179** | **4,375** | **7,702** | **3,746** | **885** | **1,988** | **2,16,940** |
| Additions | - | 1,176 | 9,196 | 9,256 | - | 365 | - | 2,443 | 22,436 |
| Disposals | - | - | (3,096) | - | - | - | - | - | (3,096) |
| Depreciation expense | - | (969) | (18,078) | (906) | (2,249) | (485) | (73) | (1,187) | (23,947) |
| **Balance at 31 March, 2019** | **18,061** | **41,211** | **1,27,201** | **12,725** | **5,453** | **3,626** | **812** | **3,244** | **2,12,333** |

| Capital work in progress movement | Amount |
|---|---|
| **Balance at 31 March, 2017** | **1,980** |
| Additions during the year | 34,815 |
| Capitalized during the year | (13,569) |
| **Balance at 31 March, 2018** | **23,226** |
| Additions during the year | 27,850 |
| Capitalized during the year | (9,660) |
| **Balance at 31 March, 2019** | **41,416** |

(a) Plant and Machinery includes assets which are held outside the entity given on operating lease. Gross Value of these Leased assets included in Plant and Machinery as at March 31, 2019 is Rs. 635 (March 31, 2018 : Rs.635 ) and Net Block as at March 31, 2019 is Rs.14 (March 31, 2018 is Rs.18).

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

## 4 Other intangible assets

| Carrying amounts | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Computer Software | 263 | 70 |
| **Total** | **263** | **70** |

| Cost or deemed cost | Computer Software | Total |
|---|---|---|
| **Balance at 1 April, 2017** | **406** | **406** |
| Additions | - | - |
| Disposals | - | - |
| **Balance at 31 March, 2018** | **406** | **406** |
| Additions | 268 | 268 |
| Disposals | - | - |
| **Balance at 31 March, 2019** | **674** | **674** |

| Accumulated depreciation and impairment | Computer Software | Total |
|---|---|---|
| **Balance at 1 April, 2017** | **168** | **168** |
| Amortization expense | 168 | **168** |
| **Balance at 31 March, 2018** | **336** | **336** |
| Amortization expense | 75 | 75 |
| **Balance at 31 March, 2019** | **411** | **411** |

| Carrying amount | Computer Software | Total |
|---|---|---|
| **Balance at 31 March, 2018** | **70** | **70** |
| **Balance at 31 March, 2019** | **263** | **263** |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**5(a) Non-current Investments**

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| <u>Non-Current</u> | | |
| Unquoted investment in equity shares: | | |
| Investments at fair value through profit or loss | | |
| 3,600 (31 March 2018 : Nil) Equity shares of Rs. 91.24 each fully paid in Clean Wind Power (Pratapgarh) Private Limited | 328 | - |
| **Total** | **328** | **-** |

During the year, the Company acquired 12,000 equity shares of Rs. 91.24 each, of Clean Wind Power (Pratapgarh) Private Limited on June 1, 2018 for Rs. 10,94,880 in order to supplement its power needs of ~ 10 Lakh units of Electricity expected to be consumed till March 31, 2019. Based on the estimated electricity consumption up to March 31, 2019 being revised to ~3 lakh units, the Company chose to reduce its existing investment by selling 8,400 equity shares to Hero Wind Energy Private Limited at the carrying value of Rs. 91.24 per share aggregating Rs. 7,66,416 which was approved by the Board vide their resolution dated March 22, 2019. As at March 31, 2019, the Company holds 3,600 equity shares of Rs. 91.24 per share in Clean Wind Power (Pratapgarh) Private Limited. The Company also has a commitment to further investment Rs. 27,37,200 towards increasing its ability to purchase power to 35 lakh units. The investment made is in the nature of a security deposit with 0% interest rate over the life of its investment which is currently not determinable.

**5(b) Other financial assets**

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **<u>Non-current:</u>** | | |
| Security deposits | 6,059 | 5,856 |
| **Total** | **6,059** | **5,856** |
| **<u>Current:</u>** | | |
| Security deposits | 70 | 275 |
| Export incentive receivable | 3,859 | 739 |
| Interest accrued but not due on Deposits | - | 306 |
| **Total** | **3,929** | **1,320** |

**6 Other assets**

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **<u>Non-current:</u>** | | |
| Capital advances | 3,320 | - |
| **Total** | **3,320** | **-** |
| **<u>Current:</u>** | | |
| Prepaid expenses | 1,522 | 519 |
| Balances with government authorities | 6,669 | 4,011 |
| Loans and advances to employees | 261 | 149 |
| Receivable from Government | - | 247 |
| Contribution to gratuity (Refer note 31) | 195 | - |
| **Total** | **8,647** | **4,926** |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

## 7 Inventories

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Raw materials | 93,373 | 81,958 |
| Work-in-progress | 42,071 | 41,678 |
| Finished goods (includes stock in transit on Sales Rs. 1,486) | 25,998 | 15,734 |
| **Total** | **1,61,442** | **1,39,370** |

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| The cost of inventories recognised as an expenses during the year | 4,76,454 | 3,69,711 |
| The cost of inventories recognised as an expense, includes write downs of inventory to net realisable value, amounting to | 6,461 | 9,867 |
| The mode of valuation of inventories has been stated in Note 2.19 | | |

**7.1** The Company is in the process of revising its current ERP system to a new application whose implementation is underway, and accordingly has not examined or revised the inventory valuation parameters relating to the standard cost included for the purpose of the valuation of its work-in progress and Finished Goods within the current ERP. The Management is however confident that the impact, if any, arising from the revisions of the standard cost particulars to the actual weighted average rates and overheads is not

## 8 Trade receivables

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| (a) Receivables considered good, Unsecured | 1,74,981 | 1,44,977 |
| (b) Receivables which have significant increase in Credit Risk | 1,539 | 1,711 |
| (c) Receivables - Credit impaired | 1,188 | 780 |
| | **1,77,708** | **1,47,468** |
| Less: Allowance for Expected Credit loss | (2,727) | (2,491) |
| **Total** | **1,74,981** | **1,44,977** |

### 8.1 Credit Period

The average credit period on sales of goods ranges from 60 to 90 days without security. No interest is charged on trade receivables on delayed payments.

Before accepting any new customers, the internal team assesses the potential customer's credit quality and defines credit limits for the Customers.

Of the trade receivables balance as at 31 March, 2019, Rs.48,309 and as at 31 March, 2018, Rs. 23,996 represent dues from two customers. There are no other customers who represent more than 10% of the total balance of trade receivables for the respective financial years.

### 8.2 Expected credit loss allowance

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows :

**Ageing**

| Particulars | Expected Credit Loss (%) 2018-19 | Expected Credit Loss (%) 2017-18 |
|---|---|---|
| Within the Credit period | 0.26 | 0.35 |
| 1-90 days past dues | 0.62 | 0.76 |
| 91-180 days past dues | 4.04 | 6.19 |
| 181-270 days past dues | 6.95 | 12.88 |
| 271-360 days past dues | 10.83 | 18.84 |
| > 360 days past dues | 20.00 | 25.00 |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**Ageing of Receivables**

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Within the Credit period | 1,07,398 | 1,03,662 |
| 1-90 days past dues | 49,425 | 29,185 |
| 91-180 days past dues | 5,308 | 6,915 |
| 181-270 days past dues | 3,412 | 3,423 |
| 271-360 days past dues | 5,687 | 1,206 |
| > 360 days past dues | 6,478 | 3,076 |

Total allowance for doubtful debts included :

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Special allowance for doubtful debts (specific identification) | - | - |
| Expected credit loss (as per the above model) | 2,727 | 2,491 |
| **Total allowance for doubtful debts** | **2,727** | **2,491** |

Movement in the allowance for doubtful receivables (including expected credit loss allowance):

(a) Expected credit loss allowance:

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Balance at the beginning of the year | 2,491 | 1,967 |
| Movement in Expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 236 | 524 |
| **Balance at the end of the year** | **2,727** | **2,491** |

(b) Specific allowance for doubtful receivables:

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Balance at the beginning of the year | - | 4,455 |
| Add: Specific allowance on trade receivables | - | - |
| Less: Reversal of allowance on collection/written off | - | 4,455 |
| **Balance at the end of the year** | - | - |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**9 Cash and Cash equivalents**

Cash and Cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows :

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Balance with Banks: | | |
| - In current accounts | 1,94,940 | 1,25,189 |
| - Deposits with original maturity less than 3 months | - | 6,309 |
| Cash on hand | 65 | 74 |
| **Total** | **1,95,005** | **1,31,572** |

**Non-cash transactions**

During the year, the company has not entered into any non cash transactions on investing and financing activities.

**Bank balances other than above**

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Balances with banks | | |
| - Fixed Deposits (original maturity more than 3 months) | 7,895 | 10,374 |
| - Margin money deposited Accounts | 4,813 | 5,824 |
| **Total** | **12,708** | **16,198** |

Margin money deposits have an original maturity period of less than 12 months

**10 Income Tax Assets and Liabilities**

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **Current tax liabilities** | | |
| Income tax payable for the current year | 1,47,919 | 1,14,356 |
| Less: Advance tax and taxes deducted at source | (1,27,823) | (1,02,825) |
| **Tax payable (net)** | **20,096** | **11,531** |
| **Non-current Income Tax Assets** | | |
| Income tax payments made against returns filed /demands received for earlier years | 47,737 | 47,737 |
| Less: Provisions made in prior years | (35,296) | (35,296) |
| **Tax refund receivable (net)** | **12,441** | **12,441** |

**11 Deferred Tax Balances**

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| The following is the analysis of the net deferred tax asset/ (liability) position as presented in the financial statements | | |
| Deferred tax assets | 3,663 | 4,480 |
| Deferred tax liabilities | (9,880) | (8,011) |
| **Net balance of asset /(liability)** | **(6,217)** | **(3,531)** |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

12 Movement in deferred tax balances

| Particulars of Assets / (Liabilities) | For the year 2018-19 | | | |
|---|---|---|---|---|
| | Opening balance | Recognised in profit or loss | Recognised in Other Comprehensive Income | Closing Balance |
| Property, Plant and Equipment | (8,011) | (1,869) | - | (9,880) |
| Provision for employee benefits | 168 | (65) | 10 | 113 |
| Provision for doubtful debts and advances | 725 | 69 | - | 794 |
| Other disallowances | 3,587 | (831) | - | 2,756 |
| | | - | | |
| **Total** | **(3,531)** | **(2,696)** | **10** | **(6,217)** |

| Particulars of Assets / (Liabilities) | For the year 2017-18 | | | |
|---|---|---|---|---|
| | Opening balance | Recognised in profit or loss | Recognised in Other Comprehensive Income | Closing Balance |
| Property, Plant and Equipment | (6,302) | (1,709) | - | (8,011) |
| Provision for employee benefits (including bonus) | 181 | 37 | (50) | 168 |
| Provision for doubtful debts and advances | 2,123 | (1,398) | - | 725 |
| Other disallowances | 5,231 | (1,644) | - | 3,587 |
| **Total** | **1,233** | **(4,714)** | **(50)** | **(3,531)** |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

## 13 Equity Share Capital

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Authorized Share capital :** 41,000,000 (As at 31st March 2018: 41,000,000) fully paid equity shares of Rs. 10 each with voting rights | 4,10,000 | 4,10,000 |
| **Issued and subscribed capital comprises :** 41,000,000 (As at 31st March 2018: 41,000,000) fully paid equity shares of Rs. 10 each | 4,10,000 | 4,10,000 |
| | **4,10,000** | **4,10,000** |

### 13.01 Terms/Rights attached to equity shares

There has been no movement in the Share Capital during the year. The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of the equity shares is entitled to one vote per share. In the event of repayment of Share Capital, the same will be in proportion to the number of equity shares held.

### 13.02 Reconciliation of shares outstanding at the beginning and at the end of the reporting period

| Particulars | Number of shares | Amount |
|---|---|---|
| Balance as at 31st March 2018 | 4,10,00,000 | 4,10,000 |
| Movements | - | - |
| Balance as at 31st March 2019 | 4,10,00,000 | 4,10,000 |

Fully paid equity shares, which have a par value of Rs.10 , carry one vote per share and carry a right to dividends.

### 13.03 Details of shares held by Holding/Ultimate Holding company and/or their subsidiaries/associates

| Particulars | As at 31 March 2019 Amount | As at 31 March 2018 Amount |
|---|---|---|
| **Renold International Holding Limited, UK,The holding company** 30,749,997 (31st March 2018: 30,749,997) equity shares of Rs. 10 each fully paid. | 3,07,499.97 | 3,07,499.97 |
| **Renold, PLC,UK,The ultimate holding company** 3 (31st March 2018: 3) equity shares of Rs.10 each fully paid. | 0.03 | 0.03 |

### 13.04 Details of shares held by each shareholders holding more than 5% shares

| Name of the shareholder | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Number of shares | % of holding | Number of shares | % of holding |
| **Fully paid equity shares** | | | | |
| Renold International Holding Limited | 3,07,49,997 | 75.00 | 3,07,49,997 | 75.00 |
| L.G.Balakrishnan & Bros Limited | 1,02,50,000 | 25.00 | 1,02,50,000 | 25.00 |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**(All amounts are in thousands of Indian Rupees, unless otherwise stated)**

**14 Other Equity**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **I. Reserves and surplus** | | |
| Surplus in statement of profit and loss account | 2,12,843 | 1,21,434 |
| | **2,12,843** | **1,21,434** |

**14.1 Surplus in statement of profit and loss account**

| Particulars | Retained Earnings | Remeasurement of Defined Benefit Liabilities |
|---|---|---|
| **Balance as at 31 March 2017** | **64,610** | **-** |
| Add: Profit for the year | 56,701 | - |
| Add/(Less): Other Comprehensive Income for the year, net of income tax | - | (123) |
| Add/(Less) : Reclassification from Other comprehensive income (Refer Note belo | 123 | 123 |
| **Balance as at 31 March 2018** | **1,21,434** | **-** |
| Add: Profit for the year | 91,432 | - |
| Add/(Less): Other Comprehensive Income for the year, net of income tax | - | (23) |
| Add/(Less) : Reclassification from Other comprehensive income (Refer Note belo | (23) | 23 |
| **Balance as at 31 March 2019** | **2,12,843** | **-** |

Note: In accordance with Notification G.S.R 404(E) , dated April 06, 2016, remeasurement of defined benefit plans is recognised as a part of retained earnings.

**15 Trade payables**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Trade payables: | | |
| (i) Dues to Micro and Small Enterprises (refer note 30) | 4,642 | 5,245 |
| (ii) Dues to other than Micro and Small Enterprises | 1,50,496 | 1,24,632 |
| **Total** | **1,55,138** | **1,29,877** |

a Trade payables are non-interest bearing and are normally settled as per due dates generally ranging from 30 to 60 days.
b.The Company has financial risk management policies in place to ensure that all payables are paid within the agreed credit terms.
c. Dues to Micro and Small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management. This has been relied upon by the Auditors.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**16 Other financial liabilities**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **Non-Current** | | |
| Security Deposit from dealers | 7,155 | 845 |
| | **7,155** | **845** |
| **Current** | | |
| Security Deposit from dealers | 1,395 | 6,695 |
| Interest Liability on Dealers Deposit | 1,134 | - |
| Payable on purchase of Property, plant & equipment | 3,577 | 1,969 |
| | **6,106** | **8,664** |
| **Total** | **13,261** | **9,509** |

**17 Provisions**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Towards employee benefits | | |
| Compensated absences | 387 | 384 |
| Others | | |
| Provision for warranty (Refer Note below) | 4,911 | 4,076 |
| **Total** | **5,298** | **4,460** |

The movement represents the provision created for the year in accordance with the Company's accounting policy after considering the actual settlements made during the year.

**Note: Provision for Warranty**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance as at beginning of the year | 4,076 | 3,890 |
| Additions during the year | 1,895 | 1,643 |
| Amounts used during the year | (1,060) | (1,457) |
| Balance as at end of the year | 4,911 | 4,076 |

**18 Other Current liabilities**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Statutory remittances (Contributions to PF and ESIC, Withholding taxes, Excise duty, VAT, Service Tax, GST etc. | 4,616 | 1,581 |
| Advance received from customers | 5,262 | 3,775 |
| Other current liabilities | 141 | 1,198 |
| **Total** | **10,019** | **6,554** |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

## 19 Revenue from operations

| Particulars | For the Year Ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| (A) Sale of Products (Refer Note 19.1 below) | 9,82,201 | 8,36,426 |
| Less: Sales Incentives | (1,002) | (2,519) |
| | **9,81,199** | **8,33,907** |
| B. Other operating revenues | | |
| Scrap sales | 53,539 | 37,855 |
| Export Benefits | 14,223 | 14,469 |
| Income from lease of machinery | 206 | 206 |
| Other Income-tools | 100 | - |
| | **68,068** | **52,530** |
| | | |
| **Total** | **10,49,267** | **8,86,437** |

### 19.1 Disaggregation of the revenue Information

The table below presents disaggregated revenues from contracts with customers by geography and offerings for each of our business segments.

| Particulars | For the Year Ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **Revenue by Geography** | | |
| India | 6,86,234 | 5,85,783 |
| Outside India | 2,95,967 | 2,00,632 |
| **Total - Sale of Products** | **9,82,201** | **7,86,415** |
| **Revenue by offerings** | | |
| **Manufactured goods** | | |
| Industrial Chains & Sprockets | 9,82,201 | 8,36,426 |
| **Total - Sale of Products** | **9,82,201** | **8,36,426** |
| **Timing of recognition** | | |
| Goods transferred at a point in time | 9,82,201 | 8,36,426 |
| **Total - Sale of Products** | **9,82,201** | **8,36,426** |

### 19.2 Trade Receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables as receivable.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue is recognized as and when the related goods / services are delivered / performed to the customer.

Trade receivable are presented net of impairment in the Balance Sheet.

Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract.

### 19.3 Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in IND AS - 115, the Company has not disclosed information about remaining performance obligations in contracts where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date.

## 20 Other income

| Particulars | For the Year Ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| a) Interest income earned on financial assets that are not designated as at fair value through profit or loss: | | |
| Bank deposits (at amortized cost) | 4,357 | 2,403 |
| b) Other non-operating income | | |
| Foreign exchange gain | 2,633 | 5,627 |
| Provision for doubtful debts no longer required | 498 | - |
| Provision for liabilities no longer required | - | 3,097 |
| **Total (a+b)** | **7,488** | **11,127** |

**(All amounts are in thousands of Indian Rupees, unless otherwise stated)**

**21 Cost of Raw material and components consumed**

| Particulars | For the Year Ended 31 March 2019 | For the Year Ended 31 March 2018 |
|---|---|---|
| (a) Raw material and components consumed | | |
| Inventory at the beginning of the year (Refer Note 7) | 81,958 | 61,061 |
| Add: Purchases | 4,98,526 | 3,74,557 |
| Less : Inventory at the end of the year (Refer Note 7) | (93,373) | (81,958) |
| **Cost of Raw material and components consumed** | **4,87,111** | **3,53,660** |
| (b) Changes in inventories of work-in-process and finished goods | | |
| Inventories at the end of the year | | |
| Finished Goods | 25,998 | 15,734 |
| Work-in-progress | 42,071 | 41,678 |
| | **68,069** | **57,412** |
| Inventories at the beginning of the year | | |
| Finished Goods | 15,734 | 32,265 |
| Work-in-progress | 41,678 | 41,198 |
| | **57,412** | **73,463** |
| **Net Decrease/ (Increase)** | **(10,657)** | **16,051** |

**22 Employee benefit expenses**

| Particulars | For the Year Ended 31 March 2019 | For the Year Ended 31 March 2018 |
|---|---|---|
| Salaries and Wages | 1,07,719 | 1,01,597 |
| Contribution to provident and other funds (Refer Note 31) | 4,730 | 5,309 |
| Gratuity expense (Refer Note 31) | 893 | 1,072 |
| Staff welfare expenses | 7,653 | 10,468 |
| **Total** | **1,20,995** | **1,18,446** |

**23 Finance costs**

| Particulars | For the Year Ended 31 March 2019 | For the Year Ended 31 March 2018 |
|---|---|---|
| Interest costs : | | |
| Interest expense | 611 | 1,878 |
| Interest on Income Tax | 917 | - |
| **Total** | **1,528** | **1,878** |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**24 Depreciation and amortization expense**

| Particulars | For the Year Ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Depreciation of property, plant and equipment | 23,947 | 22,854 |
| Amortization of intangible assets | 75 | 168 |
| **Total** | **24,022** | **23,022** |

**25 Other Expenses**

| Particulars | For the Year Ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Auxiliary material and processing charges | 47,238 | 43,637 |
| Power and Fuel | 45,073 | 40,955 |
| Stores and spare parts consumed | 31,660 | 25,800 |
| Packing materials consumed | 33,691 | 27,445 |
| Management and Service Fees | 21,381 | 28,752 |
| Freight and forwarding charges | 25,833 | 20,080 |
| Rates and taxes | 3,061 | 6,592 |
| Travelling and conveyance | 6,878 | 8,047 |
| Legal and professional charges (Refer Note 25.1 below) | 8,757 | 11,016 |
| Repairs and Maintenance | | |
| - Buildings | 2,794 | 1,793 |
| - Machinery | 25,391 | 25,881 |
| - Others | 17,545 | 14,168 |
| Insurance | 3,398 | 3,774 |
| Security agency | 2,853 | 2,290 |
| Warranty expense | 2,704 | 1,643 |
| Communication expenses | 1,374 | 1,620 |
| Printing and stationery | 119 | 111 |
| Bad Debts written off | 22 | 4,455 |
| Less: Provision against such balances reversed | (22) | (4,455) |
| Bad Debts ( net) | - | - |
| Provision for doubtful receivables (net of reversal) | 756 | 524 |
| Corporate Social Responsibility (CSR) expenses (Refer Note 25.2 below) | 1,505 | 2,493 |
| Loss on sale of assets | 1,353 | 749 |
| Miscellaneous expenses | 20,428 | 15,009 |
| **Total** | **3,03,792** | **2,82,379** |

**25.1 Legal and professional charges includes the following:**

| | For the Year Ended | |
|---|---|---|
| **Payments to auditors** | 31 March 2019 | 31 March 2018 |
| Statutory audit fees | 850 | 850 |
| Tax audit | 250 | 150 |
| For other services | 600 | 400 |
| Out of pocket expenses | 40 | 46 |
| **Total** | **1,740** | **1,446** |

**25.2 Corporate Social Responsibility**

As per Section 135 of the companies at 2013, the Company needs to spend 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The Company has incurred CSR expenditure on activities specified in Schedule VII of the Companies act, 2013.

(a) Gross amount required to be spent by the company during the year Rs 1,505 (2017-18 Rs 1,214)

(b) Amount spent during the year on:

| Particulars | For the year | |
|---|---|---|
| | 2018-19 | 2017-18 |
| Construction/acquisition of any property | 1,505 | 2,493 |
| **Total** | **1,505** | **2,493** |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

## 26 Income Taxes

### 26.1 Income tax expense recognised in statement of profit and loss

| Particulars | For the Year Ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **Current tax** | | |
| In respect of current year | 35,836 | 23,320 |
| | **35,836** | **23,320** |
| **Deferred tax** | | |
| In respect of current year | 2,696 | 4,714 |
| **Total income tax expense recognized in the current year** | **38,532** | **28,034** |

### 26.2 Income Tax recognised in Other Comprehensive Income

| Particulars | For the Year Ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **Deferred tax:** | | |
| Remeasurements of the defined benefit liabilities/(asset) | (10) | 50 |
| **Total income tax recognised in other comprehensive income** | **(10)** | **50** |

| | | |
|---|---|---|
| Bifurcation of the income tax recognised in other comprehensive income into:– | | |
| Items that will not be reclassified to profit or loss | (10) | 50 |
| Items that will be reclassified to profit or loss | - | - |

### 26.3 Income tax reconciliation

A reconciliation of income tax expense applicable to accounting profit/(loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Profit before tax | 1,29,964 | 84,735 |
| Enacted income tax rate in India | 29.12% | 33.06% |
| Computed expected tax expense | 37,846 | 28,016 |
| Effects of expenses that are not deductible in determining taxable profit | 686 | 488 |
| Effects of changes in the tax rates | - | (470) |
| Adjustments recognised in the current year in relation to current tax of prior years | - | - |
| **Total income tax expense recognised in the statement of profit and loss** | **38,532** | **28,034** |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**27 Earnings per share**

| Particulars | For the year ended | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Basic earnings per share | 2.23 | 1.38 |
| Diluted earnings per share | 2.23 | 1.38 |
| The calculation of the Basic and Diluted Earnings per share is based on the following data | | |
| **Profits for the year after tax** | **91,432** | **56,701** |
| Weighted average number of shares outstanding during the year | | |
| Basic | 4,10,00,000 | 4,10,00,000 |
| Diluted | 4,10,00,000 | 4,10,00,000 |

**28 Segment information**

The Company is exclusively engaged in the business of manufacture and sale of industrial chains and sprockets and this is the only segment analysed by the Chief Operating Decision Maker (CODM), as defined under the accounting standard. Accordingly, no additional disclosures have been made.

**Geographical Information**

| Particulars | Revenue | | Carrying amount of Non-Current Assets | |
|---|---|---|---|---|
| | 2018-19 | 2017-18 | 31 March 2019 | 31 March 2018 |
| India | 6,86,234 | 6,35,794 | 2,76,160 | 2,58,533 |
| Europe | 1,97,941 | 1,29,743 | - | - |
| United States of America | 47,487 | 47,440 | - | - |
| Rest of the world | 50,539 | 23,449 | - | - |
| **Total** | **9,82,201** | **8,36,426** | **2,76,160** | **2,58,533** |

The Company has a manufacturing unit only in India, and all capital expenditure is incurred only in India.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**29 Contingent liabilities and commitments**

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| **A.Contingent Liabilities** | | |
| CENVAT credit recognized disputed by authorities | 10,000 | 10,000 |
| Income Tax demand* | 11,577 | 11,577 |
| Sales tax matters** | 19,860 | 19,860 |

*Income tax demand comprise demand from Indian tax authorities for payment of additional tax of INR 11,577 (31 March 2018: Rs 11,577),upon completion of their tax assessments for the financial years 2010-11,2011-12,2012-13 and 2013-14. The tax demand are mainly on account of disallowance of warranty expenses , provision for bonus and Fee paid to registrar of companies in the respective years . The matters are pending before the Commissioner of Income tax (appeals), The Income tax appellate tribunal and assessing officer.

** Sales tax matters comprise a show cause notice originally received from the sales tax authorities during the year 2014 for the ITC reversal for non-submissions of C forms and excess of Input tax availed for the financial years 2012-13 and 2013-14.years. Subsequently the Company has submitted the C Forms and have received the CST assessment orders. The company had submitted the detailed response with the appropriate authority. The tax demanded in the show cause notice for these years is INR 10,941 and the penalty thereon is INR 8,919. The management based on expert opinion believes that the orders in respect of the remaining amounts due are likely to be disposed in favor of the company and hence no provision is considered necessary therefor. Outflows if any arising out of these claims would depend on the outcome of the decision of the department and the companies rights for future appeals.

**B.Commitments**

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | | |
| – for the acquisition of property, plant and equipment | 18,002 | 11,699 |

**30 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| (i) Principal amount remained unpaid to any supplier as at the accounting year | 4,642 | 5,245 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of accounting year | - | - |
| (iii) The amount of interest paid along with the amounts of the payments made to the supplier beyond the appointed day | - | - |
| (iv) The amount of interest due and payable for the year | - | - |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting | - | - |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest as above are actually paid | - | - |

Dues to Micro and small enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the management.
This has been relied upon by the auditors.

**(All amounts are in thousands of Indian Rupees, unless otherwise stated)**

**31 Employee benefit plans**

a) **Defined contribution plans**

The Company makes Provident fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable by the Company to these plans are at the rates specified in the rules of the schemes.

| Particulars | For the year | |
|---|---|---|
| | 2018-19 | 2017-18 |
| Contribution to provident fund recognized in profit and loss | 4,730 | 5,309 |
| Contribution to Employee state insurance plan recognized in profit and loss | 1,371 | 1,707 |

b) **Defined benefit plans**

The company has a defined gratuity plan. Every employee who has completed Five years or more of service gets a gratuity on departure at 15 days salary (based on the last drawn remuneration) for each completed year of service. The scheme is fully funded with an insurance company in the form of qualifying insurance policy.

**ASSUMPTIONS**

The principal assumptions used for the purposes of the actuarial valuations are given below

| Particulars | As at | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Expected Return on Plan Asset | 7.59% | 8.00% |
| Discount rate | 7.59% | 8.00% |
| Rate of salary increase | 6.50% | 6.50% |
| Rate of employee turnover | For service 4 years and below 10% p.a | |
| | For service 5 years and above 6% p.a | |
| Mortality Rate During Employment | Indian assured lives mortality(2006-08) | |
| Mortality Rate After Employment | NA | |

**(All amounts are in thousands of Indian Rupees, unless otherwise stated)**

The details of actuarial valuation in respect of Gratuity and superannuation liability are given below:

| Particulars | Gratuity | |
|---|---|---|
| | As at | |
| | 31 March 2019 | 31 March 2018 |
| i.Projected benefit obligation as at beginning of the year | 15,223 | 15,513 |
| Service cost | 918 | 967 |
| Interest cost | 1,218 | 1,087 |
| Remeasurment(gain)/loss | | |
| Actuarial (gain)/loss -due to change in demographic assumptions | | - |
| Actuarial (gain)/loss-Due to change in financial assumptions | 391 | (1,017) |
| Actuarial (gain)/loss arising from experience adjustments | (547) | 771 |
| Benefits paid | (1,780) | (2,098) |
| **Projected benefit obligation at the end of the year** | **15,422** | **15,223** |

| Particulars | Gratuity | |
|---|---|---|
| | As at | |
| | 31 March 2019 | 31 March 2018 |
| ii.Fair value of plan assets as at beginning of the year | 15,535 | 14,019 |
| Interest Income | 1,243 | 983 |
| Contributions | 809 | 2,704 |
| Benefits paid | (1,780) | (2,098) |
| Remeasurment gain/(loss) | - | - |
| Return on plan asset excluding interest income | (190) | (73) |
| **Fair value of plan asset at the end of the year** | **15,617** | **15,535** |
| **iii.Amount recognized in the balance sheet** | | |
| Projected benefit obligation at the end of the year | (15,422) | (15,223) |
| Fair value of the plan assets at the end of the year | 15,617 | 15,535 |
| **(Liability) / Asset recognized in the Balance sheet - net** | **195** | **312** |
| **iv. Net interest cost for the period** | | |
| Present value of benefit obligation at the beginning of the year | 15,223 | 15,514 |
| (Fair value of plan asset at the beginning of the period) | (15,535) | (14,019) |
| **Net liability/(Asset) at the beginning** | **(312)** | **1,495** |
| **v.Interest cost** | 1,218 | 1,088 |
| (Interest income) | (1,243) | (983) |
| Net interest cost for the current period | **(25)** | **105** |
| **Total cost of the defined benefit plan for the year** | | |
| **vi.Expenses recognized in statement of profit & loss** | | |
| Current service cost | 918 | 967 |
| Net interest cost for the current period | (25) | 105 |
| **Expenses Recognized** | **893** | **1,072** |
| **vii:Expenses recognized in other comprehensive income** | | |
| Actuarial(gain)/losses on obligation for the period | (156) | (246) |
| Return on plan asset excluding interest income | 190 | 73 |
| Net (income)/Expense recognized in OCI | **33** | **(173)** |

**Sensitivity analysis**

| | | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| i | Project benefit obligations on current assumptions | 15,422 | 15,223 |
| ii | Delta effect of + 1% change in rate of discounting | (924) | (922) |
| iii | Delta effect of - 1% change in rate of discounting | 1,030 | 1,028 |
| iv | Delta effect of + 1% change in rate of salary increase | 1,031 | 1,033 |
| v | Delta effect of -1% change in rate of salary increase | (941) | (942) |
| vi | Delta effect of + 1% change in rate of employee turnover | 55 | 81 |
| vii | Delta effect of -1% change in rate of employee turnover | (61) | (89) |

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**32 Financial instruments**

**(i) Capital management**

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 maximize the shareholder value.

The Company's objective when managing capital are to Safeguard their ability to continue as a going concern, so that they can continue to provide return for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the weighted average cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell non-core assets to reduce the debt.

(ii) **Loan covenants**

No covenants are applicable as of March 2019 since the term loans outstanding were NIL

(iii) **Categories of Financial instruments**

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| **A.Financial Assets** | | |
| **Measured at amortized cost** | | |
| (a) Cash and Bank balances | 2,07,713 | 1,47,770 |
| (b) Other Financial assets Measured at cost | 1,78,910 | 1,46,297 |
| (c) Security Deposits | 6,059 | 5,856 |
| **Measured at fair value** | | |
| (a) Investments | 328 | - |
| | **3,93,010** | **2,99,923** |
| **B.Financial liabilities** | | |
| Measured at amortized cost (including trade payable balances) | **1,68,399** | **1,39,386** |

(iv) **Financial risk management objectives**

The Company's activities expose it to market risk, liquidity risk and credit risk. The table given below explains the sources of risk which the entity is exposed to and how the entity manages the risk.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| **a. Credit risk** | Cash and cash equivalents, trade receivables, financial assets measured at amortized cost | Aging analysis<br>Credit ratings<br>Financial analysis | Diversification of Short term investments, review of credit limits and credit locks and secured mode of payment |
| **b. Market risk** | | | |
| **i. Market risk - foreign exchange** | Future commercial transactions<br>Recognized financial assets and liabilities not denominated in Indian rupee (INR) | Cash flow forecasting<br>Sensitivity analysis | Foreign exchange forward contracts |
| **ii. Market risk - Interest rate** | Long-term borrowings at variable rates | Sensitivity analysis | Market trends and negotiation |
| **iii. Market risk - Price risk** | Investment in securities | Sensitivity analysis | Portfolio diversification |
| **c. Liquidity risk** | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of sanctioned credit lines and borrowing facilities |

The Company's risk management is governed by policies monitored by Group Treasury. Company's treasury identifies, evaluates and hedges financial risks in close co-ordination with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity in short term Fixed Deposits.

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**Fair value hierarchy**

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 (b) measured at amortised cost nd for which fair value are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining the fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard.

**(a) Financial assets and liabilities valued at fair value**

| | As at March 31, 2019 | | | As at March 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | | | |
| Investment in equity instruments (Other than in subsidaries) | - | - | 328 | - | - | - |
| | **-** | **-** | **328** | **-** | **-** | **-** |

**(b) Financial assets and liabilities measured at amortised cost**

The Company has not disclosed fair values of financial instruments such as trade receivables, cash and cash equivalents,other Bank balances, security deposits, loans and advances to related parties, lease rental receivables, interest accrued on fixed deposits, certain advances to employees, trade payables and employee benefits payables (that are short term in nature), because their carrying amounts are reasonable approximations of their fair values.

**(c) Offsetting**

The Company has not offset financial assets and financial liabilities as at 31 March 2019 and 31 March 2018.

**Measurement of fair values**

***Valuation technique***

(i) Investment in equity instruments

The carrying value and fair value of the Investment is expected to be the same since the transfer value at any point in time would be the par value of the share.

**a. Credit Risk**

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

a(i) **Trade receivables**

Customer credit risk is managed by each business unit under the guidance of the credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/economic conditions, market reputation, expected business etc. Based on this evaluation, credit limit and credit terms are decided. Exposure on customer receivables are regularly monitored and managed through credit lock and release.

The impairment is based on expected credit loss model considering the historical data and financial position of individual customer at each reporting period. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note: 8.2 . The Company does not hold any collateral as security.

a(ii) **Financial Instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made for short-term deposits with banks. The Investment limits are set out per the value of total fixed deposit in Banks to minimize the concentration risk.

The Company has no exposure to credit risk relating to these cash deposits as at: 31st March 2019 and 31st March 2018

b **Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Market risk exposures are measured using sensitivity analysis. There has been no change in the measurement and management of the Company's exposure to market risks .

(All amounts are in thousands of Indian Rupees, unless otherwise stated)

**b(i) Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies and consequently, exposures to exchange rate fluctuations arises. The Company has not entered into any derivate contracts during the year ended 31 March 2019 and there are no outstanding contracts as at 31 March 2018.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows :

| Particulars | Currency | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|---|
| | | Amount in Foreign Currency | Amount Rs. In '000 | Amount in Foreign Currency | Amount Rs. In '000 |
| Trade Payables | USD | (32,905) | (2,276) | 9,380 | 611 |
| Trade Payables | EUR | 819 | 64 | - | - |
| Trade Payables | GBP | 1,06,213 | 9,573 | 18,549 | 1,695 |
| Receivables - Other Current Assets | USD | 2,28,466 | 15,803 | 1,63,811 | 10,793 |
| Receivables - Other Current Assets | EUR | 4,00,418 | 31,085 | 3,46,221 | 27,733 |
| Receivables - Other Current Assets | GBP | 32,384 | 2,919 | 10,461 | 956 |

**Foreign Currency sensitivity analysis:**

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the relevant foreign currencies. 5% is the rate used in order to determine the sensitivity analysis considering the past trends and expectation of the management for changes in the foreign currency exchange rate. The sensitivity analysis includes the outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates a increase in profit / decrease in loss and increase in equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or loss and equity and balance below would be negative.

**Impact on Profit and loss for the reporting period**

| Particulars | For the year ended 31 March 2019 | For the year ended 31 March 2019 | For the year ended 31 March 2018 | For the year ended 31 March 2018 |
|---|---|---|---|---|
| | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% |
| USD | 904 | (904) | 503 | (503) |
| EURO | 1,551 | (1,551) | 1,387 | (1,387) |
| GBP | (333) | 333 | (37) | 37 |

**Impact on total equity as at end of the reporting period**

| Particulars | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 | As at 31 March 2018 |
|---|---|---|---|---|
| | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% |
| USD | 904 | (904) | 503 | (503) |
| EURO | 1,551 | (1,551) | 1,387 | (1,387) |
| GBP | (333) | 333 | (37) | 37 |

**Note :**
This is mainly attributable to the exposure of receivable and payable outstanding in the above mentioned currencies to the Company at the end of the reporting period.

b(ii) **Interest rate risk management**
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company has been availing the borrowings on a fixed and variable rate of interest. These borrowings are carried at amortized cost. The borrowings on a fixed rate of interest basis are not subject to the interest rate risk as defined in Ind AS 107, since neither the carrying amount nor future cash flows will fluctuate because of change in market interest rates. The borrowings on a variable rate of interest are subject to interest rate risk as defined in Ind AS 107. The Company at the end of March 2019, does not carry any loans with variable interest.

**33 Related Party Disclosure**

i) The list of related parties as identified by the management and relied upon by the auditors are as under

**Holding company**

Renold International holdings limited-UK

**Ultimate Holding company**

Renold Plc, UK

**Parties having significant influence**

L.G.Balakrishnan & bros limited

**Fellow Subsidiaries**

Renold Transmission limited, singapore
Renold power transmission limited,UK (Formerly known as Renold Chain, UK)
Renold Jeffrey, USA
Brampton Renold SA, France
Renold Gmbh, Uslar
Renold (Malaysia) sdn.bhd,Malaysia
Renold Gears, Milnrow
Renold Canada Limited, Canada
Renold (China) Transmission Product (Formerly Known as Renold hangzhou Co limited, China)
Renold Australia, Austrailia
Renold Crofts(PTY ) Limited, Benoni

**Key Managerial personnel**

S.Ramachandran, Managing director
L. Senapathy, Chief Financial Officer (Resiged and relieved w.e.f October 31, 2018)
T.Vinoth Kumar, Company secretary

**(All amounts are in thousands of Indian Rupees, unless otherwise stated)**

**33A Related party transactions :**

| Particulars | Ultimate Holding Company | | Parties Having Significant Influence | | Fellow Subsidiaries | | Key management personnel | |
|---|---|---|---|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| **Sale of Industrial chains** | | | | | | | | |
| Renold Power Transmission Limited, UK | | | | | 38,669 | 39,389 | | |
| Renold Jeffrey, USA | | | | | 24,778 | 24,830 | | |
| Brampton Renold SA | | | | | | | | |
| Renold Gmbh, Uslar | | | | | 68,162 | 3,655 | | |
| Renold (Malaysia) sdn.bhd,Malaysia | | | | | 2,924 | 859 | | |
| Renold (China) Transmission Product | | | | | 1,545 | 2,100 | | |
| Renold - Canada | | | | | 1,897 | | | |
| Renold transmission limited, Singapore | | | | | | | | |
| Renold hangzhou Co limited, China | | | | | | | | |
| L.G Balakrishnan & Bros Limited | | | 8,190 | 22,912 | | | | |
| Renold australia, austrailia | | | | | 1,388 | 426 | | |
| Renold Crofts(PTY ) Limited, Benoni | | | | | | | | |
| **Scrap sales** | | | | | | | | |
| L.G Balakrishnan & Bros Limited | | | 26 | - | | | | |
| **Purchase of diesel** | | | | | | | | |
| L.G Balakrishnan & Bros Limited | | | 2,342 | 1,979 | | | | |
| **Scrap Purchase** | | | | | | | | |
| L.G Balakrishnan & Bros Limited | | | | | | | | |
| **Reimbursement Received** | | | | | | | | |
| L.G Balakrishnan & Bros Limited | | | 4,826 | 3,095 | | | | |
| Renold Gears, Milnrow | | | | | 2,099 | 1,517 | | |
| **Debit Notes** | | | | | | | | |
| L.G Balakrishnan & Bros Limited | | | 17 | - | | | | |
| Renold gmbh, Germany | | | | | 80 | | | |
| Brampton Renold SA | | | | | | 78 | | |
| Renold Power Transmission Limited, UK | | | | | | 29 | | |
| **Credit Notes** | | | | | | | | |
| Renold Power Transmission Limited, UK | | | | | 701 | - | | |
| Renold Australia Pty Ltd, Australia | | | | | | 95 | | |
| L.G Balakrishnan & Bros Limited | | | | 40 | | | | |

**(All amounts are in thousands of Indian Rupees, unless otherwise stated)**

**33A Related party transactions : (contd)**

| Particulars | Ultimate Holding Company | | Parties Having Significant Influence | | Fellow Subsidiaries | | Key management personnel | |
|---|---|---|---|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| **Sales Return** | | | | | | | | |
| Brampton Renold SA | | | | | | 1,107 | | |
| **Purchase of Raw material and components** | | | | | | | | |
| Renold Power Transmission Limited, UK. | | | | | | | | |
| L.G Balakrishnan & Bros Limited | | | 87,872 | 80,634 | | | | |
| **Purchase of finished goods and components** | | | | | | | | |
| Renold Power Transmission Limited, UK. | | | | | 396 | 1,074 | | |
| Renold gmbh, Germany | | | | | 573 | 1,142 | | |
| Renold hangzhou Co limited, China | | | | | 2,478 | 155 | | |
| **Calibaration & Testing charges** | | | | | | | | |
| L.G Balakrishnan & Bros Limited | | | 175 | 15,272 | | | | |
| **Freight Debit Notes** | | | | | | | | |
| Renold Jeffrey, USA | | | | | | | | |
| **Management service charges paid** | | | | | | | | |
| Renold Plc, UK | 21,381 | 17,628 | | | | | | |
| **IT&Insurance charges Paid** | | | | | | | | |
| Renold Plc, UK | 12,626 | 9,436 | | | | | | |
| **GST Salary & other recharges** | | | | | | | | |
| Renold Plc, UK | 2,888 | 3,816 | | | | | | |
| **Server purchase & M3 Expenses** | | | | | | | | |
| Renold Plc, UK | 14,542 | 12,436 | | | | | | |
| **Managerial Remuneration** | | | | | | | | |
| **S.Ramachandran, Managing director** | | | | | | | | |
| Short term employee Benefits Expense | | | | | | | 4,994 | 4,538 |
| Contribution to defined benefit plans | | | | | | | 118 | 100 |
| Post employment benefits | | | | | | | | |
| **L.Senapathy, Chief Financial Officer** | | | | | | | | |
| Short term employee Benefits Expense | | | | | | | 1,405 | 1,878 |
| Contribution to defined benefit plans | | | | | | | 19 | 39 |
| Post employment benefits | | | | | | | | |
| **T.Vinoth Kumar, Company secretary** | | | | | | | | |
| Short term employee Benefits Expense | | | | | | | 1,280 | 1,078 |
| Contribution to defined benefit plans | | | | | | | 31 | 26 |
| Post employment benefits | | | | | | | | |
| **Balances outstanding at the year end** | | | | | | | | |
| **Payables:** | | | | | | | | |
| Brampton Renold SA, France | | | | | | | | |
| Renold Plc, UK | 9,092 | 1,695 | | | | | | |
| L.G. Balakrishnan & Bros Limited | | | 12,521 | 21,051 | | | | |
| Renold Power Transmission Limited, UK | | | | | 481 | - | | |
| Renold gmbh, Germany | | | | | 64 | - | | |
| **Receivables:** | | | | | | | | |
| Renold Power Transmission Limited, UK | | | | | 2,919 | 956 | | |
| Renold Gmbh, Uslar | | | | | 1,837 | 2,688 | | |
| L.G. Balakrishnan & Bros Limited | | | 399 | 13,297 | | | | |
| Renold Jeffrey, USA | | | | | 5,851 | 2,112 | | |
| Renold Gears, Milnrow | | | | | 81 | 193 | | |
| Renold Hangzhou co Ltd - China | | | | | 201 | 247 | | |
| Renold - Canada | | | | | 845 | - | | |
| Renold (Malaysia)Sdn.Bhd ., Malaysia | | | | | 318 | - | | |

**34 Approval of Financial statements**

The Financial statements were reviewed and approved by the Board of Directors in their meeting held on 28 August 2019.

**For and on behalf of the Board of Directors**

| | |
|---|---|
| **S. Ramachandran** | **B. Vijayakumar** |
| Managing Director | Director |
| DIN: 03535894 | DIN: 00015583 |

**T. Vinoth Kumar**
Company Secretary

Place: Karur
Date: 28 August 2019

**PROXY FORM**

Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

Renold Chain India Private Limited
CIN: U27109TZ2008FTC017737
Regd. Office: D.Gudalur, Vedasanthur Taluk Dindigul 624 620

I/We …………. [Name] of ………… [address] in the district of …………………being a member / members of the above named company hereby appoint ……………………………….. [Name of proxy] of ………………………………… [Address of proxy] in the district of ………… failing him ……………… [Name of proxy] of …………………. [Address of proxy] in the district of ………… As my / our proxy to vote for me / us on my / our behalf at the nineth Annual General Meeting of the Company to be held on ……………….. [Date] and at any adjournment thereof.

**

………………………………

(Name & Signature of the Shareholder)

Signed this ……………. day of …………….2019

**Affix Re.1/- Revenue Stamp