TVS SENSING SOLUTIONS PRIVATE LIMITED

(formerly ZF Electronics TVS (India) Pvt Ltd)

27th Annual Report

Registered Office:
"TVS BUILDING"
7B, West Veli Street
Madurai - 625 001
Tamil Nadu
India

Factory
Madurai - Melur Road
Vellaripatti
Madurai 625 122
Tamil Nadu
India

Name of the Company	**TVS SENSING SOLUTIONS PRIVATE LIMITED** (formerly known as ZF Electronics TVS (India) Private Limited)
CIN	U30007TN1993PTC026291
Registered Office	TVS BUILDINGS 7B, West Veli Street Madurai 625 001 Tamil Nadu India.
Factory	Madurai Melur Road Vellaripatti Madurai 625 122 Tamil Nadu India.
Directors	Sri. R HARESH Sri. R NARESH Sri. A.S.VISWANATHAN Sri. PREM PRADEEP
Auditors	PKF SRIDHAR & SANTHANAM LLP Chartered Accountants Firm Registration No: 003990S / S200018 91-92 VII Floor, Dr Radhakrishnan Salai Mylapore Chennai 600004 Tamil Nadu India
Bankers	HDFC Bank Ltd, Madurai ICICI Bank Ltd, Madurai

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the 27th Annual Report of the Company, together with the audited financial statements for the year ended 31st March, 2020.

1. Financial Performance / Highlights

The Company's financial performances for the year under review along with previous year's figures are given hereunder.

The particulars for the year ended 31st March, 2020 furnished below:

(Rupees in lakhs)

Particulars	2019-20	2018-19
Revenue from Business Operations	5168	5,675
Other Income	127	137
Total Income	**5,295**	**5,812**
Materials Consumed	2,856	3,345
Employee Benefit Expenses	1,090	955
Other Expenses	996	1,105
Interest	138	149
Depreciation	214	190
Total Expenses	**5,294**	**5,744**
Profit / (Loss) before tax	**1**	**68**

2. Dividend

The Board of Directors has not recommended any dividend for the year 2019-20.

3. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

There are no pending dividend amounts which are required to be transferred to Investor Education and Protection Fund.

4. Business Review / The state of the company's affairs

Your Directors wish to present the details of the Business operations for the year under review:

a) The Revenue from Operations of the Company was Rs.5,168 lakhs as against the previous year's turnover of Rs.5,675 lakhs, which is lower by 9%.Your company has made Profit Before Tax of Rs.1 lakhs during the year and the Cash Profit for the year is Rs.211 lakhs.

b) Marketing and Market Environment:

FY 2019-20: In spite of Auto Segment not doing well in FY 2019-20, your company has shown an increase of 11% business in Auto segment (share of Auto business increased to 55% in 2019-20 from 44% in 2018-19) with new projects from Turbo Energy and Brakes India. These two projects contributed 32% (INR 835 Lakhs) in the auto segment sales in 2019-20. These two projects are expected to reach the full potential of INR 3200 lakhs in the coming years.

FY 2020-21: The situation remains uncertain after epidemic COVID 19 struck. Various scenarios on market revival pattern are being published. Under the current circumstances, the best we could imagine is to match last year performance provided the world opens up before June 2020.

c) Future prospects including constraints affecting due to Government Policies:

The company continues to have a strong RFQ funnel, however the speed of conversion and development programs depends upon revival of the industry.

Export Market continues to perform well.

To tide over difficult situation posed by COVID lockdown and expected slowdown in the market, several steps including fixed cost optimization with special attention on cash management has been put in place.

Further the Company has taken utmost care in establishing safe environment for conducting business operations like, social distancing, disinfection and other health check measures.

Considering social distancing factors, a new policy on Work from Home for Indirect work force has been put in place. Depending on the need the Direct work force could be rotated to maintain the head count limitations imposed by Government.

5. The amounts, if any, which it proposes to carry to any reserves

During the year, the Company has not transferred any amounts to reserves and the entire profits is retained as Retained earnings under reserves & surplus.

6. Material changes and commitment if any affecting the Financial position of the Company occurred between end of the Financial year to which this Financial statements relate and the date of the Report

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and to the date of this report.

7. Directors

Mr R Haresh, Director retire at this Annual General Meeting and being eligible, offer himself for re-appointment in the ensuing Annual General Meeting.

8. Deposits

During the year under review, the Company has not accepted any deposits from the public, within the meaning of Section 73 of the Companies Act, 2013.

9. The Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished below:

A. Conservation of Energy:

i) Energy Conservation steps taken:

The energy requirement is relatively minimal. Efforts continue to optimize energy consumption through shift management

ii) Steps taken by the Company to utilize alternate source of Energy:

Alternate energy savings measures includes converting all fluorescent tube light lamps and fluorescent lamps to LED Lamps, installation of solar street lights and solar inverters, installation of LG Compressor in the plant and single phase compressor in the Tool room shop.

iii) Impact of the measures at i) & ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.

iv) Capital investment on energy conservation equipment: - Nil

B. Technology Absorption:

i) Efforts in Brief:

RFQ worth of INR 8000 lakhs potential are under discussion with various customers.

The Company is in the process of signing MoU's with Technology Partners for various sensor applications.

ii) Benefits derived as a result of the above efforts:

Technology Improvement
New Product Additions
Production & Sales improvement
Brand Image
Import Substitution

iii) Imported Technology Absorption during the last three years: Nil

iv) Expenditure incurred on Research and Development: Nil

C. Foreign Exchange Earnings and Outgo: Rs. in lakhs

Particulars of Expenditure	**2019-20**	**2018-19**
Inflows:		
FOB Value of Exports	720	943
Outflows:		
Import of Trading Goods, Raw Materials, Components and Consumables	1485	1815

10. Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors state as under:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;

3. The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. The Directors have prepared the annual accounts on a going concern basis;

5. The Company has adequate internal systems and financial controls in place to ensure compliance of laws applicable to the Company; and

6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. Subsidiaries, Joint Ventures and Associate Companies

The Company has invested in new subsidiary Fiber Optic Sensing Solutions Private Limited.

12. Statutory Auditor

The Statutory Auditors of the Company M/s PKF Sridhar &Santhanam LLP, Chartered Accountants, Chennai (Registration No.003990S / S200018) were appointed in the _26th Annual General Meeting of the Company and is liable to retire at the conclusion of the 27th Annual General Meeting (AGM) of the Company. They will be appointed as a Statutory Auditor of the Company in the ensuing Annual General Meeting.

13. The extract of the annual return as provided under sub-Section(3) of Section 92 in MGT-9

The extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 ('Act') in the prescribed form MGT-9 is annexed herewith as **Annexure1.**

14. Number of meetings of the Board

During the year, (5) meetings of the Board of Directors of the Company were convened and held on 20-05-2019, 10-09-2019, 27-12-2019,18-02-2020, and 20-03-2020 respectively. The intervening gap between the meetings was within the period prescribed under the Act.

15. Independent Directors

Having regard to the limits specified in Companies Act 2013, requirement of appointment of Independent Directors and statement of declaration given by them is not applicable to the Company.

16. Composition of Audit Committee and Remuneration & Nomination Committee

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

b. Having regard to the limits specified in Companies Act, 2013, requirement of constituting Remuneration and Nomination Committee is not applicable to the Company.

17. Particulars of loans, guarantees or investments under Section 186(2)

The Company does not have any loan or guarantee under the provisions of Section 186 of the Companies Act, 2013.

18. Particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 in the prescribed form

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant transactions with Related Parties during the financial year 2019-20 which were in conflict with the interest of the Company. Hence, no details are required to be furnished in Form AOC-2 in terms of Section 134(3)(h) of the Companies Act, 2013. All related party transaction are placed before the Board for approval. None of the Directors have any pecuniary relationships or transactions vis-a-vis the Company.

19. Risk Management Policy

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal. The Company is in the process of framing a risk management policy and to take steps to mitigate risks. The Company presently has obtained adequate insurance like product Recall, Product liability and Loss of Profit Policy to cover the risks and damages of the business associated with the automotive industry.

20. Corporate Social Responsibility (CSR)

Section 135 of the Companies Act, 2013 is not applicable to the Company as the Company does not have the specified turnover or net worth or profit criteria and hence, there is no requirement for the Company to undertake CSR activities.

21. Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Company

During the year 2019-20, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status of the Company.

22. Internal Control Systems and its adequacy

Your Company's internal control system has been designed to provide for

a. Accurate recording of transactions with internal checks and prompt reporting
b. Adherence to applicable Accounting Standards
c. Compliance with applicable statutes

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

Your Directors state that during the year under review, there were no cases received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

24. Shares

a) Buy Back of Securities

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

b) Sweat Equity

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

c) Bonus Shares

No Bonus Shares were issued during the year under review.

d) Employee Stock Option Plan

The Company has not provided any Stock Option Scheme to the employees

e) Rights Issue Shares

The Company has issued Rights Issue of 194,174 numbers of Equity Shares to existing shareholder during the year under review, having a face value of Rs.10 each at a premium of Rs.93 per share.

25. Particulars of employees and related disclosures

There are no employees who are covered under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

26. Acknowledgement

Your Directors express their sincere thanks to bankers, business associates, consultants, stakeholders and others for their continued support and Co-operation.

For and on behalf of the Board

R Haresh
Chairman / Director
DIN: 00363096
Place: Madurai
Date: 05.06.2020

ANNEXURE-1

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN

as on Financial Year Ended on 31-03-2020

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

I. REGISTRATION & OTHER DETAILS:

i	CIN	U30007TN1993PTC026291
ii	Registration Date	01-12-1993
iii	Name of the Company	TVS Sensing Solutions Private Limited
iv	Category / Sub-category of the Company	Private Limited
V	Address of the Registered Office & Contact details	"TVS Building", 7B, West Veli Street, Madurai - 625 001, Tamil Nadu,Phone – 0452-2343801
vi	Whether listed company	No
vii	Name, Address & Contact details of the Registrar & Transfer Agent, if any	The Registrar of Companies, Chennai

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 & Description of Main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
1	Switches	8536.5090	36%
2	Sensors	8536.5090	30%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES:

Sl No.	Name & Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	TVS Srichakra Investments Limited	U65100TN2010PLC074498	Holding	100%	--
2	Fiber Optic Sensing Solutions Private Limited	U31900TN2019PTC131018	Subsidiary	90%	--

IV. SHAREHOLDING PATTERN (Equity Share Capital Break up as % to total Equity):

Sl No.	Name & Address of the Company	CIN / GLN	No. of Equity Shares Held	% of Shares Held
1	TVS Srichakra Investments Limited	U65100TN2010PLC074498	17,76,698	100%

(i) CATEGORY-WISE SHAREHOLDING:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Shares		
A. PROMOTERS:										
1. INDIAN										
a) Individual/ HUF	-	-	-	-	-	-	-	-	-	-
b)Central Govt. of State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	15,82,524	15,82,524	100%	-	17,76,698	17,76,698	100%	-	-
d) Bank / FI	-	-	-	-	-	-	-	-	-	-
e)Any Other	-								-	-
SUB TOTAL (A) (1)	-	15,82,524	15,82,524	100%	-	17,76,698	17,76,698	100%	-	-
2. FOREIGN										
a) NRI – Individual	-	-	-	-	-	-	-	-	-	-
b)Other Individual	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-	-
d) Bank / FI	-	-	-	-	-	-	-	-	-	-
e)Any Other	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	-	15,82,524	15,82,524	100%	-	17,76,698	17,76,698	100%	-	-
B. PUBLIC SHAREHOLDING:										
1. INSTITUTIONS										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b)Central Govt. of State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bank / FI	-	-	-	-	-	-	-	-	-	-
d) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-	-
f) FIIS	-	-	-	-	-	-	-	-	-	-
g) Foreign Venture Cap. Funds	-	-	-	-	-	-	-	-	-	-
h)Others (Specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B) (1)	-								-	-
2. NON-INSTITUTIONS										
a) Bodies Corporate	-	-	-	-	-	-	-	-	-	-
i) Indian & Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-	-
i) individual shareholders holding nominal Share Capital upto 1 Lakh	-	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lakh	-	-	-	-	-	-	-	-	-	-
c) Others (Specify)										
SUB TOTAL (B) (2)	-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B+C)	-	15,82,524	15,82,524	100%	-	17,76,698	17,76,698	100%	-	-

(ii) SHAREHOLDING OF PROMOTERS:

Sl. No	Shareholders Name	Shareholding at the Beginning of the year			No. of Shares held at the End of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
	TVS Srichakra Investments Limited	15,82,524	100%	--	17,76,698	100%	--	--
	Total	15,82,524	100%	--	17,76,698	100%	--	--

(iii)CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE):

	There is no change in the Promoters' shareholdings during the year with a promoter company becoming a 100% Holding Company.

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS, HOLDERS OF GDRs & ADRs):

Sl. No	For Each of the Top 10 Shareholders	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 shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	--	--	--	--
	At the end of the year (or on the date of separation, if separated during the year)	--	--	--	--

(v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No	Name of the Directors / 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
	At the beginning of the year	--	--	--	--
	Date-wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	--	--	--	--
	At the end of the year	--	--	--	--

V. INDEBTEDNESS:

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

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	135,665,825	--	--	135,665,825
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	638,533	--	--	638,533
Total (I + ii + iii)	136,304,358	--	--	136,304358
Change in Indebtedness during the financial year				
Addition	11,441,642	--	--	11,441,462
Reduction	--	--	--	--
Net Change	--	--	--	--
Indebtedness at the end of the financial year				
i) Principal Amount	147,501,397	--	--	147,501,397
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	244,603	--	--	244,603
Total (I + ii + iii)	147,746,000	--	--	147,746,000

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

SI No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total Amount
1.	Gross Salary	--	--	--	--	--
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	--	--	--	--	--
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	--	--	--	--	--
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	--	--	--	--	--
2.	Stock Option	--	--	--	--	--
3.	Sweat Equity	--	--	--	--	--
4.	Commissioner	--	--	--	--	--
	- As % of Profit	--	--	--	--	--
	- Others, Specify	--	--	--	--	--
5.	Others, Please specify	--	--	--	--	--
	Total (A)	--	--	--	--	--
	Ceiling as per the Act	--	--	--	--	--

B. Remuneration to Other Directors:

Sl No.	Particulars of Remuneration		Name of Directors				Total Amount
	Independent Directors						
	a) Fee for attending Board Committee Meetings		--	--	--	--	--
	b) Commission		--	--	--	--	--
	c) Others, please specify		--	--	--	--	--
	Total (1)		--	--	--	--	--
	Other Non-Executive Directors						
	a) Fee for attending Board Committee Meetings		--	--	--	--	--
		Mr R Haresh					10,000
		Mr R Naresh					10,000
		Mr A S Viswanathan					8,000
		Mr Prem Pradeep					6,000
	b) Commission		--	--	--	--	--
	c) Others, please specify		--	--	--	--	--
	Total (2)		--	--	--	--	34,000
	Total (B) = (1 + 2)		--	--	--	--	34,000
	Total Managerial Remuneration		--	--	--	--	34,000
	Overall Ceiling as per the Act		--	--	--	--	--

C. Remuneration to Key Managerial Personnel, other than MD / MANAGER / WTD:

Sl No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary	--	--	--	--
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	--	--	--	--
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	--	--	--	--
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	--	--	--	--
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commissioner	--	--	--	--
	- As % of Profit	--	--	--	--
	- Others, Specify	--	--	--	--
5.	Others, Please specify	--	--	--	--
	Total	--	--	--	--

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	--		NIL		--
Compounding	--				--
B. DIRECTORS					
Penalty	--				--
Punishment	--		NIL		--
Compounding	--				--
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding			NIL		

For and on behalf of the Board

R HARESH
Chairman
DIN : 00363096

Place : Madurai
Date : 05-06-2020

INDEPENDENT AUDITORS' REPORT

To the Members of **TVS Sensing Solutions Private Limited (formerly known as ZF Electronics TVS (India) Private Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TVS Sensing Solutions Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and loss, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 2(f)(iv) to the financial statements, regarding the management's impairment assessment of property, plant and equipment, intangible assets, investments, trade receivables and inventory valuation as at 31 March 2020 being considered as unimpaired based on the future operations plans and cash flows wherein projections are made based on the various judgments and estimates related to inflation, discount rates, and implications expected to arise from COVID-19 pandemic, wherein actual results could vary.

Our opinion is not modified in respect of the above matter.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

Responsibilities of the Management and Those Charged with Governance for Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the 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 auditors' 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.

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

- Identify and assess the risks of material misstatement of the 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 with reference to the financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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.

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 the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), {the Statement of Changes in Equity} and the statement of cash flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) At this juncture, we are unable to comment whether the matter described in the Emphasis of Matter paragraph, may have an adverse effect on the functioning of the Company.

(g) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

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

i. The Company has disclosed the impact of pending litigations as at 31 Match 2020 on its financial position in its financial statements – Refer Note 42 to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2020.

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

3. With respect to the matter to be included in the Auditors’ Report under section 197(16) of the Act, as applicable:

   In our opinion and according to the information and explanations given to us, Company has not paid any remuneration to its directors other than sitting fees.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm’s Registration No.003990S/S200018

T V Balasubramanian
Partner
Membership No. 027251
UDIN: 20027251AAAADJ3247

Place of Signature: Chennai
Date: 9th June 2020

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of TVS Sensing Solutions Private Limited ("the Company") on the financial statements as of and for the year ended 31 March 2020.

(i) In respect of the Company's fixed assets:

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and 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, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company / erstwhile name of the Company as at Balance Sheet date.

(ii) The inventory, except goods in transit and stocks lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, subsequent goods receipts have been verified or confirmations have been obtained from the parties. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.

(iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of making investments and loans. The Company has not provided any guarantees or securities.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company as

specified under Section 148(1) of the Act, for maintenance of cost records in respect of the products manufactured by the Company, and are of the opinion that
prima facie, the prescribed accounts and records have been made and maintained. However, we have not, made a detailed examination of cost records with a view to determine whether they are accurate or complete.

(vii)

(a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Goods and Services Tax (GST), cess and any other statutory dues as applicable with the appropriate authorities.

According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Goods and Services Tax (GST), cess and any other statutory dues were in arrears, as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales Tax, Service tax, Goods and Services Tax (GST) and Duty of customs as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Nature of statute	**Nature of dues**	**Period to which amounts relates**	**Forum where dispute is pending**	**Amount Rs (000's)***
The Income Tax, 1961	Fringe Benefit Tax	AY 2007-08	Deputy Commissioner of Income Tax, Madurai	30
	Income Tax	AY 2012-13	Assistant Commissioner of Income Tax, Madurai	73
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	FY 2001-02 to 2005-06	Appellate Deputy Commissioner (CT), Madurai	23
Central Sales Tax Act, 1956	Central Sales Tax	FY 2001-02 to 2003-04		86

*net of Rs.220 paid under protest

(viii) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government or dues to debenture holders.

(ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments). Amount raised by way of Term Loans during the year have been used for the purposes for which the funds have been raised.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.

(xi) According to the information and explanations given to us, the Company has not paid any managerial remuneration during the year and hence clause 3(xi) of the Order is not applicable.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

(xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment of shares allotment or private placement of shares or fully or partly paid convertible debentures during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.

(xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.

(xvi) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934. Accordingly, the provisions of clause (xvi) of the Order is not applicable.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian
Partner
Membership No. 027251
UDIN: 20027251AAAADJ3247

Place of Signature: Chennai
Date: 9th June 2020

Annexure B

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

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls with reference to financial statements of TVS Sensing Solutions Private Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

T V Balasubramanian
Partner
Membership No. 027251
UDIN: 20027251AAAADJ3247

Place of Signature: Chennai
Date: 9th June 2020

TVS SENSING SOLUTIONS PRIVATE LIMITED
(formerly known as ZF Electronics TVS (India) Private Limited)
Balance Sheet as at March 31.2020
(Amount in INR Thousands, unless otherwise stated)

	Notes	As at March 31.2020	As at March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	151,441	153,201
Capital Work in Progress		1,678	1,336
Intangible assets	4	680	492
Financial assets			
(i) Investments	5	20,090	
(ii) Loans	6	9,773	
(iii) Other financial assets	7	1,568	1,621
Current tax assets (net)	8	1,499	354
Deferred tax assets (net)	19	18,526	19,695
Other non-current assets	9	5,877	4,636
Total non-current assets		**211,132**	**181,335**
Current assets			
Inventories	10	101,164	98,402
Financial assets			
(i) Trade receivables	11	110,582	134,718
(ii) Cash and cash equivalents	12	1,069	1,533
(iii) Loans	13	5,456	84
(iv) Other financial assets	14	3,653	1,890
Other current assets	15	23,878	20,831
Total current assets		**245,802**	**257,458**
Total assets		**456,934**	**438,793**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital			
Equity share capital	16	17,767	15,825
Other equity			
Reserves and surplus	17	181,562	164,450
Total equity		**199,329**	**180,275**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18	53,332	
Provisions	21	1,882	1,346
Government grants	20	903	1,203
Total non-current liabilities		**56,117**	**2,549**
Current liabilities			
Financial liabilities			
(i) Borrowings	22	57,501	75,664
(ii) Trade payables			
Total outstanding dues of micro and small enterprises	23	1,192	2,014
Total outstanding dues of creditors other than micro and small enterprises	23	71,169	72,395
(iii) Other financial liabilities	24	54,095	77,599
Provisions	25	8,702	6,950
Government grants	20	299	374
Current tax liabilities		-	1,166
Other current liabilities	26	8,530	19,807
Total current liabilities		**201,488**	**255,969**
Total liabilities		**257,605**	**258,518**
Total equity and liabilities		**456,934**	**438,793**

Significant Accounting Policies and Notes to Financial Statements -1 to 45

For and on behalf of the Board of Directors

As per our report of even date attached
For **PKF Sridhar & Santhanam LLP**
Firm Registration Number: 003990S/S200018
Chartered Accountants

R Haresh
Director

R Naresh
Director

T V Balasubramanian
Partner
Membership No: 027251
UDIN: 20027251AAAADJ3247

Place: Madurai
Date: June 05, 2020

Place: Chennai
Date: June 09, 2020

TVS SENSING SOLUTIONS PRIVATE LIMITED
(formerly known as ZF Electronics TVS (India) Private Limited)
Statement of Profit and Loss for the year ended March 31,2020
(Amount in INR Thousands, unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
INCOME			
Revenue from operations	27	516,806	567,505
Other income	28	12,720	13,663
Total income		**529,526**	**581,168**
EXPENSES			
Cost of materials consumed	29	269,226	315,521
Purchases of stock-in-trade		29,885	23,450
Changes in inventories of finished goods, stock-in-trade and work-in-progress	30	(13,514)	(4,412)
Employee benefits expense	31	109,014	95,476
Finance costs	32	13,836	14,874
Depreciation and amortisation expense	33	21,350	18,954
Other expenses	34	99,617	110,549
Total expenses		**529,414**	**574,412**
Profit/(Loss) before tax		**112**	**6,756**
Income tax expense:	35		
i. Current tax			
a. current year		-	1,166
b. earlier years		(1,166)	
ii. Deferred tax	19	1,443	(15,991)
Total tax expense		**277**	**(14,825)**
Profit/(Loss) for the year		**(165)**	**21,581**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligation		(1,055)	(297)
Income tax relating to the above item		274	77
Other comprehensive income for the year, net of tax		**(781)**	**(220)**
Total comprehensive income for the year		**(946)**	**21,361**
Basic and Diluted earnings per share (in INR)	36	(0.10)	17.13

Significant Accounting Policies and Notes to Financial Statements -1 to 45

For and on behalf of the Board of Directors

As per our report of even date attached
For **PKF Sridhar & Santhanam LLP**
Firm Registration Number: 003990S/S200018
Chartered Accountants

R Haresh
Director

R Naresh
Director

T V Balasubramanian
Partner
Membership No: 027251
UDIN: 20027251AAAADJ3247

Place: Madurai
Date: June 05, 2020

Place: Chennai
Date: June 09, 2020

TVS SENSING SOLUTIONS PRIVATE LIMITED
(formerly known as ZF Electronics TVS (India) Private Limited)
Statement of Cash Flows for the year ended March 31, 2020
(Amount in INR Thousands, unless otherwise stated)

		Notes	Year ended March 31, 2020	Year ended March 31, 2019
(A)	**Cash flows from operating activities**			
	Profit/(Loss) before tax		**112**	**6,756**
	Adjustments for:			
	Remeasurements of post-employment benefit obligation accounted in OCI		(1,055)	(297)
	Depreciation and amortisation expense	33	21,350	18,954
	Interest expense	32	13,669	14,385
	Unrealised foreign currency exchange (gain)/loss (net)	34	755	(554)
	Advances written off	34	636	335
	Allowance for doubtful debts	34	1,078	2,865
	Gain on disposal of property, plant and equipment (net)		-	(145)
	Interest income	28	(1,336)	(156)
	Government grant recognised	28	(375)	(376)
	Allowance for doubful debts written back to the extent no longer required	28	-	(3,641)
	Liabilities/Provision written back to the extent no longer required	28	(9,490)	(6,882)
	Sub-total (1)		**25,344**	**31,244**
	Changes in operating assets and liabilities:			
	Increase/(decrease) in trade payables		5,850	(28,791)
	Increase/(decrease) in other financial liabilities		(987)	3,880
	Increase/(decrease) in other current liabilities		(11,277)	8,409
	Increase/(decrease) in provisions		2,287	7,825
	Increase/(Decrease) in government grants			-
	(Increase)/decrease in trade receivables		24,484	(30,424)
	(Increase)/decrease in inventories		(2,762)	6,457
	(Increase)/decrease in other financial assets and loans		(17,491)	(982)
	(Increase)/decrease in other current assets		(3,046)	4,889
	(Increase)/decrease in other non-current assets		(1,239)	(2,333)
	Sub-total (2)		**(4,181)**	**(31,070)**
	Cash generated from/(used in) operations (1) +(2) = (3)		**21,163**	**174**
	Income taxes paid (net of refunds) (4)		1,145	111
	Net cash generated from/(used in) operating activities (3)-(4)		**20,018**	**63**
(B)	**Cash flows from investing activities**			
	Interest received		1,336	156
	Investments made		(20,090)	
	Proceeds from sale of property, plant and equipment		-	145
	Purchase of property, plant and equipment and intangible assets		(20,120)	(25,896)
	Net cash used in investing activities		**(38,874)**	**(25,595)**
(C)	**Cash flows from financing activities**			
	Proceeds from Issue of Equity Shares		20,000	60,000
	Proceeds from long-term borrowings		90,000	261
	Repayment of long-term borrowings		(60,021)	(21,005)
	Proceeds from/(repayment of) short-term borrowings (net)		(18,163)	(1,033)
	Interest paid		(13,424)	(14,885)
	Net cash generated from financing activities		**18,392**	**23,338**
	Net increase in cash and cash equivalents (A+B+C)		**(464)**	**(2,194)**
	Cash and cash equivalents as at the beginning of the year		1,533	3,727
	Cash and cash equivalents as at the end of the year		**1,069**	**1,533**
	Reconciliation of cash and cash equivalents as per the statement of cash flows			
	Cash and cash equivalents as per above comprise of the following:	12		
	Cash on hand		82	159
	Balances with banks		987	1,374
	Balances per statement of cash flows		**1,069**	**1,533**

Note:
a) Figures in bracket indicate cash outflow.
b) Refer Note 18.5 for Net Debt reconciliation

Significant Accounting Policies and Notes to Financial Statements -1 to 45

This is the Statement of Cash Flows referred to in our report of even date.

For and on behalf of the Board of Directors

As per our report of even date attached
For **PKF Sridhar & Santhanam LLP**
Firm Registration Number: 003990S/S200018
Chartered Accountants

R Haresh
Director

R Naresh
Director

T V Balasubramanian
Partner
Membership No: 027251
UDIN: 20027251AAAADJ3247

Place: Madurai
Date: June 05, 2020

Place: Chennai
Date: June 09, 2020

TVS SENSING SOLUTIONS PRIVATE LIMITED
(formerly known as ZF Electronics TVS (India) Private Limited)
Statement of Changes in Equity for the year ended March 31,2020
(Amount in INR Thousands, unless otherwise stated)

(I) Equity share capital

	Amounts
Balance as at March 31, 2018	**10,000**
Changes in equity share capital during the year	5,825
Balance as at March 31, 2019	**15,825**
Changes in equity share capital during the year	1,942
Balance as at March 31,2020	**17,767**

(II) Other equity

	Reserves and surplus			
	General reserve	**Retained earnings**	**Securities Premium**	**Total other equity**
Balance as at March 31, 2018	**24,599**	**64,315**	**-**	**88,914**
Profit/(Loss) for the year		21,581	-	**21,581**
Other comprehensive income	-	(220)		**(220)**
Additions during the year			54,175	**54,175**
Balance as at March 31, 2019	**24,599**	**85,676**	**54,175**	**164,450**
Profit/(Loss) for the year	-	(165)		**(165)**
Other comprehensive income	-	(781)		**(781)**
Additions during the year			18,058	**18,058**
Balance as at March 31,2020	**24,599**	**84,730**	**72,233**	**181,562**

Significant Accounting Policies and Notes to Financial Statements -1 to 45

For and on behalf of the Board of Directors

As per our report of even date attached
For **PKF Sridhar & Santhanam LLP**
Firm Registration Number: 003990S/S200018
Chartered Accountants

R Haresh
Director

R Naresh
Director

T V Balasubramanian
Partner
Membership No: 027251
UDIN: 20027251AAAADJ3247

Place: Madurai
Date: June 05, 2020

Place: Chennai
Date: June 09, 2020

TVS Sensing Solutions Private Limited
(formerly known as ZF Electronics TVS (India) Private Limited)
Notes forming part of the financial statements for the year ended March 31,2020
(Amount in INR Thousands, unless otherwise stated)

3 Property, plant and equipment

	Gross carrying amount				Accumulated depreciation				Net carrying amount
	As at March 31, 2019	**Additions**	**Disposals**	**As at March 31,2020**	**As at March 31, 2019**	**For the year**	**Disposals**	**As at March 31,2020**	**As at March 31,2020**
Freehold land	7,653	-	-	7,653	-	-	-	-	7,653
Buildings	54,975		-	54,975	9,187	2,329		11,516	43,459
Plant and machinery	151,496	17,954		169,450	57,906	16,710		74,616	94,834
Furniture and fixtures	8,107	436		8,543	4,615	1,083		5,698	2,845
Computers	5,332	880		6,212	3,360	994		4,354	1,858
Vehicles	1,007	220		1,227	301	134		435	792
Total	**228,570**	**19,490**	**-**	**248,060**	**75,369**	**21,250**	**-**	**96,619**	**151,441**
Capital Work in Progress	**1,336**	**342**	**-**	**1,678**	**-**	**-**	**-**	**-**	**1,678**
Total	**229,906**	**19,832**	**-**	**249,738**	**75,369**	**21,250**	**-**	**96,619**	**153,119**

	Gross carrying amount				Accumulated depreciation				Net carrying amount
	As at March 31, 2018	**Additions**	**Disposals**	**As at March 31, 2019**	**As at March 31, 2018**	**For the year**	**Disposals**	**As at March 31, 2019**	**As at March 31, 2019**
Freehold land	7,653	-	-	7,653	-	-	-	-	7,653
Buildings	54,703	272	-	54,975	6,891	2,296	-	9,187	45,788
Plant and machinery	131,478	20,018	-	151,496	43,370	14,536	-	57,906	93,590
Furniture and fixtures	6,281	1,826	-	8,107	3,505	1,110	-	4,615	3,492
Computers	3,734	1,598		5,332	2,723	637		3,360	1,972
Vehicles	378	657	28	1,007	253	76	28	301	706
Total	**204,227**	**24,371**	**28**	**228,570**	**56,742**	**18,655**	**28**	**75,369**	**153,201**
Capital Work in Progress	**-**	**1,336**	**-**	**1,336**	**-**	**-**	**-**	**-**	**1,336**
	204,227	**25,707**	**28**	**229,906**	**56,742**	**18,655**	**28**	**75,369**	**154,537**

3.1 Refer to note 2(i) for information on significant accounting policies.
3.2 Refer to notes 18, 22 and 44 for information on property, plant and equipment pledged as security by the Company.
3.3 Refer to note 42 for Contractual commitments for the acquisition of PPE.
3.4 The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e., 1st of April 2015 and hence the carrying amount (net block) as per previous GAAP on that date has been considered as gross block. Refer below for the gorsss block value and the accumulated depreciation on 1st April 2015 under previous GAAP

Particulars	Gross Block as on 1st April 2015	Accumulated Depreciation as on 1st April 2015	Net block as on 1st April 2015
Freehold land	7,653	-	7,653
Buildings	71,223	16,520	54,703
Plant and machinery	149,941	46,718	103,223
Furniture and fixtures	19,470	13,731	5,739
Computers	9,086	7,687	1,399
Vehicles	1,867	1,489	378
Total	**259,240**	**86,145**	**173,095**

4 Intangible assets

	Gross carrying amount				Accumulated amortisation				Net carrying amount
	As at March 31, 2019	**Additions**	**Disposals**	**As at March 31, 2020**	**As at March 31, 2019**	**For the year**	**Disposals**	**As at March 31, 2020**	**As at March 31, 2020**
Software	2,252	288		2,540	1,760	100	-	1,860	680
Total	**2,252**	**288**	**-**	**2,540**	**1,760**	**100**	**-**	**1,860**	**680**

	Gross carrying amount				Accumulated amortisation				Net carrying amount
	As at March 31, 2018	**Additions**	**Disposals**	**As at March 31, 2019**	**As at March 31, 2018**	**For the year**	**Disposals**	**As at March 31, 2019**	**As at March 31, 2019**
Software	2,063	189	-	2,252	1,461	299	-	1,760	492
Total	**2,063**	**189**	**-**	**2,252**	**1,461**	**299**	**-**	**1,760**	**492**

4.1 Refer to note 2(j) for information on significant accounting policies.

4.2 The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e., 1st of April 2015 and hence the carrying amount (net block) as per previous GAAP on that date has been considered as gross block. Reffer below for the gorsss block value and the accumulated depreciation on 1st April 2015 under previous GAAP

Particulars	Gross Block as on 1st April 2015	Accumulated Depreciation as on 1st April 2015	Net block as on 1st April 2015
Software	4,733	3,755	978
Total	**4,733**	**3,755**	**978**

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		As at March 31, 2020	As at March 31, 2019
5	**Financial assets - Investments**		
	Investments in Subsidiary:		
	Investment in Equity shares - Fiber Optic Sensing Solutions Private Limited	90	
	(9,000 shares of Rs.10 each)		
	Investment in Compulsory Convertible Preference Shares of Fiber Optic Sensing Solutions Private Limited (Refer Note below)	20,000	
	(2,00,000 of Compulsory Convertible Preference Shares of Rs.100 each carrying dividend @12% p.a)		
	Aggregate value of unquoted investments at cost	**20,090**	

Note:

c. Terms of Conversion:

(i) Optional Conversion: The holder of Preference Shares/ Board / Company has an option to convert the Preference Shares at any time within three years from the date of allotment provided one month notice showing the intention regarding the conversion of Preference Shares is given.

(ii) Mandatory Conversion: At the time of expiry of a period of 3 (Three) years from the date of issuance of CCPS.

Upon conversion of CCPS in to equity shares of the Company, such equity shares shall rank *pari passu* to all existing equity shares of the Company.

		As at March 31, 2020	As at March 31, 2019
6	**Financial assets - Loans**		
	Unsecured, Considered good		
	Loans	9,773	
	Total	**9,773**	
	* *There are no advances with significant increase in risk or credit impaired*		
7	**Other financial assets - Non-current**		
	Deposits with banks with maturity period more than 12 months (held as lien by bank against bank guarentee)	1,326	1,254
	Deposits with Government authorities	220	345
	Security deposits	22	22
	Total	**1,568**	**1,621**
8	**Income tax assets (net)**		
	Balance as at the beginning of the year	354	243
	Add: Taxes paid	1,145	111
	Balance as at the end of the year	**1,499**	**354**
9	**Other non-current assets**		
	Unsecured, considered good		
	Capital advances	4,718	3,420
	Advances other than capital advances:		
	Deposits with Government authorities	1,159	1,198
	Prepaid expenses	-	18
	Total	**5,877**	**4,636**
10	**Inventories**		
	Raw materials [Refer note (a) and (c) below]	58,610	69,752
	Work-in-progress	12,043	7,948
	Finished goods [Refer note (c) and (d) below]	22,762	16,445
	Traded goods [Refer note (b) below]	7,282	4,180
	Stores and spares	467	77
	Total	**101,164**	**98,402**
	Notes:		
a)	Raw materials includes in-transit	13,378	9,613
b)	Traded goods includes in-transit	3,356	1,694
c)	Inventory is net of provision for slow-moving and non-moving items	13,794	15,047
d)	Finished goods includes in-transit	3,805	2,421

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		As at March 31, 2020	As at March 31, 2019
11	**Trade receivables**		
	Secured and Considered good	-	-
	Unsecured and Considered good	110,582	134,718
	Receivable with Significant Increase in Credit Risk		-
	Receivable Credit Impaired	3,943	2,865
		114,525	**137,583**
	Less: Allowance for doubtful debts	3,943	2,865
	Total	**110,582**	**134,718**
	Note 11.1 Age of Receivables		
	Within the Credit Period	89,891	105,153
	1 -30 days past due	14,000	23,647
	31-90 days past due	4,025	4,893
	More than 90 days past due	6,609	3,890
		114,525	137,583
	Less : Sales Return and Expected Credit Loss Adjustments	3,943	2,865
	Total	**110,582**	**134,718**
	Also, Refer Note 39A for expected credit loss provision		
12	**Cash and cash equivalents**		
	Balances with banks:		
	- in current accounts	987	1,374
	Cash on hand	82	159
	Total	**1,069**	**1,533**
13	**Loans**		
	*Unsecured, considered good**		
	Advances to employees	229	84
	Loan	5,227	
	Total	**5,456**	**84**
	* *There are no advances with significant increase in risk or credit impaired*		
14	**Other financial assets**		
	Current		
	Unsecured, considered good		
	Others	1,595	1,890
	Advances to Related Parties	2,058	
	Total	**3,653**	**1,890**
15	**Other current assets**		
	Unsecured, considered good		
	Balances with Government authorities	1,555	506
	Advances to suppliers	15,325	15,212
	Prepaid expenses	5,567	4,151
	Fund balance - Leave Encashment (Earned Leave)	1,431	962
	Unsecured, credit impaired		
	Advances to suppliers	1,126	626
	Less : Provision for doubtful advances	(1,126)	(626)
	Total	**23,878**	**20,831**

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	As at March 31, 2020	As at March 31, 2019
16 Equity share capital		
Authorised:		
2,000,000 (March 31, 2019 - 2,000,000) equity shares of Rs. 10 each	20,000	20,000
Issued:		
1,776,698 (March 31, 2019 - 1,582,524) equity shares of Rs. 10 each	17,767	15,825
Subscribed and paid-up:		
1,776,698 (March 31, 2019 - 1,582,524) equity shares of Rs. 10 each fully paid-up	**17,767**	**15,825**

(a) Reconciliation of number of equity shares

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance as at the beginning of the year	1,582,524	15,825	1,000,000	10,000
Shares issued during the year (Rights Issue)	194,174	1,942	582,524	5,825
Balance as at the end of the year	**1,776,698**	**17,767**	**1,582,524**	**15,825**

(b) Terms and rights attached for equity shares

The Company has only one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Shares held by Ultimate Holding Company - TVS Srichakra Limited (100%)

(d) Details of shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31,2020		As at March 31, 2019	
	Number of shares	%	Number of shares	%
Equity shares held by:				
TVS Srichakra Investments Limited *	1,776,698	100%	1,582,524	100%
Total	**1,776,698**		**1,582,524**	

* 100% Shares held by Holding company w.e.f. 4th June 2018

(e) The Company does not have any bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date (31st March 2020)

(f) The Company does not have any outstanding shares issued under options

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		As at March 31, 2020	As at March 31, 2019
17	**Reserves and surplus**		
	General reserve	24,599	24,599
	Retained earnings	84,730	85,676
	Securities Premium	72,233	54,175
	Total	**181,562**	**164,450**
	General reserve		
	Balance as at the beginning of the year	24,599	24,599
	Additions during the year	-	-
	Deductions/adjustments during the year	-	-
	Balance as at the end of the year	**24,599**	**24,599**
	Retained earnings		
	Balance as at the beginning of the year	85,676	64,315
	Profit/(Loss) for the year	(165)	21,581
	Items of other comprehensive income recognised directly in retained earnings:		
	Remeasurements of post-employment benefit obligation, net of tax	(781)	(220)
	Balance as at the end of the year	**84,730**	**85,676**
	Securities Premium		
	Balance as at the beginning of the year	54,175	-
	Additions during the year	18,058	54,175
	Deductions/adjustments during the year		-
	Balance as at the end of the year	**72,233**	**54,175**

Nature and purpose of reserves:

General reserve: Part of retained earnings credited as per the erstwhile Companies Act, 1956. This is available for distribution to shareholders.

Retained earnings: Company's cumulative earnings since its formation minus the dividends and any transfers effected to General Reserve.

Securities Premium : The amount received in excess of face value of the equity shares is recognised in securities premium reserve

		As at March 31, 2020	As at March 31, 2019
18	**Borrowings**		
	Non-current		
	Secured:		
	Term loans from banks:		
	Term loan-I (Refer note 18.1)		60,021
	Term loan - II (Refer note 18.2)	30,245	
	Term loan - III (Refer note 18.3)	60,000	
	Less: Current maturities of long-term borrowings (Refer note 24)	(36,668)	(60,000)
	Less: Interest accrued but not due on term loans (Refer note 24)	(245)	(21)
	Total	**53,332**	**-**

18.1 Term loan-I with sanctioned amount of INR 60,000 is repaid in June 2019. Interest is charged by bank on a monthly basis at 12.50% p.a. on the outstanding balance. Loan is primarily secured by a pari passu first charge on movable fixed assets of the Company.

18.2 Term Loan II with sanctioned amount of INR 45,000 is repayable in 5 years including 12 months moratorium. Loan of INR 30,000 was availed during the year. Loan is primarily secured by factory land & building and plant and machinery of the company.

18.3 Term Loan III with sanctioned amount of INR 60,000 is repayable in 8 quarterly instalments commencing Jun'20. Loan is primarily secured by a pari passu first charge on movable fixed assets of the Company.

18.4 Refer note 44 for the carrying amounts of assets pledged as security in respect of the above borrowings.

18. 5 Net Debt Reconciliation

Particulars	Cash and Cash Equivalents	Current Borrowings	Non Current Borrowings	Total
Net Debt as at 1st April 2018	3,727	(77,315)	(80,937)	**(154,525)**
Cash Flows	(2,194)	1,033		**(1,161)**
Proceeds from availment	-	-	-	**-**
Repayments	-	-	20,916	**20,916**
Interest Expenses	-	5,674	8,711	**14,385**
Interest paid	-	(5,674)	(8,711)	**(14,385)**
Net Debt as at 1st April 2019	**1,533**	**(76,282)**	**(60,021)**	**(134,770)**
Cash Flows	(464)	18,781	(90,000)	**(71,683)**
Proceeds from availment	-	-	-	**-**
Repayments	-	-	60,021	**60,021**
Interest Expenses	-	(5,436)	(13,669)	**(19,105)**
Interest paid	-	5,436	13,424	**18,860**
Net Debt as at 31st March 2020	**1,069**	**(57,501)**	**(90,245)**	**(146,677)**

(Amount in INR Thousands, unless otherwise stated)

19 Deferred tax liabilities/(assets) (net)

The balance comprises temporary differences attributable to:

Particulars	March 31, 2019	Provided/(reversed) during the year	March 31, 2020
Deferred tax liabilities			
Depreciation	9,691	162	9,853
Others	250	122	372
Total deferred tax liabilities (A)	**9,941**	**284**	**10,225**
Deferred tax assets			
Allowance for doubtful debts	(746)	(279)	(1,025)
Expenses allowable in tax on payment basis	(3,055)	605	(2,450)
Carry forward tax losses	(20,895)	(756)	(21,651)
Carry forward tax credits	(4,940)	1,315	(3,625)
Total deferred tax assets (B)	**(29,636)**	**885**	**(28,751)**
Deferred tax liabilities/(assets) (net)	**(19,695)**	**1,169**	**(18,526)**

(Amount in INR Thousands, unless otherwise stated)

		As at March 31, 2020	As at March 31, 2019
20	**Government grants**		
	Balance as at the beginning of the year	1,577	1,953
	Add: Grants during the year	-	-
	Less: Released to profit or loss	(375)	(376)
	Balance as at the end of the year	**1,202**	**1,577**
	Non-current portion	903	1,203
	Current portion	299	374
	Total	**1,202**	**1,577**

Government grants are related to duty benefit availed by the Company by investing in property, plant and equipment in the export oriented unit. There are no unfulfilled conditions or other contingencies attached to these grants.

		As at March 31, 2020	As at March 31, 2019
21	**Provisions**		
	Non-current		
	Provision for employee benefits:		
	Provision for gratuity (Refer note 31.1)	1,625	1,110
	Provision for compensated absences	257	236
	Total	**1,882**	**1,346**
22	**Borrowings**		
	Current		
	Secured:		
	From banks (Refer note below):		
	Working capital loans repayable on demand from banks	57,501	76,282
	Less: Interest accrued but not due (Refer Note 24)	-	(618)
	Total	**57,501**	**75,664**

Note:
Working capital loans represents cash credit, bills discounted and packing credit facilities from banks which are secured by a hypothecation of inventories and receivables both present and future and by way of equitable mortgage by deposit of title deeds of the Company's immovable properties situated at Madurai.

Refer note 44 for the carrying amounts of assets pledged as security in respect of the above borrowings.

(Amount in INR Thousands, unless otherwise stated)

		As at March 31, 2020	As at March 31, 2019
23	**Trade payables**		
	Total outstanding dues of micro and small enterprises (Refer note 43)	1,192	2,014
	Total outstanding dues of creditors other than micro and small enterprises	71,169	72,395
	Total	**72,361**	**74,409**
24	**Other financial liabilities**		
	Current maturities of long-term debt (Refer note 18)	36,668	60,000
	Interest accrued but not due on loans (Refer notes 18 & 22)	245	639
	Employee benefits payable	10,952	9,929
	Creditors for capital goods	4,374	5,975
	Others	1,856	1,056
	Total	**54,095**	**77,599**
25	**Provisions**		
	Current		
	Provision for employee benefits:		
	Provision for gratuity (Refer note 31.1)	1,865	1,473
	Provision for compensated absences	14	25
	Other provisions:		
	Provision for sales tax (Refer note (a) below)	-	781
	Provision for warranty (Refer note (b) below)	6,793	4,641
	Provision for fringe benefit tax	30	30
	Total	**8,702**	**6,950**
	Notes:		
	(a) Provision for sales tax		
	Balance as at the beginning of the year	781	2,314
	Additions	-	
	Total	781	2,314
	Amounts used	193	(245)
	Unused amounts reversed	588	1,778
	Balance as at the end of the year	**-**	**781**
	(b) Provision for warranty		
	Balance as at the beginning of the year	4,641	2,136
	Additions	2,152	2,505
	Total	6,793	4,641
	Amounts used	-	-
	Balance as at the end of the year	**6,793**	**4,641**

Provision for sales tax represents the differential sales tax liability on account of non-collection of declaration forms.

Provision for warranty represents the estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period.

26	**Other current liabilities**		
	Advances from customers	6,307	15,783
	Statutory dues including provident fund and tax deducted at source	2,223	4,024
	Total	**8,530**	**19,807**

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	Year ended March 31, 2020	Year ended March 31, 2019
27 Revenue from operations		
Sale of products:		
Finished goods	437,771	504,821
Traded goods	36,599	33,421
Other operating revenue:		
Job work charges	5,659	1,665
MEIS Income	1,370	4,781
Tooling income	33,890	19,334
Scrap sales	1,517	3,483
Total	**516,806**	**567,505**
28 Other income		
Liabilities written back to the extent no longer required	180	801
Provision written back to the extent no longer required	9,490	6,081
Allowance for doubtful debts written back to the extent no longer required	-	3,641
Government grant income	375	376
Interest income	1,336	156
Finance charges accrued on the CCPS	79	
Gain on disposal of property, plant and equipment (net)	-	145
Miscellaneous income	1,260	2,463
Total	**12,720**	**13,663**

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		Year ended March 31, 2020	Year ended March 31, 2019
29	**Cost of materials consumed**		
	Raw materials consumed		
	Raw materials inventory as at the beginning of the year	69,752	80,590
	Add: Purchases	258,084	304,683
	Less: Raw materials inventory as at the end of the year	58,610	69,752
	Total	**269,226**	**315,521**
30	**Changes in inventories of finished goods, stock-in-trade and work-in-progress**		
	Inventory as at the beginning of the year:		
	Work-in-progress	7,948	6,548
	Finished goods	16,445	13,269
	Stock-in-trade	4,180	4,344
	Total (A)	**28,573**	**24,161**
	Inventory as at the end of the year:		
	Work-in-progress	12,043	7,948
	Finished goods	22,762	16,445
	Stock-in-trade	7,282	4,180
	Total (B)	**42,087**	**28,573**
	(Increase)/decrease (A-B)	**(13,514)**	**(4,412)**

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		Year ended March 31, 2020	Year ended March 31, 2019
31	**Employee benefits expense**		
	Salaries, wages and bonus	93,798	82,148
	Contribution to provident and other funds (Refer note (a) below)	6,401	4,719
	Gratuity (Refer note 31.1)	1,468	1,217
	Staff welfare expenses	7,347	7,392
	Total	**109,014**	**95,476**
	Note (a): This comprises of contribution to the following:		
	- Provident fund	5,148	3,559
	- Superannuation fund	1,250	1,158
	- Labour welfare fund	3	2
		6,401	4,719

31.1 Disclosures as per Ind AS 19 - Employee benefits

Defined benefit plan - Gratuity

The Company operates a gratuity plan which is funded and being administered by the Life Insurance Corporation of India (LIC). Every employee is entitled to a benefit (lump sum payment) equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vests after 5 years of continuous service.

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation and plan assets over the year are as follows:

Particulars - Gratuity	Year ended March 31, 2020	Year ended March 31, 2019
Present Value of Defined Benefits	12,066	10,237
Service cost	1,349	1,029
Interest cost	805	784
Actuarial (gain)/loss	1,094	264
Benefits Paid	(55)	(248)
Projected benefit obligation at the end of the year	15,259	12,066
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	9,483	7,617
Interest income	687	639
Employer's contribution	1,615	1,509
Benefits paid	(55)	(248)
Actuarial gain/(loss)	39	(33)
Fair value of plan assets at the end of the year	11,769	9,483
Amount recognised in balance sheet		
Present value of projected benefit obligaiton at the end of the year	15,259	12,066
Fair value of plan assets at the end of year	11,769	9,483
Funded status amount of liability recognised in balance sheet	3,491	2,583
Expense Recognised in statement of Profit or Loss		
Service cost	1,349	1,029
Interest cost	805	784
Interest income	(687)	(639)
Net gratutity cost	1,468	1,174
Actual return on plan asset	726	606
Summary of actuarial assumptions		
Discount rate	6.69%	7.75%
Expected rate of plan assets	6.69%	7.75%
Salary escalation rate	4%	7%
Average future working life time	12.65	13.39

Discount rate - based on prevailing market yeilds of Indian governement securitires as at the balance sheet date for estimated term of obligations expected rate of return on plan assets - expectation of the average long term rate of return expected on investment of the funds during the estimated terms of the obligations salary escalation rate - estimates of future salary increases considered taken into account the inflation, seniority, promotion and other relevant factors contributions - the company expects to contribute Rs. 1865.05 thousands to its gratuity fund during the year ending Mar 31, 2021.

The expected cash flows for payment of gratuity over the next few years are as follows :

Particulars - Gratuity	Year ended March 31, 2020	Year ended March 31, 2019
1 year	1,293	493
2 to 5 years	3,532	2,998
6 to 10 years	8,187	7,224

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Sensitivity analysis of significant actuarial assumption:

Particulars - Gratuity	31st March 2020	
	% Increase in DBO	Liability (in thousands)
Discount Rate + 100 basis points	-7.85%	14,062
Discount Rate - 100 basis points	9.03%	16,638
Salary growth rate + 100 basis points	8.65%	16,579
Salary growth rate - 100 basis points	-7.58%	14,103
Attrition Rate + 100 basis points	1.43%	15,477
Attrition Rate - 100 basis points	-1.59%	15,017
Mortality Rate	0.05%	15,267

Particulars - Gratuity	31st March 2019	
	% Increase in DBO	Liability (in thousands)
Discount Rate + 100 basis points	-8.41%	11,052
Discount Rate - 100 basis points	9.70%	13,237
Salary growth rate + 100 basis points	9.04%	13,157
Salary growth rate - 100 basis points	-7.92%	11,111
Attrition Rate + 100 basis points	0.08%	12,076
Attrition Rate - 100 basis points	-0.06%	12,059
Mortality Rate	0.01%	12,067

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Particulars - Leave Encashment - Earned Leave	Year ended March 31, 2020	Year ended March 31, 2019
Projected benefit obligation at the beginning of the year	2,238	2,198
Service cost	285	428
Interest cost	150	(62)
Actuarial (gain)/loss	(681)	524
Projected benefit obligation at the end of the year	1,992	2,238
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	3,201	2,997
Interest income	214	232
Employer's contribution	7	6
Benefits paid		-
Actuarial gain/(loss)	0.5	(34)
Fair value of plan assets at the end of the year	3,423	3,201
Amount recognised in balance sheet		
Present value of projected benefit obligaiton at the end of the year	1,992	2,238
Fair value of plan assets at the end of year	3,423	3,201
Funded status amount of (liability) / asset recognised in balance sheet (Refer Note 15)	1,431	962

Particulars - Leave Encashment - Sick Leave	Year ended March 31, 2020	Year ended March 31, 2019
Present Value of defined Obligation at beginning	261	296
Service cost	77	60
Interest cost	17	23
Actuarial (gain)/loss	(84)	(118)
Projected benefit obligation at the end of the year	272	261

Risk exposure
Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:
i) An independent actuary (a Fellow member of the Institute of Actuaries of India) has carried out an actuarial valuation of the Scheme as at March 31, 2020, using the projected unit credit method. This plan is exposed to actuarial risk such as investment risk, salary risk and interest risk. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

ii) Investment risk (Asset volatality):
The Scheme's present value of defined benefit obligation is calculated using a discount rate determined with reference to Government of India bond rate. If the return on the Scheme's assets underperform this rate, the accounting deficit will increase.

iii) Salary risk:
The Scheme's present value of defined benefit obligation is linked to the future salaries, therefore, increase in salary escalation rate will increase the Scheme's liability.

iv) Interest risk (Changes in bond yields):
A decrease in the bond rates will increase the Scheme's liability, although this will be partially offset by an increase in the value of the plans' bond holdings.

TVS Sensing Solutions Private Limited
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Notes forming part of the financial statements for the year ended March 31,2020
(Amount in INR Thousands, unless otherwise stated)

		Year ended March 31, 2020		**Year ended March 31, 2019**
32 Finance costs				
Interest expense:				
Interest on working capital loans		5,436		5,674
Interest on term loans		8,233		8,710
Other Borrowing Cost		167		490
Total		**13,836**		**14,874**
33 Depreciation and amortisation expense				
Depreciation of property, plant and equipment		21,250		18,655
Amortisation of intangible assets		100		299
Total		**21,350**		**18,954**
34 Other expenses				
Consumption of stores and spares		1,250		2,056
Tooling expenses		20,049		15,281
Sub-contracting charges		9,097		8,870
Power and fuel		9,832		9,646
Rent (Refer note below)		1,759		1,679
Contract labour charges		9,144		15,261
Provision for warranty		2,152		2,505
Factory expenses		6,390		10,297
Repairs and maintenance:				
Buildings		1,178		795
Machinery		3,344		3,879
Others		6,017		6,347
Insurance		1,997		1,806
Rates and taxes		1,700		2,088
Travelling and conveyance expenses		7,281		6,777
Payment to Auditors:				
- As auditor				
- Statutory audit fee		700		700
- Tax audit fee		100		100
- Reimbursement of expenses		1	-	
Legal and professional expenses		4,545		6,831
Freight outwards		1,575		1,827
Communication expenses		601		624
Printing and stationery		749		899
Sales commission		381		442
Bank charges and commission		1,094		1,898
Bad debts written off	122	-	-	
Less: Allowance for doubtful debts utilised	-	122	-	-
Allowance for doubtful debts		1,078		2,865
Advances written off		636		335
Provision for sales tax		-		781
Directors' sitting fees		34		38
Product development expenses		2,165		524
Net loss on foreign currency transactions and translation		755		650
Miscellaneous expenses		3,891		4,748
Total		**99,617**		**110,549**

Note:

Rent is towards cancellable leases for office premises/machinery. These lease arrangements range for a period between 11 months to 36 months and are renewable for further period on mutually agreeable terms. In view of the cancellable nature of these arrangements and value of the lease involved, these are not considered as resulting in ROU assets and a lease liability.

(Amount in INR Thousands, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
35 Income tax expense		
(a) Income tax expense		
Current tax	(1,166)	1,166
Total current tax expense	**(1,166)**	**1,166**
Deferred tax		
Decrease/(increase) in deferred tax assets	885	(15,923)
(Decrease)/increase in deferred tax liabilities	284	(145)
Total deferred tax expense/(benefit)	**1,169**	**(16,068)**
Income tax expense	**3**	**(14,902)**

	Year ended March 31, 2020	Year ended March 31, 2019
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit/(Loss) before income tax expense	**112**	**6756**
Tax at the applicable tax rate of 26%	**29**	**1756**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not eligible for tax deduction	43	84
Impact of change in Substantively enacted tax rate	-	(35)
Tax Losses for which no Deferred Tax was recognised	-	0
Tax losses for earlier period to the extent on which deferred tax asset was (created)/reversed	(756)	(16426)
Reversal of earlier year provision	1,166	
Impact of other reconciling items	(479)	(281)
Income tax expense	**3**	**(14,902)**

Note:

The Taxation Laws (Amendment) Ordinance 2019 inserted S.115BAA under Income Tax Act, 1961 which provides domestic companies with a non-reversible option to opt for lower tax rate of 22% provided they do not claim certain deductions. On evaulating the options, the Company has decided to continue with the existing tax structure, for the time being.

(Amount in INR Thousands, unless otherwise stated)

36 Earnings per share

	Year ended March 31, 2020	Year ended March 31, 2019
Profit/(Loss) attributable to equity holders of the Company (A)	(165)	21,581
Weighted average number of equity shares outstanding (B)	1,598,705	1,260,141
Face value per equity share (in INR)	10	10
Earnings per equity share (Basic) (in INR) (A / B)	(0.10)	17.13

There is no dilution to the Basic Earnings per equity share as there are no dilutive potential equity shares.

37 Segment information

The Company's chief decision maker (CODM), viz. the Board of Directors, examines the Company's performance both from a product and geographical perspective and has determined its business segment as 'trading, manufacturing and sale of electrical switches, sensors, computer peripheral devices, etc.'. Accordingly, the total segment revenue, total segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total capital expenditure during the year, total amount of charge of depreciation and amortisation during the year are all as reflected in the financial statements as at and for the year ended March 31, 2020.

Information about revenue from major products	**Year ended March 31, 2020**	**Year ended March 31, 2019**
Finished goods:		
- Switches	178,291	227,896
- Sensors	156,444	141,333
- Others	95,667	135,592
	430,402	504,821
Traded goods:		
- Switches	9,684	29,094
- Computer peripheral devices	12,229	3,159
- Others	22,055	1,168
	43,968	33,421
Other operating revenue	42,436	29,263
	516,806	**567,505**

Information about revenue from major geographies

India	439,042	472,675
Germany	66,966	81,910
Others	10,798	12,920
	516,806	**567,505**

Information about non-current assets from major geographies

All the non-current assets are held within India.

Information about revenue from major customers

Two external customers contributed more than 10% of the total revenues of the Company. Their share of the revenues for the year ended March 31, 2020 are 15% (March 31, 2019 - 15%) and 14% (March 31, 2019 - 14%) respectively.

(Amount in INR Thousands, unless otherwise stated)

38 Fair value measurements

Financial instruments by category*

	Amortised cost	
	March 31, 2020	**March 31, 2019**
Financial assets		
Trade receivables	110,582	134,718
Investments	20,090	-
Cash and cash equivalents	1,069	1,533
Deposits with banks	1,326	1,254
Security deposits and other financial assets	242	2,257
Employee advances	229	84
Loans	15,000	
Other receivables	3,653	1,890
Total financial assets	**152,191**	**141,737**
Financial liabilities		
Trade payables	72,361	74,409
Borrowings including term loans	147,746	136,303
Capital creditors	4,374	5,975
Other payables	12,807	10,985
Total financial liabilities	**237,288**	**227,672**

* There are no financial assets or liabilities carried at fair value through OCI or profit or loss.

(i) Fair value hierarchy

There are no assets / liabilities which are being remeasured at fair value on a recurring basis in each period. All assets and liabiltiies are carried at amortised cost.

(Amount in INR Thousands, unless otherwise stated)

39 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and their impact in the financial statements.

(A) Credit risk

Credit risk primarily arises from cash and cash equivalents and trade receivables measured at amortised cost. There is minimal credit risk on other financial assets. With respect to cash and cash equivalents, the Company deposits surplus cash only with banks holding high credit ratings.

For trade receivables, the primary source of credit risk is that all of these are unsecured. Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment. The Company considers the probability of default upon initial recognition of trade receivables and whether there has been a significant increase in the credit risk on an on-going basis throughout each reporting period. As at the balance sheet date, based on the credit assessment, the historical trend of low default is expected to continue. The Company estimates the expected credit loss of trade receivables based on an allowance matrix underpinned by historical data of default rates and experience. The Company provides for expected credit loss for trade receivables under simplified approach based on the following:

As at March 31, 2020:

Particulars	**Less than 1 year**	**More than 1 Year**	**Total**
Gross carrying amount of trade receivables	111,295	3,230	114,525
Expected credit loss rate	0.6%	100.0%	
Expected credit loss (loss allowance provision)	713	3,230	3,943
Loss allowance based on specific identification		-	-
Carrying amount of trade receivables (net of impairment)	**110,582**	**-**	**110,582**

As at March 31, 2019:

Particulars	**Less than 1 year**	**More than 1 Year**	**Total**
Gross carrying amount of trade receivables	135,395	2,188	137,583
Expected credit loss rate	0.5%	100.0%	
Expected credit loss (loss allowance provision)	677	2,188	2,865
Loss allowance based on specific identification		-	-
Carrying amount of trade receivables (net of impairment)	**134,718**	**-**	**134,718**

Reconciliation of loss allowance provision - Trade receivables	
Loss allowance on March 31, 2018	**3,641**
Changes in loss allowance (net)	(776)
Loss allowance on March 31, 2019	**2,865**
Changes in loss allowance (net)	1,078
Loss allowance on March 31, 2020	**3,943**

(Amount in INR Thousands, unless otherwise stated)

39 Financial risk management (contd)

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios

(i) Financing arrangements
The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2020	March 31, 2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	42,499	23,718
- Expiring beyond one year (bank loans)	15,000	45,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(ii) Maturities of financial assets and liabilities
The table below analyses the Company's financial assets liabilities into relevant maturity groupings based on their contractual maturities for all financial assets and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial assets and liabilities:

Particulars	Carrying amount	Less than 1 year	Between 1 year and 5 years	Above 5 years
March 31, 2020				
Liabilities				
Borrowings	147,746	94,414	53,332	-
Trade payables	72,361	72,361	-	-
Other financial liabilities	17,181	17,181	-	-
Assets				
Trade receivables	110,582	110,582		
Investments				20,090
Cash and Cash equivalents	1,069	1,069		
Loans	15,229	5,456	9,773	
Other Financial Assets	5,221	3,653	1,568	
March 31, 2019				
Liabilities				
Borrowings	135,664	135,664	-	
Trade payables	74,409	74,409		
Other financial liabilities	17,599	17,599		
Assets				
Trade receivables	134,718	134,718		
Cash and Cash equivalents	1,533	1,533		
Loans	84	84		
Other Financial Assets	3,511	1,890	1,621	

(C) Market risk

(i) Foreign currency risk
The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	March 31, 2020		
Particulars	USD	Euro	GBP
Financial assets			
Trade receivables	2,208	9,045	44
Other receivables	-	-	-
Exposure to foreign currency risk (assets)	**2,208**	**9,045**	**44**
Financial liabilities			
Trade payables	13,561	14,035	1,453
Borrowings	-		-
Exposure to foreign currency risk (liabilities)	**13,561**	**14,035**	**1,453**

(Amount in INR Thousands, unless otherwise stated)

39 Financial risk management (contd)

Particulars	March 31, 2019 USD	Euro	GBP
Financial assets			
Trade receivables	5,269	15,092	43
Other receivables	-		-
Exposure to foreign currency risk (assets)	**5,269**	**15,092**	**43**
Financial liabilities			
Trade payables	8,382	23,122	966
Borrowings	-		-
Exposure to foreign currency risk (liabilities)	**8,382**	**23,122**	**966**

Sensitivity
The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit after tax March 31, 2020	March 31, 2019
USD sensitivity		
INR/USD increase by 5% * (March 31, 2019 - 5%) *	(420)	(115)
INR/USD decrease by 5% * (March 31, 2019 - 5%) *	420	115
Euro sensitivity		
INR/Euro increase by 5% * (March 31, 2019 - 5%)*	(185)	(297)
INR/Euro decrease by 5% * (March 31, 2019 - 5%) *	185	297
GBP sensitivity		
INR/GBP increase by 5% * (March 31, 2019 - 5%) *	(52)	(34)
INR/GBP decrease by5% * (March 31, 2019 - 5%) *	52	34

* Holding all other variables constant

(ii) Interest rate risk
The Company's main interest rate risk arises from borrowings with variable rates.

Interest rate risk exposure
As at the end of the reporting period, the Company has the following variable rate borrowings outstanding:

Particulars	March 31, 2020	March 31, 2019
Variable rate borrowings	147,746	136,303
Weighted average interest rate	9.52%	12.00%
% of total borrowings	100%	100%

Sensitivity
Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	Impact on profit after tax March 31, 2020	March 31, 2019
Interest rate		
Increase by 5% *	(520)	(605)
Decrease by 5% *	520	605

* Holding all other variables constant

Other risk - COVID-19:

a. Financial Assets measured at fair value amounting to NIL and measured at amortised cost amounting to 1,52,191 have been considered for the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19.

b. The Company has specifically evaluated the potential impact with respect to certainty of collections from its customers.

c. Since the Company closely monitors the financial strength of its customers & investments on a continuing basis and assesses actions such as changes in payment terms, no additional provision is deemed necessary in purview of COVID-19.

(Amount in INR Thousands, unless otherwise stated)

40 Capital management

(a) Risk management

The Company's objectives when managing capital are to

• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

• maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with the others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The Company's strategy is to maintain an optimal gearing ratio. The gearing ratios were as follows:

	March 31, 2020	March 31, 2019
Net debt	146,677	134,770
Total equity	199,329	180,275
Net debt to equity ratio	**74%**	**75%**

Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with financial covenants in the nature of debt service coverage ratio, interest coverage ratio and maintain a postitive net worth. The Company has complied with these covenants throughout the reporting period.

(b) Dividends

Company has not declared any dividend during the financial years 2019-20 and 2018-19.

(Amount in INR Thousands, unless otherwise stated)

41 Related party disclosures

A List of related parties:

(a)	**Ultimate Holding Company**	TVS Srichakra Limited (wef 04.06.2018)
(b)	**Holding Company**	TVS Srichakra Investments Limited (wef 04.06.2018)
(c)	**Joint venture partners**	TVS Srichakra Investments Limited (upto 03.06.2018)
		ZF India Private Limited (upto 03.06.2018)
(d)	**Subsidiary**	Fiber Optic Sensing Solutions Private Limited (wef 8th Aug'19)

(b) Other related parties with whom transactions have taken place during the year/previous year

(i) Group entities of joint venture partners	ZF Friedrichshafen AG (upto 03.06.2018)
	ZF Electronics Systems Pleasant Prairie LLC, USA (upto 03.06.2018)
	ZF Electronics UK Limited (upto 03.06.2018)
	ZF Electronics (Zhuhai) Company Limited (upto 03.06.2018)
(ii) Key management personnel (KMP)	Mr. R Haresh (Chairman/Director)
(iii) Relative of KMP	Mr. R Naresh (Director)
(iv) Entities in which KMP exercises significant influence	TV Sundaram Iyengar & Sons Private Limited
	Sundaram Industries Private Limited

B Particulars of transactions:

Year ended March 31, 2020							
Description	**TVS Srichakra Investments Limited**	**TVS Srichakra Limited**	**TV Sundaram Iyengar & Sons Limited**	**Sundaram Industries Private Limited**	**Fiber Optic Sensing Solutions Private Limited**	**KMP**	**Relative of KMP**
Purchase of goods	-	-	-	881		-	-
Sale of goods	-	4,468	-	-		-	-
Job work charges income	-	1,198	-	125		-	-
Rent expense	1,008	-	200	-		-	-
Finance charges accrued on the CCPS	-				79		
Sitting fees	-	-	-	-		10	10
Travelling and conveyance expenses	-	-	11	-		-	-
Shares issued during the year	20,000	-	-	-		-	-
Investments	-	-	-	-	20,090	-	-
Expense debited	-	-	-	-	8,979	-	-
Expense debits reimbursed					7,000		
Reimbursement of expenses	-	-	2	115	-	-	-

TVS Sensing Solutions Private Limited
(formerly known as ZF Electronics TVS (India) Private Limited)
Notes forming part of the financial statements for the year ended March 31,2020
(Amount in INR Thousands, unless otherwise stated)

41 Related party disclosures (contd)

Description	Year ended March 31, 2019										
	TVS Srichakra Investments Limited	TVS Srichakra Limited	ZF Electronics Systems Pleasant Prairie LLC	ZF Friedrichshafen AG	ZF Electronics UK Limited	ZF Electronics (Zhuhai) Company Limited	TV Sundaram Iyengar & Sons Limited	Sundaram Industries Private Limited	Fiber Optic Sensing Solutions Private Limited	KMP	Relative of KMP
Purchase of goods	-	-	379	15,264	-	-	-	807		-	-
Purchase of fixed asset							657	-		-	-
Sale of goods	-	-	-	14,411	-	-	-	-		-	-
Job work charges income	-	-	-	-	-	-	-	332		-	-
Rent expense	1,008	-	-	-	-	-	-	-		-	-
Loan taken	10,000										
Loan repaid	(10,000)										
Interest repaid	48										
Sitting fees	-	-	-	-	-	-	-	-		12	14
Travelling and conveyance expenses	-	-	-	-	-	-	16	-		-	-
Shares issued during the year	60,000	-	-	-	-	-	-	-		-	-
Reimbursement of expenses	-	278	-	90	-	-	5	-		-	-

41 Related party disclosures (contd)

C Particulars of outstanding balances:

Description	As at March 31, 2020				
	TVS Srichakra Investments Limited	TVS Srichakra Limited	TV Sundaram Iyengar & Sons Limited	Sundaram Industries Private Limited	Fiber Optic Sensing Solutions Private Limited
Trade receivables	-	407	-	48	-
Trade payables	91			241	
Advance					2,058
Investments	-	-		-	20,090

Description	As at March 31, 2019							
	TVS Srichakra Investments Limited	TVS Srichakra Limited	ZF Electronics Systems Pleasant Prairie LLC	ZF Friedrichshafen AG	ZF Electronics UK Limited	TV Sundaram Iyengar & Sons Limited	Sundaram Industries Private Limited	Fiber Optic Sensing Solutions Private Limited
Trade receivables	-	-	-	-	-	-	66	-
Trade payables	91	-	-	-	-	-	209	-

		As at March 31, 2020	As at March 31, 2019
42	**a. Contingent liabilities**		
	Claims against the Company not acknowledged as debts:		
	Income tax matters	73	73
	Sales tax matters	329	583
	Total	**402**	**656**
	b. Capital commitments		
	Estimated value of contracts in capital account remaining to be executed [Net of capital advances INR 16288 (March 31, 2019 - INR 20,603)	16,288	20,603

(Amount in INR Thousands, unless otherwise stated)

43 Disclosures relating to micro and small enterprises

The Company has certain amounts due to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Principal amount due to a suppliers registered under the MSMED Act and remaining unpaid as at year end	482	1,471
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	710	543
Principal amounts paid to suppliers registered under the MSMED Act beyond the appointed day during the year	15,361	15,573
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	167	302
Futher interest remaining due and payable for earlier years	543	241

Note: The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

44 Assets pledged as security

Particulars	March 31, 2020	March 31, 2019
Current		
Financial assets		
(i) Trade receivables	110,582	134,718
(ii) Cash and cash equivalents	1,069	1,533
(iii) Other financial assets	3,653	1,890
Non-financial assets		
(i) Inventories	101,164	98,402
(ii) Other current assets	23,878	20,831
Total current assets pledged as security	**240,346**	**257,374**
Non-current		
(i) Freehold land	7,653	7,653
(ii) Buildings	43,459	45,788
(iii) Plant and machinery	94,834	93,590
Total non-current assets pledged as security	**145,946**	**147,031**
Total assets pledged as security	**386,292**	**404,405**

45 Events occuring after the reporting period

No significant event is to be reported between the closing date and that of the meeting of the Board of Directors.

For and on behalf of the Board of Directors

For **PKF Sridhar & Santhanam LLP**
Firm Registration Number: 003990S/S200018
Chartered Accountants

R Haresh
Director

R Naresh
Director

T V Balasubramanian
Partner
Membership No: 027251
UDIN: 20027251AAAADJ3247

Place: Madurai
Date: June 05, 2020

Place: Chennai
Date: June 09, 2020

TVS Sensing Solutions Private Limited
(formerly known as ZF Electronics TVS (India) Private Limited)

Significant Accounting Policies and Notes to Financial Statements for the year ended March 31, 2020

1. Corporate Information

TVS Sensing Solutions Private Limited (formerly known as ZF Electronics TVS (India) Private Limited) ('TVSSS' or 'the Company') is a deemed public limited company domiciled and incorporated in India having its registered office at TVS Building, 7-B West Veli Street, Madurai 625001. The Company is engaged in the business of trading, manufacturing and sale of electrical switches, sensors, computer peripheral devices, etc.

The company is a 100% subsidiary of TVS Srichakra Investments Limited with its ultimate holding company being TVS Srichakra Limited.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on 5th June 2020

2. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for items in Statement of Cash Flow and certain items of Assets and Liabilities that have been measured on fair value basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. GAAP comprises Indian Accounting standards as specified in section 133 of the Act read together with rule 4 of Companies (Indian Accounting Standard) Rules 2015 and relevant amendment Rules issued thereafter to the extent applicable, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on a periodic basis.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Note 2(x). Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b) Statement of Compliance with Ind AS

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flow together with notes for the year ended March 31, 2020 have been prepared in accordance with Ind AS as notified above.

c) Changes in Accounting Standards

There were certain amendments to the Accounting Standards which were applicable from this financial year, namely

i. Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after April 1, 2019. 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 recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

ii. A number of other accounting standards have been modified on miscellaneous issues. Such changes include clarification/guidance on:

- business combination accounting in case of obtaining control of a joint operation;
- accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
- income tax consequences in case of dividends;
- accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
- accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
- accounting for prepayment features with negative compensation in case of debt instruments;
- accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
- accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

None of these other amendments had any significant effect on the company's financial statements.

d) Changes in Accounting Standards that may affect the Company after 31st March 2020

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

There is no such notification which would have been applicable from April 1, 2020.

e) Functional and Presentation Currency

Items included in financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

The Financial Statements are presented in Indian Rupees which is company's presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest Thousands except where otherwise indicated.

f) Critical Accounting Judgments, Assumptions and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Critical Judgments in applying accounting policies

Assumptions and Key Sources of Estimation Uncertainty

i. Provisions for liabilities and charges

The value of provisions recognized in the Financial Statements represent the best estimate to date made by management for a range of issues. This estimate entails the adoption of assumptions which depend on factors that may change over time and which could therefore have a significant impact on the current estimates made by management in preparing the Financial Statements.

ii. Useful life of Property, Plant & Equipment (PPE)

The Company reviews the estimated useful lives of PPE at the end of each reporting period.

iii. Employee Benefits - Defined Benefit Obligations (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

iv. Estimation of uncertainties relating to the global health pandemic from COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventory, receivables, property, plant and equipment, intangible assets, and Investments. The company, as at the date of the approval of these financial statements, has performed evaluation of available information, considered sensitivity on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

g) Financial Instruments

i. Financial Assets

Financial assets comprise investments, trade receivables, cash and cash equivalents and other financial assets.

Initial recognition:

Financial Assets being investments in subsidiaries, associates and joint ventures are recorded at cost less impairment loss, if any.

All other financial assets are recognized initially at Fair value plus transaction costs that are attributable to the Acquisition of the financial asset (In case of financial assets recorded at FVTPL, transaction costs are recognized immediately in statement of profit and loss).

Subsequent measurement:

i. Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order 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 are measured at amortized cost using Effective Interest Rate (EIR) method. The EIR amount is recognized as finance income in the statement of profit and loss.

The Company while applying above criteria has classified the following at amortized cost

a) Trade receivable

b) Other financial assets

The company does not have any financial assets carried at fair value through OCI or profit & loss.

Derecognition of financial asset

Financial assets are derecognized when the contractual right to cash flows from the financial asset expires or the financial asset is transferred, and the transfer qualifies for Derecognition. On Derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of Derecognition) and the consideration received (including any new asset obtained less any new liability Assumed) shall be recognized in the statement of profit and loss.

Impairment of financial asset

Trade receivables and other financial assets are tested for impairment based on the expected credit losses for their respective financial asset

a) Trade receivable

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rate reflecting future economic conditions. In this approach, assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

b) Other financial assets

Other financial assets are tested for impairment and expected credit losses are measured at an amount equal to 12 month expected credit loss. If the credit risk on the financial asset has increased significantly since initial recognition, then the expected credit losses are measured at an amount equal to life-time expected credit loss.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognized at fair value plus any transaction cost that are attributable to the acquisition of financial liability except financial liabilities at fair value through profit and loss which are initially measured at fair value.

Subsequent measurement

The financial liabilities are classified for subsequent measurement at amortized cost

The Company is classifying the following under amortized cost;

a) Borrowings from banks
b) Borrowings from others
c) Lease Liabilities
d) Trade payables
e) Other Financial Liabilities

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

De-recognition of financial liabilities

A financial liability is de-recognized when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

ii. Derivative financial instruments

Foreign exchange forward contracts and options are entered into by the Company to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts that do not qualify for hedge accounting under Ind AS 109, are initially recognized at fair value on the date the contract is entered into and subsequently measured through statement of profit and loss. Gains or loss arising from changes in the fair value of the derivative contracts are recognized in the statement of profit and loss.

iii. Hedge accounting

The company has not designated any hedge instruments and hence requirements under Ind AS 109 in respect of hedge accounting does not arise.

iv. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in Balance Sheet when, and only when, the Company has a legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

v. Reclassification of financial assets

The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

h) Share capital and Dividend to Shareholders

Equity Shares are classified as equity. Where any shares are issued, incremental costs directly attributable to the issue of new equity shares or share options will be recognized as deduction from equity, net of any tax effects.

Dividend distribution to equity shareholders is distribution to owners of capital in statement of changes in equity, in the period in which it was paid. Final Dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company’s Board of Directors.

i) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and where applicable, accumulated impairment losses. Cost includes expenditure that is directly attributable to acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of Property, Plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and equipment and are recognized net within "other income/other expenses" in the statement of profit and loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The cost of day to day servicing of property, plant and equipment are recognized in statement of profit and loss.

Depreciation

Depreciation is recognized in the Statement of profit and loss under straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Assets costing Rs.5000 or below acquired during the year considered not material are depreciated in full retaining Re.1 per asset. The Useful life has been considered in line with schedule II except in the following cases which are based on technical estimates.

Estimated useful life in years

Particulars	Useful life
Plant and Machinery	5 – 15 years
Buildings	30 years
Furniture and Fixtures	5 – 10 years
Computers – excluding servers	3 years
Computers – servers	6 years
Vehicles	8 years

Estimated useful lives of the assets, is based on technical evaluation done by the management’s expert, where it is different from those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets

j) Intangible assets

Intangible assets that are acquired by the company, which have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in the statement of profit and loss.

Amortization of intangible asset with finite useful lives

Amortization is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available to use based on the estimates made by the management w.r.t the useful life and residual value.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

k) Impairment of Non-financial assets

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

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use and its fair value less cost to sell, 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 risk specific to asset. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows into continuing use that are largely independent of cash inflows of other assets or group of assets (the cash generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

Reversal of impairment loss

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss.

l) Leases

At the inception of a contract, the Company assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term

The lease liability is initially measured at the present value of the remaining lease payments at the commencement date, discounted using the Company's incremental borrowing rate.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases.

m) Inventories

Inventories are measured at the lower of cost (determined using Weighted average method) and net realizable value. Cost comprises the fair value of consideration for the purchase and all directly attributable costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated cost necessary to make the sale.

Cost includes direct material cost, direct labour cost, taxes and duties (other than duties and taxes for which input credit is available), freight, other direct expenses and an appropriate proportion of variable and fixed overhead expenditure.

Cost of the purchased inventory are determined after deducting rebates and discounts. Provision is made for obsolete, non-moving & defective stocks, wherever necessary.

n) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance cost.

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

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

o) Revenue recognition

Revenue is recognized on their accrual and when no significant uncertainty on measurability or collectability exists.

Revenue from the sale of goods is recognized when the performance obligations towards customers have been met at an amount that reflects the consideration to which the company believes it is entitled to in exchange for the transfer of goods to customers, net of any sales returns and GST. Performance obligations are deemed to have been met when the control of goods has been transferred to the customer, depending on the individual terms of the contract of sale.

Considering the general terms of sales, there is no significant financing element included in the sales consideration.

Subsidies on export and other incentives

Government Subsidies and incentives, in the nature of MEIS are recognized when there is a reasonable assurance that the condition attaching to the incentive would be complied with and incentives will be recognized. Government grant received relating to assets are treated as Deferred Revenue and are recognized over the period in which the economic benefit is expected from such assets.

p) Employee benefits

Employee benefits are accrued in the period in which the associated services are rendered by employees of the Company, as detailed below:

i. Defined contribution plan (Provident fund)

In accordance with Indian law, eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specific percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company does not have any legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee service in the current and prior periods. Obligation for contributions to the plan is recognized as an employee benefit expense in the statement of profit and loss when incurred.

ii. Defined benefit plan (gratuity)

In accordance with applicable Indian laws, the Company provides for gratuity, which is a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company's net obligation in respect of the gratuity plan is calculated by estimating the amount of future benefits that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service cost and the fair value of plan assets are deducted. The discount rate is the yield at the reporting date on risk free government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefit available in the form of any future refunds from the plan or reductions in the future contributions to the plan.

The Company recognizes all re-measurements of net defined benefit liability / asset directly in other comprehensive income and presented within retained earning under equity. The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India.

Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

iii. Compensated absences

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company recognizes an obligation for compensated absences in the period in which the employee renders the services. The Company provides for the expected cost of compensated absence in statement of profit or loss as additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated based on actuarial valuations carried out by an independent actuary at the balance sheet date.

q) Finance Income and Expense

Finance income comprises interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognized using effective interest method. Dividend income is recognized in statement of profit and loss on date when the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises interest expense on loans and borrowings, bank charges, unwinding of discount on provision.

r) Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of qualifying asset. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

s) Warranty

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

t) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

(i) The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.

(ii) Arising due to taxable temporary differences arising on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxation arising on investments in subsidiaries and associates is recognized except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation on temporary differences arising out of undistributed earnings of the equity-method accounted investee is recorded based on the management's intention. If the intention is to realize the undistributed earnings through sale, deferred tax is measured at the capital gains tax rates that are expected to be applied to temporary differences when they reverse. However, when the intention is to realize the undistributed earnings through dividend, the Company's share of the income and expenses of the equity-method accounted investee is recorded in the statement of profit and loss after considering any taxes on dividend payable by equity-method accounted investee or deferred tax is set up in the books if the tax liability is with the Company.

u) Foreign Currency Transactions and balances

Transactions in foreign currencies are initially recognized in the financial statements using exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Foreign currency differences arising on translation are recognized in statement of profit and loss for determination of net profit or loss during the period.

v) Earnings per share

Basic Earnings Per Share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company after adjusting impact of dilution shares by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

w) Fair value measurements

Ind AS requires the determination of fair value for both financial and non-financial assets and liabilities. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1 - Unadjusted quoted prices in active market for identical assets and liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable outputs for the assets and liabilities

For assets and liabilities that are recognized in the financial statement at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and/or disclosures purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However, in respect of such financial statements, fair value generally approximates the carrying amount due to the short-term nature of such assets. This fair value is determined for disclosure purpose or when acquired in a business combination.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flow discounted at the market rate of interest at the reporting date. For leases, the applicable rate of interest is determined by reference to incremental borrowing rate.

x) Current and non-current classification

An asset is classified as current if:

(a) it is expected to be realized or sold or consumed in the Company's normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be realized within twelve months after the reporting period; or

(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

(a) it is expected to be settled in normal operating cycle;

(b) it is held primarily for the purpose of trading;

(c) it is expected to be settled within twelve months after the reporting period;

(d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

y) Statement of Cash Flow

Cash flows are reported using the indirect method, whereby, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows are segregated into operating, investing and financing activities.

z) Segment Reporting

Operating segments are identified and reported considering the different risks and returns, the organization structure and the internal reporting systems. The Company’s business activity falls within a single reportable business segment, viz, Trading, manufacturing and sale of electrical switches, sensors, computer peripheral devices, etc.

aa) Publishing only Standalone Financial Statements

Considering the provision available under Companies Act, 2013 whereunder intermediate holding companies are exempted from publishing consolidated financial statements, if there is a holding company in India publishing consolidated financial statements, this company has opted to publish only standalone financial statements.