



**PUSHING  
THE LIMITS  
AND RISING  
BEYOND**

## CORPORATE INFORMATION

### **Board of Directors**

R. Naresh  
Executive Vice Chairman

Shobhana Ramachandhran  
Managing Director

M. S. Viraraghavan

P. Vijayaraghavan

H. Janardana Iyer

V. Ramakrishnan

Rasesh R Doshi

A. Arumugam

### **Audit Committee**

M.S. Viraraghavan  
Chairman

P. Vijayaraghavan

H. Janardana Iyer

Rasesh R Doshi

### **Stakeholders Relationship Committee**

P. Vijayaraghavan  
Chairman

Shobhana Ramachandhran

V. Ramakrishnan

### **Nomination and Remuneration Committee**

M. S. Viraraghavan  
Chairman

P. Vijayaraghavan

H. Janardana Iyer

### **Corporate Social Responsibility Committee**

Shobhana Ramachandhran  
Chairman

P. Vijayaraghavan

Rasesh R Doshi

**Registered Office**

TVS Building,  
7-B West Veli Street,  
Madurai 625001.  
Tamil Nadu.

**Administrative Office**

No. 10 Jawahar Road,  
Madurai 625 002.  
Tamil Nadu.

Tel : 0452 2443300  
Fax : 0452 2443466  
Email : secretarial@tvstyres.com  
sec.investorgrievences@tvstyres.com  
Website : www.tvstyres.com

**Subsidiary Company**

TVS Srichakra Investments Limited

**Listing of Shares with**

BSE Limited  
National Stock Exchange of India Limited

**Plant Location****Madurai**

Vellaripatti Village, MelurTaluk,  
Madurai – 625 122 Tamil Nadu.

Narasingampatti Village  
Therkutheru, MelurTaluk,  
Madurai – 625 122.  
Tamil Nadu

**Uttarakhand**

Plot No.7, Sector - 1, IIE, SIDCUL  
Pant Nagar 263 153 Rudrapur  
Tehsil – Kichha, Uttarkhand

**Statutory Auditors****Sundaram & Srinivasan**

Chartered Accountants,  
New No.249 (Old No.110), P.T. Rajan Road,  
Madurai – 625 014. Tamil Nadu.

**Bankers**

State Bank of India  
DBS Bank Limited

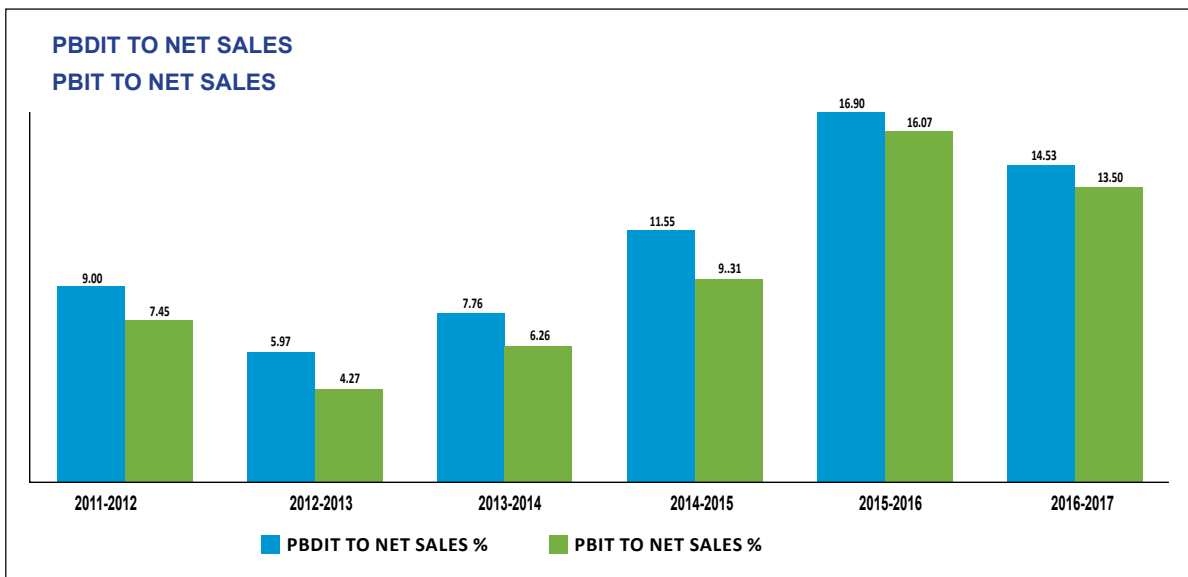
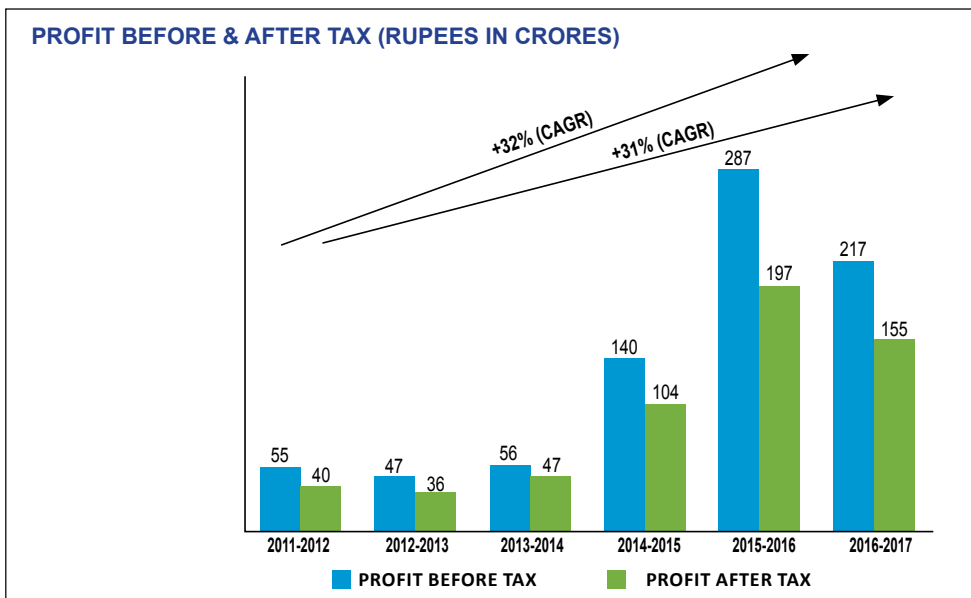
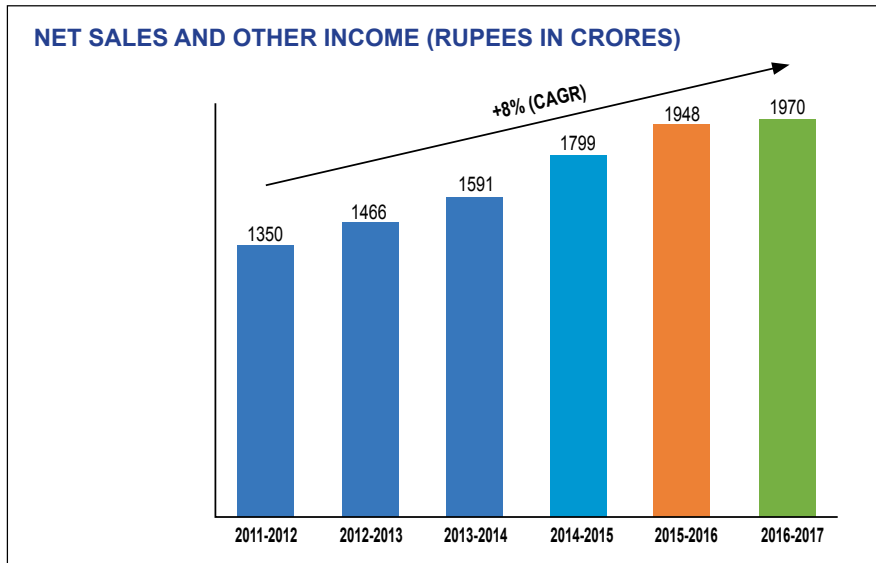
**Registrar and Share Transfer Agent**

Integrated Registry Management Services Private Limited,  
“Kences Towers”, II Floor, No.1, Ramakrishna Street,  
North Usman Road, T. Nagar, Chennai 600 017 Tamil Nadu  
Tel : 044 28140801  
e-mail : corpserv@integratedindia.in

## Contents

	Page No.
Corporate Information	1
Financial Highlights	4
Directors' Report to the Shareholders	6
Annexures to Directors' Report	15
Management Discussion and Analysis Report	29
Report on Corporate Governance	33
Business Responsibility Report	51
Auditor's Report to the Shareholders	58
Balance Sheet	64
Statement of Profit and Loss	65
Cash Flow Statement	66
Notes on Financial Statements	67
Auditor's Report on Consolidated Accounts	105
Consolidated Accounts	110

## FINANCIAL HIGHLIGHTS - STANDALONE



**FINANCIAL HIGHLIGHTS - STANDALONE**  
**SIX YEAR PERFORMANCE AT A GLANCE**

(Rupees in Crores)

PARTICULARS	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>A. OPERATING RESULTS</b>						
Net Income (Excluding Ed And Discounts)&&	1349.74	1465.75	1590.96	1799.17	1947.75	1970.23
Profit Before Deprn. Int. & Tax	126.89	128.67	123.83	209.34	345.06	292.51
Profit Before Int. & Tax (Without depreciation)	106.10	104.45	100.16	169.46	329.31	272.38
Profit Before Tax (PBT)	54.75	47.27	55.92	139.57	286.99	216.71
Profit After Tax (PAT)	39.75	35.68	47.45	103.79	196.95	155.33
Dividend <sup>§</sup>	10.34	5.74	12.25	25.88	45.94	38.82
Dividend Tax <sup>§</sup>	1.68	0.98	2.08	5.27	9.35	7.90
Retained Profits	27.73	28.96	33.12	72.64	141.66	155.33
<b>B. FINANCIAL STATUS</b>						
Gross Fixed Assets	293	303	370	444	581	783
Net Fixed Assets	199	216	250	283	403	569
Investments	20	19	19	32	45	47
Net Current Assets	276.30	190.60	260.00	186.80	128.60	302.90
Share Capital	7.66	7.66	7.66	7.66	7.66	7.66
Reserves And Surplus	134	163	196	300	411	567
Net Worth	142	171	204	308	418	575
Loan Funds	340	233	304	204	131	307
Deferred Tax Liability (Net)	13	23	22	15	28	37
Total Capital Employed	495	426	529	528	577	918
<b>C. KEY RATIOS</b>						
PBDIT to Net Sales (%) <sup>*</sup>	9.0%	6.0%	7.8%	11.5%	16.9%	14.5%
PBIT to Net Sales (%) <sup>*</sup>	7.5%	4.3%	6.3%	9.3%	16.1%	13.5%
PBT to Net Sales (%) <sup>*</sup>	3.6%	0.2%	3.5%	7.6%	13.9%	10.6%
PBIT to AV. Capital Employed (%) <sup>*</sup>	22.9%	13.2%	20.7%	31.4%	55.6%	35.1%
Return on Average Net Worth (%)	31.13	22.86	25.36	40.57	54.24	31.28
Earnings Per Share (Rs.)	51.92	46.59	61.97	135.55	257.21	202.86
Dividend Per Share (Rs.) <sup>#§</sup>	15.70	8.77	18.72	40.68	72.21	61.02
Dividend Pay Out (%) <sup>#§</sup>	30.22	18.83	30.21	30.01	28.07	30.08
Book Value Per Share (Rs.)	184.90	222.72	265.96	402.22	546.29	750.92
Debt Equity Ratio (No. of Times)	2.40	1.37	1.49	0.66	0.31	0.53

\* Excluding other income

# Including dividend tax

§ to be Approved by Shareholders in AGM Meeting

&& Figures from 2011-12 have been regrouped/reclassified in accordance with IND AS Disclosures



## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors take pleasure in presenting the 34th Annual Report and the Company's audited financial statement for the year ended 31st March, 2017.

Pursuant to the notification dated 16th February, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("IND AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April, 2016. Financial statements for the year ended and as at 31st March, 2016 have been restated to conform to IND AS.

### FINANCIAL HIGHLIGHTS

(Rupees in Crores)

Details	Year ended 31.3.2017	Year ended 31.3.2016
Sales & Other Income (including excise duty)	<b>2140.65</b>	2125.57
Profit before finance cost and depreciation	<b>292.51</b>	345.06
Less : Finance Cost	<b>20.13</b>	15.75
Depreciation	<b>55.67</b>	42.32
Profit after finance cost and depreciation	<b>216.71</b>	286.99
Less : Provision for		
Income tax	<b>52.50</b>	85.27
Deferred tax	<b>8.88</b>	4.77
Profit after tax	<b>155.33</b>	196.95
Surplus brought forward from Previous Year	<b>378.42</b>	236.76
Dividend paid <sup>§</sup>	-	45.94
Dividend Tax paid <sup>§</sup>	-	9.35
Balance carried to Balance Sheet	<b>533.75</b>	378.42

§ As per IND AS dividend is to be accounted only on payment basis from the financial year 2016-17.

### OPERATIONS

TVS Srichakra Ltd. witnessed a growth in revenue during the financial year 2016-2017, despite various factors affecting the overall industry.

### STANDALONE FINANCIAL PERFORMANCE

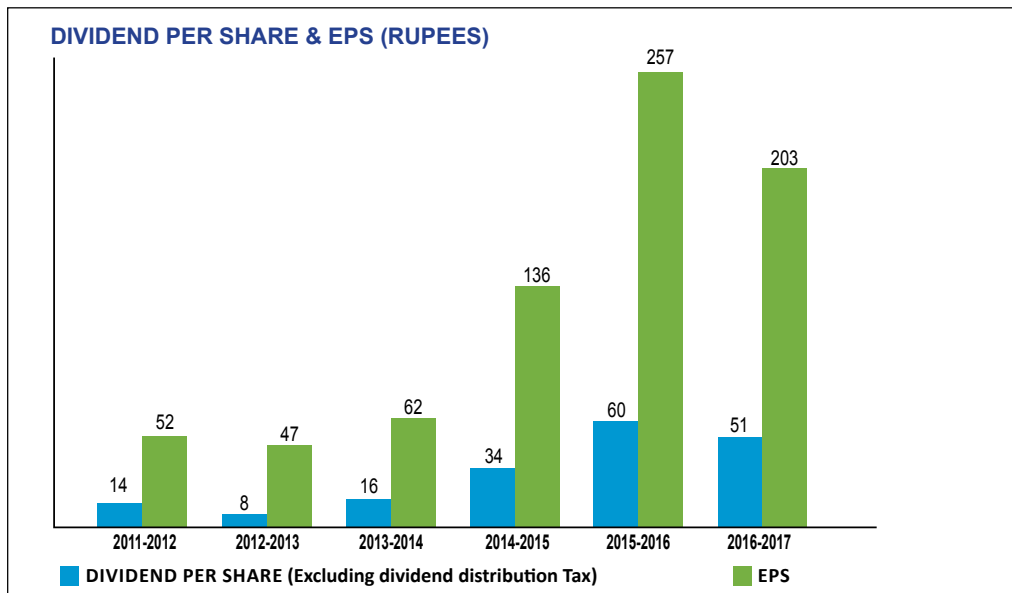
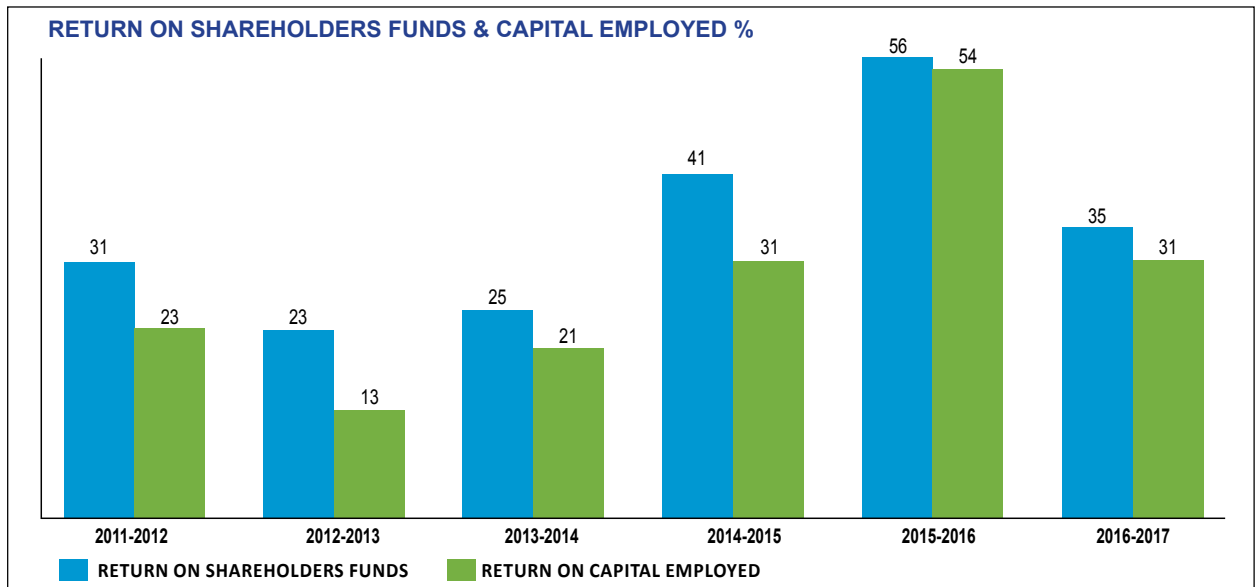
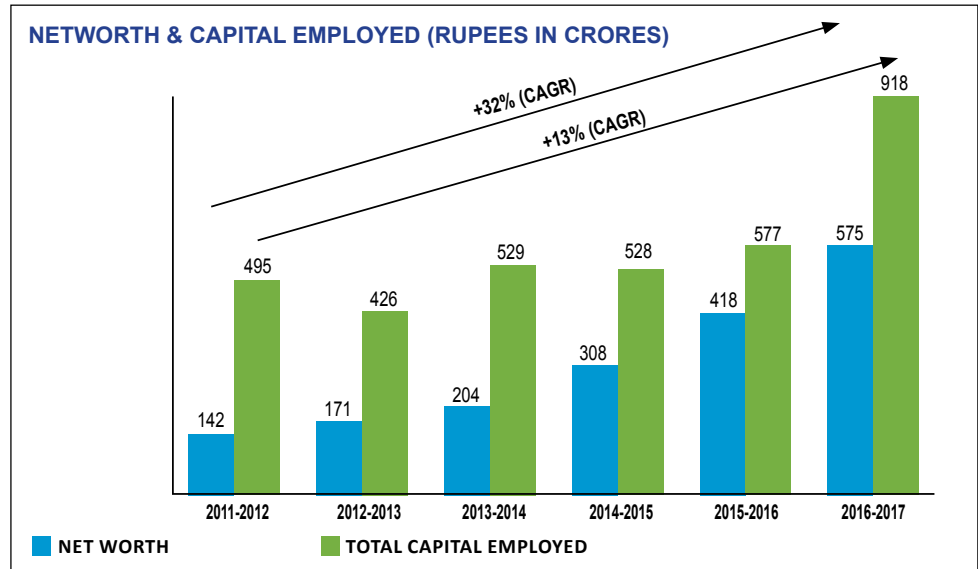
Your company recorded net sales of Rs.2140.65 crore (including other income) as against Rs.2125.57 crores during the previous financial year. Your Company's Profit before Finance Cost and Depreciation stood at Rs.292.51 crores as against Rs.345.06 crores during the previous financial year. Profit after Tax was at Rs.155.33 crores compared to Rs.196.95 crores during the previous financial year.

### CONSOLIDATED PERFORMANCE

Income for the year ended 31st March, 2017 was at Rs.2135.53 crores (including excise duty) as compared to Rs.2385.83 crores for the previous year ended 31st March, 2016.

Profit Before Tax was at Rs.211.07 crores for the year ended 31st March, 2017 as against Rs.283.78 crores for the year ended 31st March, 2016.

## FINANCIAL HIGHLIGHTS - STANDALONE





## **DIRECTORS' REPORT (Contd.)**

Profit after Tax was at Rs.149.69 crores for the year ended 31st March, 2017 as against Rs.191.17 crores for the year ended 31st March, 2016.

### **HIGHLIGHTS ON PERFORMANCE OF SUBSIDIARY AND ASSOCIATES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY**

Your Company's wholly owned subsidiary TVS Srichakra Investments Limited recorded a net loss of Rs.576 lakhs owing to finance cost on borrowings from the holding company. Your company is reviewing the interest rates and proposes to align these rates in line with its borrowing cost.

ZF Electronics TVS India Pvt. Limited, an associate Company, recorded a total revenue of INR 46 crores (PY INR 44 crores). The Company incurred a net loss INR 4 crores (PY INR 1.1 crores), mainly due to increase in cost of raw materials. The Company, along with its Joint Venture partner, is identifying business development opportunities and aggressive cost reduction actions for turning around the Company and continuing its past track record of profitability.

### **DIVIDEND**

In line with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations"), your Company has formulated the Dividend Distribution Policy and the same is available on the Company's website at the link: <http://www.tvstyres.com/policy/DIVIDEND%20DISTRIBUTION%20POLICY.pdf>

Based on Company's performance, the Directors are pleased to recommend for approval of the members, a dividend of Rs.50.70 per share (507%) on 76,57,050 equity shares for the financial year ended 31st March, 2017. The dividend on equity shares, if approved by the members would result in a total cash outflow of Rs.46.72 crores including dividend distribution tax of Rs.7.90 crores as against Rs.55.30 crores including dividend distribution tax of Rs.9.35 crores in the previous year.

### **FINANCE**

Cash and cash equivalent as at 31st March, 2017 was at Rs.9.37 crores.

The Company was able to continue its sustained efforts in judicious management of working capital, receivables, inventories and other working capital parameter through regular monitoring.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

No loan or guarantee covered under the provisions of Section 186 of the Companies Act, 2013 ("the Act") has been given by your Company.

Particulars of investments made by your Company is furnished in the notes to the financial statements.

### **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

As per Section 125 of the Companies Act, 2013, after completion of seven years from the date of transfer to unpaid dividend account, the unclaimed dividend amount has to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the unclaimed dividend amount for the financial year 2008-09 becomes due for transfer to IEPF. The Company sent letters to those shareholders, who have not encashed their dividend amount. Despite the reminder letters sent to such shareholders, an amount of Rs.6,60,818/- remains unclaimed and the same was transferred to IEPF Account on 18.11.2016.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

The Company's Corporate Social Responsibility (CSR) activities / projects are focused towards education, health, sanitation, environment, safe drinking water and protection of national heritage, art and culture in line with the CSR policy of your Company. The CSR policy may be accessed at the Company's website at the link: <http://www.tvstyres.com/policy/CSR%20POLICY.pdf>

## **DIRECTORS' REPORT (Contd.)**

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013.

The CSR Committee comprises of Ms. Shobhana Ramachandhran, Mr. Rasesh R Doshi and Mr. P Vijayaraghavan. The Committee had met 3 times during the year on 11.5.2016, 19.8.2016 and 10.2.2017. Details of role and functioning of the Committee are given in the Corporate Governance Report.

The "Annual Report on CSR Activities" is annexed to the Board's Report as Annexure 1.

### **INTERNAL FINANCIAL CONTROLS**

The Board and the Audit Committee have been reviewing the Internal Financial controls and strengthening the same. Further Audit Committee periodically reviews the Internal Audit Reports and suggestions and corrective actions are implemented.

### **BUSINESS RISK MANAGEMENT**

The Business risk identified by the Company is regularly reviewed by Senior Management and the key risks are revised and modified as per the changing scenario. The Board reviews the key risks identified and mitigation plan initiated by the Company on a quarterly basis.

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has a vigil mechanism in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Regulations to report any serious actual or suspected frauds, concerns relating to financial matters / reporting, unethical or illegal conduct or actual or possible violation of Code of Conduct / Ethical Standards and provides adequate safeguard against victimisation. Protected disclosure can be made by the whistle blower and the policy may be accessed on the Company's website at <http://www.tvstyres.com/policy/WHISTLE%20BLOWER%20POLICY.pdf>

During the year, no instances were reported under this mechanism and details pertaining to Whistle Blower Policy are explained in the Corporate Governance Report.

### **PARTICULARS OF FRAUD OTHER THAN THOSE THAT ARE REPORTABLE TO THE CENTRAL GOVERNMENT REPORTED BY STATUTORY AUDITOR UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013**

The Statutory Auditor of the Company has not reported any fraud as specified under Section 143(12) of the Act.

### **SUBSIDIARY COMPANY(S)**

The audited accounts of the subsidiary company TVS Srichakra Investments Limited have been consolidated with the Company as on 31st March, 2017.

### **CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company are prepared in compliance with the applicable provisions of the Act, relevant rules and Accounting Standards and as stipulated in the Regulations.

Pursuant to Section 129 of the Companies Act, 2013 a statement containing salient features of the financial statement of Company's subsidiary(s)/ associates are given in Form AOC 1 as Annexure 2 to the DIRECTORS' REPORT.

The audited financial statement including the consolidated financial statement of the Company together with all other documents required to be attached thereto and Auditor's Report forms part of this Annual Report and may be accessed

## **DIRECTORS' REPORT (Contd.)**

on the Company's website: [www.tvstyres.com](http://www.tvstyres.com). The financial statements of the subsidiary may also be accessed on the Company's website: [www.tvstyres.com](http://www.tvstyres.com). These documents will also be available for inspection during normal business hours on working days at the Registered Office of the Company. A copy of the financial statements of the subsidiary shall be provided free of cost to the shareholders up on request.

### **DIRECTORS RESPONSIBILITY STATEMENT**

In terms of Section 134(5) of the Act, your Directors state that:

- a) in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) 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;
- c) the Directors had 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;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively, and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **DIRECTORS**

#### **Directors liable to retire by rotation**

In accordance with the provisions of Section 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. P Vijayaraghavan (DIN: 00633205), Director, retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

The brief resume of the aforesaid Director and other information have been detailed in the notice convening the Annual General Meeting of the Company. Appropriate resolution for his re-appointment is being placed for approval of the members at the ensuing Annual General Meeting. Your Directors recommend his re-appointment as Director of the Company.

#### **Independent Directors Declaration**

In accordance with Section 149(7) of the Companies Act 2013, each Independent Director has given a written declaration to the Company confirming that he meets the criteria of independence as mentioned under the Act and the Regulations.

#### **Familiarization Programme for Independent Directors**

The Company has put in place familiarization programme for Independent Directors to familiarize them with the working environment of the Company. Periodic presentations are made at the Board and Committee meetings on business and performance of the Company. Details of the familiarization programme for Independent Directors are explained in the Corporate Governance Report.

## **DIRECTORS' REPORT (Contd.)**

Independent Directors are more actively involved in specialized presentations of your Company's strategic core team of Senior Management.

### **Board Evaluation**

Pursuant to the provisions of the Act read with the Rules issued there under and the Regulations, the Board carried out annual performance evaluation of the Board, Committees and Individual Directors. The performance evaluation of the Chairman and Non-Independent Directors was carried out by Independent Directors. More details about it are available in the Corporate Governance Report.

The evaluation process considers attendance of Directors at Board, Committee and Annual General meeting, effective participation, domain knowledge etc.

### **Remuneration Policy**

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and on board diversity.

The remuneration policy followed by the Company ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the talent. The remuneration involves a balance of fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company. More details about the Nomination and Remuneration Committee, are available in the Corporate Governance Report.

## **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are furnished in Annexure 3.

A statement showing the names and other particulars of employees drawing remuneration as prescribed under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. However, in terms of the first proviso of Section 136 of the Act, the Annual Report is being sent to the members and others entitled thereto, excluding the above information. The above is open for inspection at the registered office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary and the same will be furnished.

### **BOARD MEETING**

Calendar of Meetings is prepared and circulated in advance to the Directors.

During the year 6 (six) Board Meetings were convened and held, details of which are given in the Corporate Governance Report.

### **AUDIT COMMITTEE**

Audit Committee comprises four members and the Chairman is an Independent Director. The members of the Committee are Mr. M S Viraraghavan (Chairman), Mr. P Vijayaraghavan, Mr. H Janardana Iyer and Mr. Rasesh R Doshi and during the year the Committee has met 4 (four) times. All the recommendations made by the Audit Committee were accepted by the Board. More details are given in the Corporate Governance Report.

## **DIRECTORS' REPORT (Contd.)**

### **INDUSTRIAL RELATIONS**

During the year, the Company continued to enjoy cordial and peaceful industrial relations with the workers and employees at all levels.

### **RELATED PARTY TRANSACTIONS**

All related party transactions are entered on arm's length basis, in the ordinary course of business and in compliance with the applicable provisions of the Act and the Regulations. There are no materially significant related party transactions made by the Company, which may have potential conflict with the interest of the Company at large or which warrants approval of the members.

All transactions with related parties were reviewed and approved by the Audit Committee. Prior approvals are granted by the Audit Committee for related party transactions which are of repetitive nature, entered in the ordinary course of business and are on arm's length basis in accordance with the provisions of Section 188 of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations.

The details of the related party transactions as per IND AS 108 are set out in Note No.7 to the Standalone Financial Statements forming part of this report.

Pursuant to Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, Form AOC 2 is given in Annexure 4.

The Related Party Transaction Policy as approved by the Board is available at the weblink: <http://tvstyres.com/policy/RELATED%20PARTY%20TRANSACTION%20POLICY.pdf>.

### **MATERIAL CHANGES AND COMMITMENTS**

No material changes and commitments have occurred between the end of the financial year till the date of this report which affect the financial position of the Company.

### **AUDITORS**

#### **Statutory Auditor**

As per the provision of the Section 139 of the Act, the term of office of M/s Sundaram & Srinivasan, Chartered Accountants, Madurai, (Firm No:004207S) Statutory Auditors of the Company will conclude from the close of the forthcoming Annual General Meeting (AGM).

The Board of Directors place on record its appreciation for the services rendered by M/s Sundaram & Srinivasan as Statutory Auditors of the Company.

The Board of Directors recommend subject to the approval of the members at the ensuing AGM, the appointment of M/s PKF Sridhar & Santhanam, Chartered Accountants (Firm Regn. No.003990S / S200018), Chennai as Statutory Auditors of the Company for a period of 5 years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 39th Annual General Meeting.

M/s PKF Sridhar & Santhanam have expressed their willingness to be appointed as Statutory Auditor and have confirmed their eligibility to the effect that their appointment, if made, would be within the limits prescribed under the Act and that they are not disqualified for appointment. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

## **DIRECTORS' REPORT (Contd.)**

The Audit Committee and the Board recommend the appointment of M/s PKF Sridhar & Santhanam, Chartered Accountants, Chennai as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the 39th Annual General Meeting.

The Auditors' Report to the shareholder does not contain any qualification.

### **Cost Auditor**

The Board of Directors on the recommendation of Audit Committee has appointed Dr. I Ashok, Cost Accountant (Membership No. M11929) as Cost Auditor of the Company for the financial year 2017-18 under Section 148 of the Act and the Companies (Audit and Auditors) Rules, 2014. Dr. I Ashok have confirmed that his appointment is within the limits prescribed by the Act and is free from any disqualification specified in Section 141 and proviso to Section 148(3) of the Act.

The remuneration payable to the Cost Auditor is required to be placed before the members in a general meeting for ratification. Accordingly, the resolution seeking the same is included in the notice convening the AGM. The Cost Auditor's Report does not contain any qualification.

### **Secretarial Auditor**

In terms of Section 204 of the Act, Mr. N Balachandran (Membership No 5113), Practicing Company Secretary has been appointed to carry out the Secretarial Audit of the Company for the financial year 2016-17. The Board has received consent from Mr. N.Balachandran to act as the auditor for conducting audit of the Secretarial records for the financial year ending 31st March, 2017.

The Secretarial Audit Report for the year ended 31st March, 2017 is annexed as Annexure 5. The Secretarial Audit Report to the shareholders does not contain any qualification.

## **CORPORATE GOVERNANCE**

A separate section on corporate governance in compliance with the Regulations together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Annual Report.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis report has been separately furnished in the Annual Report and forms a part of the Annual Report.

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 134(3) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure 6 to the DIRECTORS' REPORT.

## **EXTRACT OF ANNUAL RETURN**

Details forming part of the extract of Annual Return as on 31st March, 2017 in form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 is enclosed as Annexure 7 to the DIRECTORS' REPORT.

## **DIRECTORS' REPORT (Contd.)**

### **BUSINESS RESPONSIBILITY REPORT**

A separate section on Business Responsibility detailing the various initiatives taken by your Company on the environmental, social and governance front forms part of this Annual Report as required under Regulation 34(2)(f) of the Regulations.

### **OTHER DISCLOSURES**

- The Company has not accepted deposit from the public falling within the ambit of Chapter V of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force).
- The Company has neither issued shares with differential rights as to voting, dividend or otherwise nor any sweat equity / stock options.
- No disclosure is required under Section 67(3)(c) of the Act, in respect of voting rights not exercised directly by employees of the Company as the provisions of the said Section are not applicable. The paid up equity capital is Rs.7,65,70,500/- as on 31st March, 2017. There is no change in the Share capital of the Company during the financial year under review
- The Company consciously strives to build a work culture that promotes the dignity of all employees. The Company has adopted a policy on prevention of sexual harassment of women at work place. During the year, no cases were reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013,
- There have been no significant and material orders passed by the courts or regulators or tribunals impacting the going concern status and Company's operation in future.

### **ACKNOWLEDGEMENT**

Your Directors are grateful to all valuable stakeholders of the Company viz. our customers, shareholders, dealers, vendors, banks and other business associates for their excellent support and help rendered during the year. The Directors also acknowledge the unstinted commitment and valued contribution of all employees of the Company.

For and on behalf of the Board

Madurai  
24.5.2017

**R NARESH**  
EXECUTIVE VICE CHAIRMAN

**SHOBHANA RAMACHANDHRAN**  
MANAGING DIRECTOR



## ANNEXURE 1 TO DIRECTORS' REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1.	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes	<p>Women Development Programme – Promoting education, employment enhancing vocational skills training etc.</p> <p>Children Programme – promoting education including special education, vocational skills etc.,</p> <p>Environment &amp; Sanitation awareness and general health programmes</p> <p>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is uploaded in the Company's website :</p> <p><a href="http://www.tvstyres.com/policy/CSR%20POLICY.pdf">http://www.tvstyres.com/policy/CSR%20POLICY.pdf</a></p>
2.	Composition of the CSR Committee	<p>Ms Shobhana Ramachandhran (MD)</p> <p>Mr P Vijayaraghavan</p> <p>Mr Rasesh R Doshi (Independent Director)</p>
3.	Average net profit of the Company for last three financial years	Rs.15,602 lakhs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs.312 lakhs
5.	Details of CSR spent during the financial year	
a)	Total amount spent during the year	Rs.312 lakhs
b)	Amount unspent, if any	NIL

## ANNEXURE 1 TO DIRECTORS' REPORT (Contd.)

c) Manner in which the amount spent during the financial year

Rs. in lakhs

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs	Amount outlay (budget) projector programs wise	*Amount spent on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
			1) Local area or other 2) Specify the State and District where projects or programs was undertaken		Sub heads i) Direct expenditure on projects or programs 2) Over heads		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Strengthening Village Level Organization	Women Development	Tamil Nadu	8	9	9	Arogya Welfare Trust
2	Intellectual Development	Education	Tamil Nadu	125	118	118	Arogya Welfare Trust
3	Health	Health	Tamil Nadu	27	25	25	Arogya Welfare Trust
4	Livelihood Enhancement	Livelihood	Tamil Nadu	15	15	15	Arogya Welfare Trust
5	Environmental Development	Environment (Water & Sanitation)	Tamil Nadu	90	94	94	Arogya Welfare Trust
6	Livelihood Enhancement	Health and Nutrition	New Delhi	8	8	8	PHIA (Partnering Hope into Action Foundation), New Delhi
7	Intellectual Development	Education and Employment	Tamil Nadu	33	33	33	Sastra University, Tanjore
8	Protection of National Heritage	Art & Culture and Historical Importance	Tamil Nadu	6	10	10	Through various institutions
	Total			312	312	312	

6. Reasons for not spending the amount: NIL

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

**SHOBHANA RAMACHANDHRAN**

CHAIRMAN OF THE CSR COMMITTEE / MANAGING DIRECTOR

## ANNEXURE 2 TO DIRECTORS' REPORT

### FORM AOC 1

(Pursuant to first proviso to Sub - Section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statements of subsidiaries/associate companies/joint ventures

#### Part A : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs. in Cr)

1	Sl.No	1
2	Name of the Subsidiary	TVS Srichakra Investments Limited
3	The date since when subsidiary was acquired	05.02.2010
4	Reporting period for the subsidiary concerned, if different from Holding Company's reporting period	NA
5	Reporting currency and exchange rate as on the last date of relevant financial year in case of Foreign subsidiaries	NA
6	Share Capital	2.05
7	Reserves and Surplus	(5.62)
8	Total Assets	44.55
9	Total Liabilities	44.55
10	Investments	12.03
11	Turnover	0.22
12	Profit before Taxation	(5.65)
13	Provision for Taxation	0
14	Profit after taxation	(5.65)
15	Proposed Dividend	Nil
16	Extent of shareholding (in percentage)	100%

- Names of subsidiaries which are yet to commence operations - Nil
- Names of subsidiaries which have been liquidated or sold during the year - Nil

#### Part B : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of Associate/Joint Ventures	ZF Electronics TVS (India) Private Ltd* (Rupees in Crores)
1	Latest audited Balance Sheet Date	31.03.2017
2	Date on which the Associate or Joint Venture was associated or acquired	01.04.2002
3	Shares of Associate/Joint Ventures held by the company on the year end	
	No.	500000
	Amount of Investment in Associates/Joint Venture	0.54
	Extent of Holding (in percentage)	50%*
4	Description of how there is significant influence	Associate
5	Reason why Associate /Joint Venture is not consolidated	NA
6	Net worth attributable to shareholding as per latest audited Balance Sheet	5.99
7	Profit or Loss for the year	
	i) Considered in Consolidation	(2.07)
	ii) Not Considered in Consolidation	-

\* Held through TVS Srichakra Investments Limited

- Names of associates or joint ventures which are yet to commence operations - Nil
- Names of associates or joint ventures which have been liquidated or sold during the year - Nil

**SHOBHANA RAMACHANDHRAN**  
Managing Director  
DIN : 00273837

**R NARESH**  
Executive Vice Chairman  
DIN : 00273609

As per our report attached  
For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No.004207S  
**K S NARAYANASWAMY**

**K P RANGARAJ**  
President - Finance & CFO

**P SRINIVASAN**  
Secretary

Partner  
M. No. : 8593

Place : Madurai  
Date : 24.05.2017

## ANNEXURE 3 TO DIRECTORS' REPORT

### Disclosure pursuant to Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Sl. No	Name of the Directors / Key Managerial Personnel	Ratio to Median Remuneration (times)	Percentage Increase / Decrease in Remuneration
1	Mr R Naresh Executive Vice Chairman	236.10	(15.65)
2	Ms Shobhana Ramachandran Managing Director	211.95	(2.86)
3	Mr M S Viraraghavan	4.73	-
4	Mr P Vijayaraghavan	4.76	(2.96)
5	Mr H Janardana Iyer	4.73	2.52
6	Mr V Ramakrishnan	3.13	-
7	Mr Rasesh R Doshi	4.67	(0.62)
8	Mr A Arumugam	3.10	0.94
9	Mr P Srinivasan Company Secretary	Not Applicable	11.81
10	Mr K P Rangaraj Chief Financial Officer	Not Applicable	(0.63)

- iii) The percentage increase in the median remuneration of employees in the financial year: 1.49%
- iv) The number of permanent employees on the rolls of Company: around 2700
- v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:  
The average increase in salaries of employees other than managerial personnel in 2016-17 was 19.49%. Percentage increase in the managerial remuneration for the year was (9.28)% and
- vi) Affirmation that the remuneration is as per the remuneration policy of the Company:  
The Board of Director affirms that the remuneration paid is as per the Remuneration Policy of the Company.

## ANNEXURE 4 TO DIRECTORS' REPORT

### FORM NO. AOC-2

#### (Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

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

1. Details of contracts or arrangements or transactions not at arm's length basis.  
All transactions entered into by the Company during the year with related parties were on an arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis  
The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature.

## ANNEXURE 5 TO DIRECTORS' REPORT

**N. BALACHANDRAN**, B.COM., A.C.S.,  
COMPANY SECRETARY IN PRACTICE

C/2 YAMUNA FLATS  
16TH STREET  
NANGANALLUR  
CHENNAI -600061  
PH.NO. 22670412  
CELL: 9444376560

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### Form No. MR-3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2017

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

To

The Members

TVS SRICHAKRA LIMITED, CIN: L25111TN1982PLC009414  
TVS Building, No 7B, West Veli Street, Madurai- 625001.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by TVS SRICHAKRA LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the year under audit covering the financial year ended on 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment and External Commercial Borrowings;
- (v) The Following Regulation and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

## ANNEXURE 5 TO DIRECTORS' REPORT (Contd.)

- (vi) Other laws specifically applicable to the Company
- a. Public Liability Insurance Act, 1991,
  - b. Hazardous Wastes ( Management and Handling) Rules, 1989 and amendment Rules 2003,
  - c. Energy Conservation Act, 2001,
  - d. Consumer Protection Act, 1986,
  - e. Legal Metrology Act, 2009,
  - f. Trade Marks Act, 1999,
  - g. Patents Act, 1970,
  - h. Designs Act, 2000,
  - i. Indian Boilers Act, 1923
  - j. Special Economic Zones Regulations

I have also examined compliance with the applicable clauses of the following:

- (i) The Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India as notified by the Ministry of Corporate Affairs, effective from 1st day of July 2015, in respect of the Board Meetings and the previous Annual General Meeting for which notices have been issued after the said date;
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange Limited and Bombay Stock Exchange Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

I further report that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the year under audit, there were no instances of :

- a. Public/Rights/Preferential issue of shares / Debentures/ sweat equity .
- b. Redemption / Buy Back of securities.
- c. Merger/ Amalgamations/ reconstruction .
- d. Foreign Technical collaborations.

Place: Chennai

Date: 24.5.2017

Signature : Sd/-

Name of Company Secretary in Practice : **N Balachandran**

ACS No. : 5113

C P No : 3200

**Note:** This Report is to be read with the letter of even date by the secretarial auditor, which is enclosed with this Report.

## ANNEXURE 5 TO DIRECTORS' REPORT (Contd.)

**N. BALACHANDRAN**, B.COM., A.C.S.,  
COMPANY SECRETARY IN PRACTICE

C/2 YAMUNA FLATS  
16TH STREET  
NANGANALLUR  
CHENNAI -600061  
PH.NO. 22670412  
CELL: 9444376560

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### Annexure A to Secretarial Audit Report of even date

To

The Members

TVS SRICHAKRA LIMITED, CIN: L25111TN1982PLC009414  
TVS Building, No 7B, West Veli Street, Madurai- 625001.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to be the future viability of the Company not the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai

Date: 24.5.2017

Signature : Sd/-

Name of Company Secretary in Practice : **N Balachandran**

ACS No. : 5113

C P No : 3200



## ANNEXURE 6 TO DIRECTORS' REPORT

### CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014

#### A. CONSERVATION OF ENERGY:

##### a) Steps taken or impact on conservation of energy

##### 1. Electrical

- i. Energy efficient screw compressors with demand based drive and air driers installed in domestic plant-1, Energy saving achieved 1.5% in SC.45
- ii. Advance model with energy efficient cooling towers installed in mixing & export plants, energy saving achieved 0.5% in SC.126
- iii. Unwanted compressed air charged line pipes removed in Domestic plant-1 and achieved 0.2%energy saving in SC.45.
- iv. Energy efficient pumps installed in raw water sumps, veesons boiler feed water, condensate recovery and achieved energy saving 0.3% in Domestic plant-1
- v. Air leak correction team utilized, air leak correction Separate day to day leak correction activities followed, compressor running reduced, power saving achieved 1%.

##### 2. Thermal

- i. Domestic plant 2 &3, Mod.75 flash steam recovered; feed water temperature increased in boiler, Boiler efficiency 1.0% increased.
- ii. RO feed water quality improved by installation of 200 KLD RO Plant near new ETP/STP, and Boiler input feed water quality improved, Boiler blow down 10 KL / Day decreased, Boiler 0.5% efficiency increased.
- iii. Separate steam leak correction team utilized to control steam leak wastages, specific steam consumption for domestic plants & export plants reduced 1.0%
- iv. Damaged insulation & identified uninsulated steam lines were insulated, steam consumption reduction 0.9 TPH.
- v. Thermal insulation improved sheets fixed between press body and heat platens to avoid thermal loss, and achieved steam savings 3-5 kgs/hour/press, completed 12 tyre curing presses in Domestic plant-1

##### b) Steps taken by the Company for utilizing alternate sources of energy

Company has generated 7498845units through Wind energy during the year 2016-17.

##### c) Capital investments on energy conservation equipment's

The Company has invested Rs.1.40 Crore in the following:

- i. Energy efficient compressors installation in Domestic plant-1
- ii. Energy efficient pumps installation in Raw water sumps, condensate recovery and Veasons 6 TPH boiler feed water
- iii. Advance model energy efficient cooling towers installed in Mixing, export & tube plants
- iv. Electrical & thermal audit done with private certified agency 3 to 4% Potential identified for Energy Savings
- v. To maintain the Harmonics within the limit and power quality, Harmonics filters installed in HTSC.45 & 126
- vi. APFC Panel with Detuned Capacitor installed in M-25 Power House to maintain the power Factor
- vii. Improved thermal insulation sheets fixed in 12 tyres curing presses in Domestic plant-1

#### B. TECHNOLOGY ABSORPTION:

##### 1. Efforts made towards technology absorption

We have introduced many new products for AM and made inroads into premium bike segment with improved process / product quality.

##### 2. Benefits derived like product improvement, cost reduction, product development or import substitution

Company developed range of new products for OEMs and Replacement Market in shortest time and new technology tyres for export market.

##### 3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – N.A.

##### 4. Expenditure on Research & Development

Rs. in Crores

a)	Capital	8.94
b)	Recurring	16.14
c)	Total	25.08
d)	Total R&D expenditure as a percentage to total turnover	1.17%

#### C. FOREIGN EXCHANGE EARNINGS & OUTGO

Rs. in Crores

Earnings Exports	200.51
Outgo	413.58

## ANNEXURE 7 TO DIRECTORS' REPORT

### EXTRACT OF ANNUAL RETURNS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

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

#### FORM NO. MGT-9

#### I. REGISTRATION AND OTHER DETAILS

i)	CIN	L25111TN1982PLC009414
ii)	Registration Date	2nd June, 1982
iii)	Name of the Company	TVS SRICHAKRA LIMITED
iv)	Category / Sub-Category of the Company	Company limited by Shares / Non-Government company
v)	Address of the Registered Office and contact details	TVS Building, 7-B West Veli Street, Madurai 625 001 Tel : 0452 - 2443300
vi)	Whether Listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s Integrated Registry Management Services Private Limited Kences Towers, II Floor, No. 1 Ramakrishna Street North Usman Road, T Nagar, Chennai 600017 Tel : 044 - 28140801

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated.

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Tyres and Tubes including road use tyres / tubes; this includes, two wheeler tyres and tubes, off the road tyres used in implements / forklifts / industrial tractors, and other machinery(s), non-highway service tyres such as sand tyres, grader tyres, compactor tyres and vintage tyres, Multi-Purpose Tyres (MPT), flotation tyres, Radial tyres, tubeless tyres, farm tyres and tubes used therein and Solid resilient tyres	221 – manufacture of rubber products  2211 – manufacture of rubber tyres and tubes  22111 / 22112 / 22113 and 22119	100%

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

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	TVS Srichakra Investments Limited	U65100TN2010PLC074498	Subsidiary	100%	2 (87)

**ANNEXURE 7 TO DIRECTORS' REPORT (Contd.)**

**IV. SHAREHOLDING PATTERN (EQUITY Share Capital break up as percentage of Total Equity)**

i) Category-wise Share Holding

	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A.	PROMOTERS									
(1)	<b>Indian</b>									
a)	Individual / HUF	479017	-	479017	6.26	479017	-	479017	6.26	Nil
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	2994544	-	2994544	39.11	2994544	-	2994544	39.11	Nil
e)	Banks / FI	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(1)	3473561	-	3473561	45.36	3473561	-	3473561	45.36	Nil
(2)	<b>Foreign</b>									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / FI	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
	<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	3473561	-	3473561	45.36	3473561	-	3473561	45.36	Nil
B.	PUBLIC SHARE HOLDING									
(1)	<b>Institutions</b>									
a)	Mutual Funds	91187	650	91837	1.20	117653	650	118303	1.55	0.35
b)	Banks / FI	13026	800	13826	0.18	7419	800	8219	0.11	-0.07
c)	Central Govt	94	-	94	-	94	-	94	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIs	33353	1250	34603	0.45	5179	1250	6429	0.08	-0.37
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B)(1)	137660	2700	140360	1.83	130345	2700	133045	1.74	-0.10

**ANNEXURE 7 TO DIRECTORS' REPORT (Contd.)**

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>(2) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	624289	3482	627771	8.20	591034	3496	594530	7.76	-0.44
ii) Overseas	-	-	-	-					
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	1912845	826271	2739116	35.77	1843308	769924	2613232	34.13	-1.64
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	564798	24775	589573	7.70	495483	24775	520258	6.79	-0.91
c) Others (specify)	86205	464	86669	1.13	321974	450	322424	4.21	3.08
<b>Sub-Total B(2)</b>	<b>3188137</b>	<b>854992</b>	<b>4043129</b>	<b>52.80</b>	<b>3251799</b>	<b>798645</b>	<b>4050444</b>	<b>52.90</b>	<b>0.10</b>
<b>Total Public Shareholding B = B(1) + B(2)</b>	<b>3325797</b>	<b>857692</b>	<b>4183489</b>	<b>54.64</b>	<b>3382144</b>	<b>801345</b>	<b>4183489</b>	<b>54.64</b>	<b>-</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total A + B + C</b>	<b>6799358</b>	<b>857692</b>	<b>7657050</b>	<b>100</b>	<b>6855705</b>	<b>801345</b>	<b>7657050</b>	<b>100</b>	<b>-</b>

**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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	
1	T V Sundram Iyengar & Sons Pvt. Ltd	2123115	27.73	N.A.	2123115	27.73	N.A.	NIL
2	Sundaram Industries Pvt. Ltd	750000	9.79	N.A.	750000	9.79	N.A.	NIL
3	Ms. Shobhana Ramachandhran (Promoter cum Director)	274051	3.58	N.A.	274051	3.58	N.A.	NIL
4	Sri R Haresh	76320	1.00	N.A.	76320	1.00	N.A.	Nil
5	Nitya Kalyanee Investment Ltd	121429	1.59	N.A.	121429	1.59	N.A.	NIL
6	Sri R Naresh (Promoter cum Director)	127656	1.67	N.A.	127656	1.67	N.A.	NIL
7	Sri R Haresh	945	0.01	N.A.	945	0.01	N.A.	NIL
8	Sri R Dinesh	45	-	N.A.	45	-	N.A.	NIL
	<b>TOTAL</b>	<b>3473561</b>	<b>45.36</b>		<b>3473561</b>	<b>45.36</b>		<b>Nil</b>

## ANNEXURE 7 TO DIRECTORS' REPORT (Contd.)

iii. Change in Promoter's Shareholding (please specify, if there is no change)

Sl. No.	Name of the Shareholder	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
<b>NIL</b>					

iv) Shareholding Pattern of top ten shareholders (other than Directors / Promoters and Holders of GDRs and 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
1	Gagandeep CreditCapital Pvt.Ltd	346770	4.53	346770	4.53
2	Nilesh Kishor Shah	135629	1.77	127669	1.67
3	Valuequest India Moat Fund Limited			114044	1.49
4	Paramjit Mann	86813	1.13	86333	1.13
5	Canara Robeco Mutual Fund A/c			73265	0.96
6	Anvil Fintrade Pvt.Ltd	67585	0.88	67585	0.88
7	Uday Nandlal Shah	60775	0.80	64530	0.84
8	Tejas B Trivedi	58173	0.76	54961	0.72
9	Sharad Nandlal Shah	46000	0.60	50000	0.65
10	Shantikumar Girdharlal Shah	30500	0.40	31500	0.41

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Sri R Naresh	127656	1.67	127656	1.67
	At the end of the year			127656	1.67
2	Ms Shobhana Ramachandhran	274051	3.58	274051	3.58
	At the end of the year			274051	3.58
3	Sri M S Viraraghavan - Director	900	0.01	900	0.01
	At the end of the year			900	0.01
4	Sri P Vijayaraghavan - Director	150	-	150	-
	At the end of the year			150	-

The following Directors / Key Managerial Personnel (KMP) did not hold any shares  
M/s H Janardana Iyer, V Ramakrishnan, Rasesh R Doshi, A Arumugam - Directors  
M/s K P Rangaraj, P Srinivasan, KMPs

## ANNEXURE 7 TO DIRECTORS' REPORT (Contd.)

### V. INDEBTEDNESS

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

(Rs. in crores)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i)	Principal Amount	130.71	-	130.71
ii)	Interest due but not paid	-	-	-
iii)	Interest accrued but not due	0.99	-	0.99
	<b>Total (i+ii+iii)</b>	<b>131.70</b>	<b>-</b>	<b>131.70</b>
<b>Change in Indebtedness during the financial year</b>				
	Addition	175.89	-	175.89
	Reduction	-0.34	-	(0.34)
	Net Change	175.55	-	175.55
<b>Indebtedness at the end of the financial year</b>				
i)	Principal Amount	306.60	-	306.60
ii)	Interest due but not paid	-	-	-
iii)	Interest accrued but not due	0.65	-	0.65
	<b>Total (i+ii+iii)</b>	<b>307.25</b>	<b>-</b>	<b>307.25</b>

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director / Whole Time Director and / or Manager

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD		Total Amount
		Ms S R	Mr R N	
1	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	264.94	115.20	380.14
b)	Value of perquisites u/s 17(2) of Income Tax Act 1961	-	-	-
c)	Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	466.00	699.00	1165.00
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>730.94</b>	<b>814.20</b>	<b>1545.14</b>
	Ceiling as per the Act			

Ms SR - Ms Shobhana Ramachandran, Mr R N - Mr R Naresh - Executive Vice Chairman

## ANNEXURE 7 TO DIRECTORS' REPORT (Contd.)

### B. Remuneration to other Directors

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr M S V	Mr H J I	Mr R R D	Mr AA	
	Independent Directors					
1	Fee for attending Board / Committee Meetings	1.30	1.30	1.10	0.70	4.40
2	Commission	15.00	15.00	15.00	10.00	55.00
3	Others	-	-	-	-	
	Total (1)	16.30	16.30	16.10	10.70	59.40
	Other Non Executive Directors	Mr P V	Mr V R	Total Amount		
1	Fee for attending Board / Committee Meetings	1.40	0.80	2.20		
2	Commission	15.00	10.00	25.00		
3	Others	-	-			
	Total (2)	16.40	10.80	27.20		
	Total (B)=(1+2)			86.60		
	Total Managerial Remuneration (A)+(B)			1631.74		
	Overall Ceiling as per the Act					

Mr M S V - Mr M S Viraraghavan, Mr H J I - Mr H Janardana Iyer, Mr R R D - Mr Rasesh R Doshi,

Mr AA - Mr A Arumugam

Mr P V - Mr P Vijayaraghavan, Mr V R - Mr V Ramakrishnan

### C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary	
1	Gross Salary	79.14	32.00	111.14
	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 Income Tax Act 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	79.14	32.00	111.14

### VII Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2017.



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## INDUSTRY STRUCTURE AND DEVELOPMENT

### GLOBAL TYRE INDUSTRY

The global tyre industry had experienced growth rates of over 20% in the year 2010 & 2011; but its growth has remained luke warm since then. In 2016 the steady growth in the global automobile market and the rapid growth in the Chinese automobile market stimulated the market to recover. The global tyre industry is expected to reach 2.5 billion units by 2022, driven by Asia's dominance in tyre manufacturing and consumption. Asia accounts for more than 60% of the global tyre production. Asia is seen carving a much larger piece of the pie driven by motor cycle production of over 80% of the global total. Other factors influencing tyre production include strong focus on fuel efficiency and consequent demand for low rolling resistance tyre coupled with stringent environment regulations and ensuring consumer preference for eco-friendly green tyres.

Given the size of demand generated from cars, buses and trucks, both as factory fitments in new vehicles and as replacements in the aftermarket, the global tyre industry is heavily dependent on the health of the automotive industry. Automobile production trends influence the demand patterns in the OEM (Original Equipment Manufacturer) segment. Vehicle population, replacement cycles and emergence of disruptive technologies influence demand patterns in the aftermarket segment. Demand in the passenger segment depends on the GDP growth, employment levels, consumer discretionary spends and average vehicle operating life. Expansion of commercial vehicles depends on overall health of public transport, mining, construction, agriculture, trade, cargo and freight.

### INDIAN TYRE INDUSTRY

The Indian tyre industry has been reporting good growth figures over the past few years, spurred by the growing passenger vehicle and two-wheeler market. India is one among the top five tyre producing countries. India accounts for 4 out of the top 30 companies globally, second largest after China. It has emerged as one of the most competitive markets in the world and with the emergence of new technology, modern production facilities and availability of raw materials, the sector is poised to grow further. Passenger car and two wheelers have been the growth drivers for the Indian tyre industry. Good economic growth forecast indicates toward increasing demand from these two segments in future as well. India emerging as the fastest growing big economy in the world, demand drivers for commercial as well as passenger vehicles looks intact.

Radialisation in truck & bus and LCV tyre segments has been growing at fast clip in the past few years. With the improvement of road infrastructure, launch of multi-axle vehicles and curbs on overloading etc., the radialisation has gained momentum and share of radial tyres have doubled in the past 4 years. As new radial capacities go on stream, usage of radial tyres in HCV segment is likely to mirror international trends.

Growing fleet on ground and higher miles driven/freight moved would drive replacement sales.

### TWO WHEELER MARKET

The two wheeler market grew by 6% in FY17 (Source: SIAM). H1FY17 two wheeler industry grew by 14% but post November'16 industry took a heavy blow due to demonetization and change over to BS-IV emission standards. The resultant cash crunch situation caused a huge demand drop as people started prioritizing purchases especially in rural areas which is the biggest market for motorcycle segment.

The two wheeler industry was again driven by the scooter segment which grew by 11% (Source: SIAM) but the surprise came from the stagnant Moped segment which grew by 24% (Source: SIAM). Improving road infrastructure across the country, increasing working women population and low penetration levels of two wheelers in the rural area are the main drivers of the two wheeler industry.

## OPPORTUNITIES AND THREATS

### OPPORTUNITIES

Indian two wheeler sales have been continuously growing which in turn has increased the vehicle parc (i.e number of vehicles on road) substantially. This Parc size has increased the aftermarket size which is now bigger than the OEM segment as is the case with all other vehicle segments. This gives an opportunity for your company to grow - in this segment. Indian two wheeler exports have been suffering in the recent past due to poor economic conditions in the

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)**

destination countries but Indian OEMs have been supplying vehicles to all these countries for so many years that it has helped to create a large base of vehicles in all these countries. This also gives ample opportunity for your company to grow further and increase its exports to all these countries. GST implementation is expected to provide necessary impetus to the economy through review and optimisation of supply chain framework and processes which is expected to improve operational efficiencies. Your company is reviewing these changes and studying their impact for harnessing the same.

### **EXPANSION**

Domestic tyre makers have invested significant amounts in new capacities in the TBR and 2W segments, over the last several years, keeping in mind the evolving trends in the industry. Between FY2010 and FY2016, the industry witnessed the completion of investments worth over Rs.200 billion. However, with increasing influx of cheaper Chinese tyres and uncertain input price trends, the industry is now looking to consolidate operations and optimally utilize the recently installed capacities. Therefore, unlike in previous fiscals, no major new capacity addition plans have been announced by tyre majors in the current fiscal year. That said, projects worth over Rs.80 billion (capex undertaken 2-3 years back) are expected to be completed over the next 12 months which should help tyre makers gear up to meet the likely rise in demand. (Source: ICRA). Your company has also embarked on a planned capital expenditure program for automating & increasing capacity to take advantage of the growing market.

### **THREAT**

Import of two wheeler tyres, increasing capacities of existing players and new player entries is making the market more competitive. Further, raw material price and exchange rate volatility are perceived threats. Your company is reviewing these threats and is devising appropriate mitigative actions appropriately.

### **COMPETITION**

Attractiveness of the two wheeler segment has increased the competition both local and foreign to enter the market. Existing players are planning to make inroads through investment in dedicated capacities. These actions are expected to impact the profitability of the segment.

### **GROWTH**

Your company's growth was severely impacted by demonetization in the 3rd Quarter as was the case with all the other companies. Nevertheless, your company has managed to recover and grow in Q4. Your company marginally bettered and fortified its position in the OEM segment. In the aftermarket segment your company was able to increase its market share. Exports performed below par due to poor economic conditions in the destination countries and also because of the Anti-Dumping Duty instituted by the US government, though the same was later decided at reasonable rates.

## **SEGMENT-WISE PERFORMANCE**

### **DOMESTIC OEM MARKET**

Your company's growth in the OEM segment was better than the industry growth thereby improving its market share marginally and holding on to its position in the segment.

During the year, your Company made a conscious effort to focus on premium models and increase its share of business in these models.

### **AFTERMARKET**

Your Company continues to build brand awareness for the aftermarket and this has helped your Company to grow in this market. Working Capital remains a focus area.

### **EXPORTS**

Overall volume demand was muted in few developed geographies, passenger cars and M&HCVs witnessed price corrections during the year. Over the last four quarters, tyre manufacturers have gradually passed on the benefits of

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)**

drop in input costs to customers; which coupled with pressure from low-priced Chinese tyres resulted in a price cuts across industry segments. The imposition of anti-dumping duty in US has been a deterrent to the Indian Exporters.

Further, low oil prices had brought many countries dependent on oil under economic pressure thereby hampering exports.

### **INDUSTRY AND BUSINESS OUTLOOK**

Indian economy although hit by demonetization has shown great resilience and is poised to grow by 7.1% (Source: Government Agencies) and will still be the fastest growing among the big economies of the world. GST is expected to play a major role in redefining the economic growth of the country. Two wheeler industry which depends a lot upon various economic indicators like GDP growth, farm incomes, monsoon etc. which look neutral to positive this year also. Inflation is under control and banks have excess cash with them which should bring down the interest rates. However, 7th Pay Commission pay-outs have still not been rolled out in full which will increase the disposable income of Government employees. Tax break although small will help increase the disposable income in the lower tax brackets. All these indicate towards a positive outlook of the two wheeler industry; various research agencies are maintaining a 9% CAGR for the industry. Positive growth rates in the past have been adding to vehicle parc every year which too sounds a plus for the tyre industry.

### **BUSINESS STRATEGY**

Your company envisages maintaining its position in the OEM segment and further improving its market share in the after-market segment. Exports will be in the focus area to leverage upon the large base of Indian manufactured vehicles on foreign soil. Further to this your company focuses upon the better utilization of assets to improve efficiencies, reduce working capital requirements and build a stronger brand with future prospects in mind.

### **RISKS AND CONCERNS**

Your company is cognizant of the fact that it operates only in a single vehicle segment and to drive growth through this vehicle segment it will have to gain in all the market segments. Your company has been working in the same direction since last few years. Also to mitigate the risk of domestic market it has followed the export route and is consolidating its base in various foreign markets. Another risk for your company is increasing competitive intensity for which your company has developed a robust R&D to be ahead in technology and has formed dedicated teams for outperforming the industry benchmarks. Your company also realizes the need for automation in a situation of reducing manpower availability for which necessary action is being taken.

### **SUSTAINABLE DEVELOPMENT**

Your company realizes in today's situation an organization has to work on Win-Win-Win principle where the first Win is for the customer, second Win is for the organization and the third Win is for the surroundings. Your company is dedicated towards this principle and is always on the lookout for more sustainable development systems which help the organization grow without damage to the environment.

Your company keeps a close eye on all technological development and updates all the processes and material requirements in line with the same. With implementation of BS-IV this year and BS-VI by 2020 India will be at par with developed country standards and keeping all these in view your company has taken steps in the direction for technological advancements required in tyre industry for BS-VI standards.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has well defined and adequate internal controls and procedures, commensurate with its size and nature of operations. This is further strengthened by the Internal Audit done concurrently.

Besides, the Company has an Audit Committee, comprising Non-Executive Independent Directors, which monitors systems, control, financial management and operations of the Company.

The control frameworks are reviewed regularly by management, tested by the internal audit team and presented to the Audit Committee. Based on this periodical testing, the framework is strengthened, from time to time, to ensure

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)**

adequacy and effectiveness of Internal Financial Controls. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Audit Committee, Independent Directors and the Board after review are satisfied with the internal financial controls systems put in place by the Company.

### **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The Company's revenues grew over previous year despite demonetization impact and competitive pressures on pricing. Your Company continues to maintain its position in the Original Equipment Manufacturers (OEM) segment. After Market (AM) segment also steadily gained market share owing to improved brand perception. Exports was subdued due to weak global economic scenario and competitive pressures on pricing. Overall volume growth for the last year was 10% due to improvements in market share in AM, increased pull in OEM segment.

Last year, crude oil and commodity prices increased and so was the case with all the raw materials used by your Company. The increase in raw material prices could not be fully passed on to the customers affecting bottom line. Your Company undertook various initiatives in strategic purchases to minimize the direct impacts into the bottom line. Also, your Company continues to focus on improving operational efficiencies and asset utilization.

During the last year, the Company's working capital was stretched due to increased inventory arising out of the impacts of demonetization. However, the Company was able to negotiate lower interest rates to minimize the finance cost.

### **MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

Initiatives taken by your Company are in the areas of Learning and Development, Employee Engagement Programs, Wellness and Rewards and Recognitions.

Your Company continues to invest on people at all levels across the organization. Over and above learning at work, there are also interventions done by external experts in the areas of presentation and communication skills, teamwork and other related areas.

Major programs include Workshops on (a) "Beyond Barriers" focussed on "Out of Box Thinking", Goal Setting and Team cohesiveness (b) Leadership Excellence Activation Program (LEAP) for Senior Executives; and (c) Routine programs focussed on improving presentation and communication skills and competency / behavioural aspects.

Your Company will invest more on people based on business exigencies.

Around 2700 employees (both direct and indirect) were on the rolls of your Company as at 31st March, 2017.

### **OCCUPATIONAL HEALTH AND SAFETY**

Your Company aims to ensure occupational health and safety in manufacturing and other related processes to achieve and sustain its goal of 'ZERO ACCIDENTS AND ZERO HEALTH HAZARDS'. To this effect, several safety awareness programs were periodically conducted for our employees and executives by industry experts. In addition to the above, your Company has also implemented increased visual controls for process dos & don'ts and strengthened the orientation and induction training for all new employees, including contract employees. Unsafe conditions and near misses are monitored on a continual basis and safety measures are implemented to mitigate the risk. Workers are instructed to check their individual machines on safety aspects to detect unsafe conditions and initiate corrective action through the Department concerned.

### **CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's views, projections and expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include among others, economic conditions, global and domestic supply and demand situations, input prices and their availability, changes in Government regulations, tax laws and other factors such as industrial relations, economic developments, etc. may influence the Company's operations or performance.

# REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2017.

## 1. Company's philosophy on Corporate Governance

The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company. Company also believes in the philosophy of continuous improvement in all facets of its operations. Budgets, investment proposals, significant developments are placed before the Board. Audit, Share Transfer and Stakeholders Relationship Committee meets in sufficient intervals to consider aspects relevant to each committee.

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business and Ethics and Code of Conduct for Prevention of Insider Trading for Board and Senior Management Personnel.

The Company believes that good corporate governance is essential to achieving long-term corporate goals and for meeting the needs and aspirations of its stakeholders, including shareholders.

There are comprehensive internal control management reporting systems on all functions and they are reviewed by the Senior Management and the Board.

The Company would constantly endeavor to improve on these aspects.

Your Company has complied with the requirements of Corporate Governance as per Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## GOVERNANCE STRUCTURE

Governance structure of the Company comprises of the Board of Directors and the Committees of the Board at the apex level and the Management structure at the operational level. This facilitates in bringing about a harmonious blend in governance as the Board sets the overall corporate objectives and gives direction and freedom to the Management to achieve these corporate objectives within a given framework, thereby bringing about an enabling environment for value creation through sustainable profitable growth.

### Board of Directors

The Board plays a pivotal role in ensuring that the Company runs on sound and ethical business practices and that its resources are utilized for creating sustainable growth and societal wealth. The Board operates within the framework of a well-defined responsibility matrix which enables it to discharge its fiduciary duties of safeguarding the interest of the Company, ensuring fairness in the decision making process, integrity and transparency in the Company's dealing with its Members and other stakeholders.

### Committee of Directors

With a view to have a more focused attention on various facets of business and for better accountability, the Board has constituted the following committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. Each of these Committees has been mandated to operate within a given framework.

### Management Structure

Management Structure for running the business of the Company as a whole is in place with appropriate delegation of powers and responsibilities.

## 2. Board of Directors

The Board of Directors (the Board), consisting persons with considerable professional expertise and experience, provides leadership and guidance to the management, thereby enhancing stakeholders' value.

## **CORPORATE GOVERNANCE (Contd.)**

### **Composition and category of Directors**

As at 31st March, 2017, the Board consists of eight (8) Directors, all the Directors except Executive Vice Chairman and Managing Director are Non-Executive Directors.

As per Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is having fifty per cent of its Directors as Non-Executive Directors. Out of the six Non-Executive Directors, four directors are Non-Executive Independent Directors viz., M/s M S Viraraghavan, H Janardana Iyer, Rasesh R Doshi and A Arumugam.

The Company has a Woman Director, which satisfies the requirement laid under Section 149(1) of the Companies Act, 2013 and Regulation 17(1)(a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Thus the composition of the Company's Board is in conformity with the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Directors' Profile**

The Board of Directors comprises highly renowned professionals drawn from diverse fields. They bring with them a wide range of skills and experience to the Board, which enhances the quality of the Board's decision making process

### **Familiarisation programme for Independent Directors**

The Company has a familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business models of the Company etc. and the same is available on the website of the Company. During the year, strategic presentations were made to Directors to familiarize them with the industry and future business projections of the Company. Directors also paid a visit to Company's Plant at Uttrakhand.

### **Board Meetings**

The Company, in consultation with the Directors, prepares and circulates a tentative annual calendar for the meetings of the committees / Board in order to facilitate and assist the Directors in planning their schedules well in advance to participate in the meetings.

The Company regularly places, before the Board for its review, the information as required under Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 such as annual operating plans and updates, capital expenditure budget and its quarterly updates, quarterly results, minutes of meetings of Audit Committee and other committees of the Board, information on recruitment and remuneration of senior executives including appointment or removal of Chief Financial Officer and the Company Secretary, show cause, demand, prosecution notices and penalty notices which are materially important, fatal accidents, dangerous occurrences, any material effluent or pollution problems, material default in financial obligations to and by the listed entity, or substantial non-payment for goods sold by the Company, public or product liability claims of substantial nature, significant labour problems, significant development in Human Resources, sale of investments, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company is prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any etc.,

Comprehensively drafted notes for each agenda item along with background materials, wherever necessary, are circulated well in advance to the Committee / Board, to facilitate the Directors in making value addition as well as exercising their business judgment in the committee / board meetings.

During the year 2016-17, the Board met 6 times on 18.4.2016, 11.5.2016, 20.8.2016, 22.9.2016, 14.12.2016 and 11.2.2017 and the gap between two meetings did not exceed 120 days.

## CORPORATE GOVERNANCE (Contd.)

### Attendance and other directorships

Details of director's attendance at the board meetings during the year and at the last Annual General Meeting (AGM) held on 22nd September, 2016 and also the number of other Directorships and committee memberships / chairmanships as on 31st March 2017 is as follows

Name of the Director	Category	Attendance Particulars		Directorships in other Companies *		Committees in which Chairman / Member of other Companies	
		Board Meetings	AGM	Chairman	Director	Chairman	Member
Mr. R Naresh	EVC	6	Yes	3	5	-	-
Ms. Shobhana Ramachandhran	MD	6	Yes	-	11	-	3
Mr. M S Viraraghavan	NE-I	6	Yes	-	-	-	-
Mr. P Vijayaraghavan	NE	5	Yes	-	2	-	-
Mr. H Janardana Iyer	NE-I	6	Yes	-	2	-	-
Mr. V Ramakrishnan	NE	6	Yes	-	1	-	-
Mr. Rasesh R Doshi	NE-I	5	Yes	-	3	-	1
Mr. A Arumugam	NE-I	6	Yes	-	4	-	-

\* Includes Private Limited Companies

EVC – Executive Vice Chairman

MD – Managing Director

NE – Non Executive

NE-I – Non Executive – Independent

None of the director is a director in more than ten Public Limited Company(s) or serve as an Independent Director in more than seven listed Companies. Further, none of the directors on the board is a member of more than ten committees or Chairman of more than five committees across all companies in which they are Directors. Chairmanship / Membership of Committees include only Audit and Stakeholders Relationship Committee as covered under Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as per the disclosures made by the Directors.

### Appointment / Re-appointment of Directors

In terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief resume of directors, proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholdings and relationship with other directors are provided in the notice convening the ensuing Annual General Meeting (AGM) of the Company.

### Code of Conduct

The Company has in place the Code of Conduct for Business and Ethics for members of the Board and Senior Management Personnel approved by the Board. The Code has been communicated to Directors and the Senior Management Personnel. The Code has also been displayed in the Company's website [www.tvstyres.com](http://www.tvstyres.com). All the Board Members and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March, 2017. The annual report contains a declaration to this effect signed by the Managing Director, as compliance officer of the Code.

### Access to information and updation to Board

The Board reviews all information provided periodically for discussion and consideration at its meetings in terms of Regulation 17(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These are

## CORPORATE GOVERNANCE (Contd.)

submitted either as a part of the agenda papers well in advance of the Board Meetings or are tabled in the course of the Board Meetings.

The Board also reviews the declarations made by the Managing Director/ Chief Financial Officer and Secretary of the Company regarding compliance of all applicable laws on quarterly basis.

### **Separate meeting of Independent Directors**

The Independent Directors met on 11th February, 2017, inter alia, to discuss the evaluation of the

- performance of Non-Independent Directors (including Chairman of the Company) and the Board of Directors as a whole;
- quality, content and timelines of flow of information between the management and the Board which is necessary for the Board perform its duties effectively and reasonably.

All the Independent Directors were present at the meeting.

### **COMMITTEES OF THE BOARD**

For better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. The Board determines and reviews the terms of reference of these Committees from time to time. Each of these Committee meetings are convened by the respective Committee Chairman who also informs the Board about the discussions held in the Committee meetings. The minutes of the Committee meetings are sent to respective directors individually and tabled at the board meeting.

### **PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

All Board of Directors and the designated employees have confirmed compliance with the Code.

## **3. Audit Committee**

### **Terms of Reference**

Terms of reference of Audit Committee covers the matters specified for Audit Committees under Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177(4) of the Companies Act, 2013. The role of the Audit Committee is as prescribed under Regulation 18(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee acts as a link between the statutory and internal auditors and the Board of Directors. Its purpose is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Some of the important functions performed by the Committee are:

### **Financial Reporting and Related Processes**

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency,



## CORPORATE GOVERNANCE (Contd.)

integrity and quality of financial reporting and oversight of financial information submitted to the stock exchanges, regulatory authorities or the public.

Reviewing with the Management the quarterly unaudited financial statements and the Auditors' Limited Review Report thereon/audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter alia, include reviewing changes in the accounting policies and reasons for the same, major accounting estimates based on exercise of judgement by the Management, significant adjustments made in the financial statements and / or recommendation, if any, made by the Statutory Auditors in this regard.

Reviewing financial and operational performance Management Discussion & Analysis and investments made by the Company

Reviewing of significant related party transactions submitted by the Management

Reviewing management letters / letters of internal control weaknesses issued by statutory auditors;

internal audit reports relating to internal control weaknesses; appointment, removal and term of remuneration of the Chief Internal Auditor.

### **Reviewing statement of deviations**

- a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

Discussing with the statutory auditors its judgement about the quality and appropriateness of the Company's accounting principles with reference to the Generally Accepted Accounting Principles in India (IGAAP).

### **Internal Controls and Governance Processes**

Reviewing the adequacy and effectiveness of the Company's system, internal controls and discuss with the management, Company's major financial risk exposures and steps taken by the management to monitor and control such exposure.

Oversee and review the functioning of a vigil mechanism (implemented in the Company as a Fraud Prevention Policy) and to review the findings of investigation into cases of material nature and the actions taken in respect thereof.

### **Audit**

Reviewing the scope of statutory auditors, annual audit plan and Internal Audit Plan with a view to ensure adequate coverage.

Reviewing significant audit findings from statutory and internal audit carried out, their comments and management's response thereto.

Reviewing and recommending to the Board the appointment/re-appointment of the Statutory Auditors, Internal Auditors and Cost Auditors considering their independence and effectiveness and their replacement and removal.

Approve such additional services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.

To recommend to the Board the remuneration of the Statutory Auditors/Cost Auditors/ Internal Auditors.

To discuss with the Statutory Auditors/Chief Internal Auditors any significant difficulties encountered during the course of the Audit.

## CORPORATE GOVERNANCE (Contd.)

### Other duties

To grant approval for related party transactions which are in the ordinary course of business and on an arms' length pricing basis and to review and approve such transactions subject to the approval of the Board.

### Composition, names of members and chairperson

The Audit Committee consists of M/s M S Viraraghavan, P Vijayaraghavan, H Janardana Iyer and Rasesh R Doshi, all non-executive directors of the Company with Sri. M S Viraraghavan as its Chairman.

The Company Secretary acts as the Secretary of the Audit Committee

Chairman of the Audit Committee was present at the last AGM held on 22rd September, 2016.

The Composition of the Committee is in accordance with section 177(2) of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars of the meetings and attendance by the members of the Audit Committee are given below:

Date of the meeting	Members present (M/s)
11.05.2016	M S Viraraghavan, P Vijayaraghavan and H Janardana Iyer
19.08.2016	M S Viraraghavan, H Janardana Iyer and Rasesh R Doshi
13.12.2016	M S Viraraghavan, P Vijayaraghavan, H Janardana Iyer and Rasesh R Doshi
10.02.2017	M S Viraraghavan, P Vijayaraghavan, H Janardana Iyer and Rasesh R Doshi,

Senior Management also attend the meetings as and when required.

#### 4. Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee consists of M/s M S Viraraghavan, P Vijayaraghavan and H Janardana Iyer all non-executive Directors of the Company with Sri M S Viraraghavan as its Chairman, which complies pursuant to the provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Chairman of the Nomination and Remuneration Committee was present at the last AGM held on 22rd September, 2016.

The terms of reference of the Committee inter alia, include the following:

Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;

Devising a policy on diversity of Board of Directors;

Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal

Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of independent directors

**The particulars of meetings and the attendance by the members of the NRC are given below:**

Date of the meeting	Members present (M/s)
10.05.2016	M S Viraraghavan, P Vijayaraghavan and H Janardana Iyer
19.08.2016	M S Viraraghavan and H Janardana Iyer

## CORPORATE GOVERNANCE (Contd.)

### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, its Directors individually as well as the working of Audit, Nomination and Remuneration Committees

### Remuneration Policy

This Policy defines the selection of Directors & remuneration guidelines and key terms of employment for Directors, Key Managerial Personnel, Senior Management and other employees of TVS Srichakra Limited. Senior Management is from the level of General Manager to and including the President.

### Board Diversity

It will be the endeavour of the Company to attract people to be on the Board of our Company as Directors from variety of backgrounds which are appropriate to the business interests of the Company.

The overall guiding principle is that the remuneration and terms of employment shall be with an intent, that the company will be able to attract and retain Directors, Key Managerial Personnel, Senior Management and other employees of high calibre and talent. It is competitive and in line with prevalent Industry standards.

#### I. Criteria for selection of Non-Executive Directors

1. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the various fields.
2. In case of appointment of Independent Directors, the Nomination and Remuneration Committee (NRC) shall satisfy itself with regard to the Independent nature of the Directors vis-a-vis the Company so as to enable the Board to discharge its function and duties effectively.
3. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act 2013 ("the Act").
4. The NRC shall consider the following attributes / criteria whilst recommending to the Board the candidature for appointment as Director.
  - Qualification, expertise and experience of the Directors in their respective fields;
  - Personal, Professional or business standing
  - Diversity of the Board
5. In case of re-appointment of Non-Executive Directors, the Board shall, take into consideration the performance evaluation of the Director and his engagement level.

#### Remuneration of Non-Executive Directors

The non-executive directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- A non-executive director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- A non-executive director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee;
- The total commission payable to the directors shall not exceed 1% of the net profit of the Company;
- The Commission shall be payable on prorata basis to those Directors who occupy office for part of the year.

## CORPORATE GOVERNANCE (Contd.)

In addition to the above, non-executive director shall be compensated for services rendered by such Director which are professional in nature and in the opinion of NRC such Director possesses requisite qualification for the practice of the profession

### II. **Criteria for selection / appointment of Executive Director**

For the purpose of selection of the Managing Director, the NRC shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and qualifications as laid down under the Act or other applicable laws.

#### **Remuneration of Executive Director**

- At the time of appointment or re-appointment, the Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Managing Director within the overall limits prescribed under the Act.
- The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- The remuneration of the Managing Director is broadly divided into fixed and variable component. The fixed compensation shall comprise salary, allowances, perquisites, amenities and retirement benefits. The variable component shall comprise of commission.
- In determining the remuneration (including the fixed increment and commission) the NRC shall consider the following:
  - a. the relationship of remuneration and performance benchmarks is clear;
  - b. balance between fixed and commission payment reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  - c. responsibility required to be shouldered by the Managing Director and the industry benchmarks and the current trends; the Company's performance vis-a-vis the annual budget achievement and individual performance vis-a-vis the KRAs / KPIs

### III. **The remuneration payable to Key Managerial Personnel (other than Executive Director), Senior Management and other employees ("Executive") shall consist of**

#### **1. Fixed Compensation**

An Executive shall have a fixed compensation which will be a function of his responsibility, accountability, span of control and overall impact on the business.

#### **2. Variable Compensation**

The Variable Compensation of an Executive will be paid based on performance for the year and that of the company in the fiscal under consideration and shall be in addition to the Fixed Compensation. It is proposed that this will be upto a maximum of 60% of the Fixed Compensation. The performance rating of an Executive will be based on the extent, one fulfils his / her Key Performance Indices (KPI's) as has been discussed and agreed to between the Manager and the Executive at the beginning of the fiscal. The decision to pay the Variable Compensation will be based on the achievement of the company's acceptable threshold business and financial parameters as may be decided by the Management and the decision to increase, decrease or abrogate the Variable Compensation in part or in full is solely vested with the Management.

## CORPORATE GOVERNANCE (Contd.)

### 3. Other benefits, Provident Fund, Termination of Employment and separation compensation

#### 3.1 Non-monetary benefits

Senior Management will be entitled to benefits such as company car / leasing car facility, Fuel reimbursement and Driver reimbursements as per company policy. Other entitlements include subsidised medical hospitalization health care policy in line with defined limits, currently at Rs 1 Lac per family per annum (for the coverage term). An Executive is also entitled to land telephone, cell and data card as per defined limits covered under the company's Personnel policies.

#### 3.2 Provident Fund, Superannuation & Gratuity

Executives are also entitled to Provident Fund, Superannuation (for executives who joined till end 2012) and gratuity facility as per the terms of the Law in force currently.

#### 3.3 Termination of Employment and separation compensation for Executives

All Executives are entitled to a separation compensation of 3 months of their salary (excludes the Variable Compensation) either way.

### 4. Authority to decide on any deviation from the Policy

Any deviation from this policy can be only decided by the Managing Director and shall be final and binding.

#### Implementation of the Policy

The NRC shall take suitable steps to issue guidelines, procedures and such other steps as may be considered appropriate from time to time, for effective implementation of this Policy.

The details of remuneration paid and the number of shares held by the Non-Executive Directors are as follows:

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(a) Name (b) Sitting Fees paid [Rs. in lakhs] (c) Commission paid [Rs. in lakhs] (d) Total [Rs. in lakhs] (e) No. of shares

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(a) Mr M S Viraraghavan (b) 1.30 (c) 15.00 (d) 16.30 (e) 900, (a) Mr P Vijayaraghavan (b) 1.40 (c) 15.00 (d) 16.40 (e) 150, (a) Mr H Janardhana Iyer (b) 1.30 (c) 15.00 (d) 16.30 (e) Nil (a) Mr V Ramakrishnan (b) 0.80 (c) 10.00 (d) 10.80 (e) Nil (a) Mr. Rasesh R Doshi (b) 1.10 (c) 15.00 (d) 16.10 (e) Nil (a) Mr A Arumugam (b) 0.70 (c) 10.00 (d) 10.70 (e) Nil

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Particulars of remuneration paid to Executive Vice Chairman and Managing Director during the financial year 2016-2017:

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(a) Name (b) Designation (c) Salaries & Allowances (d) Commission (e) Perquisites (f) Total [Rs. in lakhs]

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(a) Ms Shobhana Ramachandhran (b) Managing Director (c) 264.94 (d) 466 (e) Nil (f) 730.94; (a) Mr R Naresh (b) Executive Vice Chairman (c) 115.20 (d) 699 (e) Nil (f) 814.20

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### 5. Stakeholders Relationship Committee

The Stakeholders Relationship Committee consists of Ms. Shobhana Ramachandhran, Mr. P Vijayaraghavan and Mr. V Ramakrishnan as its members. Mr. P Vijayaraghavan, is the Chairman of the Committee. The Committee met two times during the year.

## CORPORATE GOVERNANCE (Contd.)

Company Secretary is the Compliance Officer of the Committee

The particulars of meetings and the attendance by the members of the SRC are given below:

Date of the meeting	Members present
20.8.2016	Ms. Shobhana Ramachandhran, and Mr. V Ramakrishnan
14.12.2016	Mr. P Vijayaraghavan, Ms. Shobhana Ramachandhran, and Mr. V Ramakrishnan

The Committee oversees and reviews all matters connected with share transfers, duplicate share certificate, and other issues pertaining to shares. The committee also looks into the redressal of investors grievances pertaining to transfer of shares, non-receipt of Balance Sheet, non-receipt of dividends etc., The Company, as a matter of policy, disposes investor complaints within a span of three days.

During the year, the Company has received two complaints and the same have been redressed satisfactorily

All the queries and complaints received during the financial year ended 31st March, 2017 were duly redressed and no queries were pending for resolution on this date.

All requests for dematerialization of shares were carried out within the stipulated period and no share certificate was pending for dematerialization.

### 6. Corporate Social Responsibility Committee (CSR)

The Committee consists of Ms. Shobhana Ramachandhran, Mr. P Vijayaraghavan and Mr. Rasesh R Doshi as its members. During the year, the Committee had three meetings.

The particulars of meetings and the attendance by the members of the CSR are given below:

Date of the meeting	Members present
11.5.2016	Mr. P Vijayaraghavan and Ms. Shobhana Ramachandhran,
19.8.2016	Ms. Shobhana Ramachandhran and Mr. Rasesh R Doshi
10.2.2017	Mr. P Vijayaraghavan, Ms. Shobhana Ramachandhran, and Mr. Rasesh R Doshi

The terms of reference of the Committee are as follows:-

- a) to frame the CSR Policy and its review from time-to-time.
- b) to ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans and budget.
- c) to ensure compliance with the laws, rules & regulations governing the CSR and to periodically report to the Board of Directors.

### 7. Whistle Blower Policy

Various risk associated with the business have increased with the rapid expansion of business in terms of volume, value and geography. Risk of fraud misconduct is one such risk. The Audit Committee is committed to ensure fraud-free work environment for which the Committee has laid down a Whistle Blower Policy providing a platform to all the director, employee, vendors and customers to report any suspected or confirmed incident of fraud/misconduct. The policy is posed on Company's website ([www.tvstyes.com](http://www.tvstyes.com)).

During the year, no instance was reported under this policy

### 8. Subsidiary Companies

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. Accordingly, a policy on material subsidiary(s) has been formulated.

## CORPORATE GOVERNANCE (Contd.)

The Audit Committee of Directors reviews the financial statements.

The minutes of the Board Meetings of unlisted subsidiary company is periodically placed before the Board. The Board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiary.

### 9 General Body Meeting

Location and time where the annual general meetings were held during the last three years

Year	Location	Date	Time
2013-14	Lakshmi Sundaram Hall 15-A Gokhale Road, Madurai 625 002	11.9.2014	10.30 AM
2014-15	Lakshmi Sundaram Hall 15-A Gokhale Road, Madurai 625 002	23.9.2015	10.30 AM
2015-16	Lakshmi Sundaram Hall 15-A Gokhale Road, Madurai 625 002	22.9.2016	10.30 AM

One special resolution was put through in the year 2013-14

Two special resolutions were put through in the year 2014-15

One special resolution was put through in the year 2015-16

### Declaration in accordance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the business transacted by the Company through Postal Ballot

Resolution No. 1	Category	Mode of voting	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes - in favour	No. of votes - against	% of votes in favour on votes polled	% of votes against on votes polled
			1	2	$3 = \frac{(2)}{(1)} * 100$	4	5	$6 = \frac{(4)}{(2)} * 100$	$7 = \frac{(5)}{(2)} * 100$
Adoption of new set of Articles of Association of the Company - Special Resolution	PROMOTER & PROMOTER GROUP	E-VOTING	3473561	3473561	100.00	3473561	0	100.00	0.00
		POLL (Not applicable)	0	0	0	0	0	0	0
		Postal Ballot	0	0	0.00	0	0	0.00	0.00
	INSTITUTION	E-VOTING	168964	96043	56.84	96043	0	100.00	0.00
		POLL (Not applicable)		0	0	0	0	0	0
		Postal Ballot		0	0	0	0	0	0
	PUBLIC	E-VOTING	4014525	25490	0.63	24963	527	97.93	0.01
		POLL (Not applicable)	0	0	0	0	0		0
		Postal Ballot		160837	4.01	142962	1035	88.89	0.03
			7657050	3755931	49.05	3737529	1562	99.51	0.04

Mr. N Balachandran, Practicing Company Secretary, Chennai conducted the Postal ballot exercise during October 2016.

## CORPORATE GOVERNANCE (Contd.)

### 10. Disclosures

#### RELATED PARTY TRANSACTIONS

##### Materially significant related party transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There are no materially significant transactions with related parties during the financial year which are in conflict with the interest of the Company. Suitable disclosure as required by the IND AS 108 has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which is available on the Company's website.

##### Disclosure of Accounting Treatment

The Company follows the Indian Accounting Standards (Ind AS) issued by The Institute of Chartered Accountants of India and the Companies (Indian Accounting Standards) Rule, 2015.

##### Risk Management

The Company has laid down procedures to inform the Board about the risk assessment and minimization procedures, to ensure that executive management controls risk through means of a properly defined framework.

##### Instances of non-compliance(s), if any

There were no instances of non-compliances by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets during the year.

##### Disclosure by Senior Management Personnel

The senior management personnel have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have any personal interest that could result in a conflict with the interest of the company at large.

##### CEO and CFO certification

The Managing Director (CEO) and the President – Finance (CFO) of the Company have certified to the Board on financial and other matters in accordance with Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March, 2017.

##### Compliance with mandatory / non-mandatory requirements

The Company has complied with all applicable mandatory requirements in terms of Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosures Requirements) Regulation, 2015. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

##### Means of communication

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are published in Business Line and Dinamalar and Dalal Street Investment Journal. These results are simultaneously posted on the website of the Company at [www.tvstyres.com](http://www.tvstyres.com) and also uploaded on the website of National Stock Exchange of India Ltd. and BSE Ltd.



## CORPORATE GOVERNANCE (Contd.)

### General shareholder information

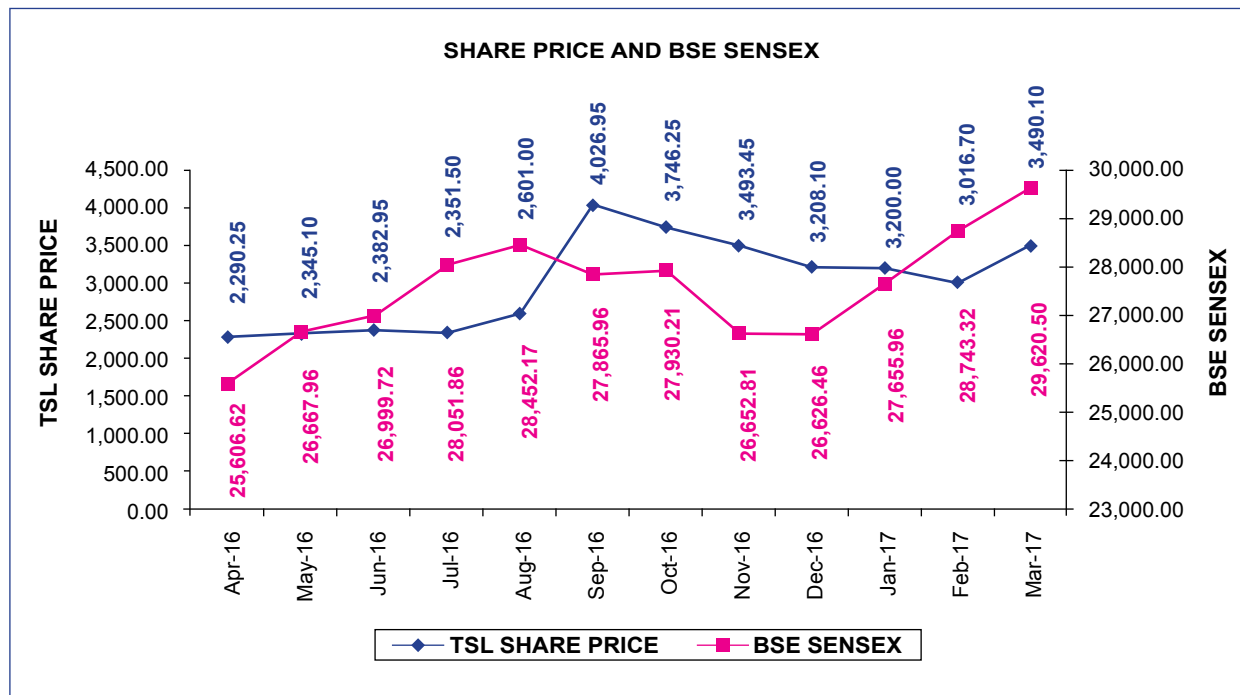
(a)	Annual General Meeting, Date, Time and Venue	Date	23.8.2017 (Wednesday)
		Time	11.00 AM
		Venue	Lakshmi Sundaram Hall 15-A Gokhale Road, Madurai 625 002
(b)	Financial Year	1st April to 31st March	
	Financial reporting for the quarter ending	Financial calendar 2017-18 (tentative)	
	30th June 2017	Before 14th August, 2017	
	30th September, 2017	Before 14th November, 2017	
	31st December, 2017	Before 14th February, 2018	
	31st March, 2018	Before 30th May, 2018	
(c)	Dividend Payment date	From 30.8.2017	
(d)	Name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)		
(e)	Stock exchange(s)		
	Name of the Stock Exchange	Stock code / Symbol	
	BSE Ltd	509243	
	National Stock Exchange of India Ltd	TVSSRICHAK	
	ISIN allotted by Depositories (Company ID Number)	INE421C01016	
	Annual listing fees and custodial charges for the year 2016-17 were duly paid to the above Stock Exchanges and to the Depositories.		

### (f) Market price data-high, low during each month in last financial year (Rupees)

Month	Bombay Stock Exchange Ltd (BSE)		National Stock Exchange Ltd (NSE)	
	High	Low	High	Low
Apr-16	2,580.00	2,260.00	2,590.00	2,269.85
May-16	2,552.55	2,300.00	2,550.00	2,299.60
Jun-16	2,417.15	2,228.65	2,430.00	2,241.00
Jul-16	2,490.00	2,331.00	2,480.00	2,335.00
Aug.16	2,635.00	2,299.95	2,649.00	2,295.00
Sept.16	4,247.00	2,599.35	4,248.00	2,597.05
Oct.16	4,104.60	3,670.00	4,100.00	3,668.20
Nov.16	3,899.00	2,955.00	3,899.00	3,000.00
Dec.16	3,580.00	3,150.00	3,578.00	3,150.00
Jan. 17	3,481.40	3,170.00	3,491.40	3,175.00
Feb.17	3,356.80	3,010.15	3,346.90	2,999.10
Mar.17	3,934.00	2,912.00	3,945.00	2,925.15

## CORPORATE GOVERNANCE (Contd.)

### (g) Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc;



### (h) Registrar to an Issue and Share Transfer Agents

Registrar & Share Transfer Agent of the Company

M/s Integrated Registry Management Services Pvt. Limited, Chennai,

M/s Integrated Registry Management Services Pvt. Limited, Chennai, are acting as common agency for all investor servicing activities relating to both electronic and physical segments. Their address is :

M/s Integrated Registry Management Services Pvt. Limited

“Kences Towers” II Floor, No.1, Ramakrishna Street,

North Usman Road, T Nagar, Chennai 600017

Phone : 044 – 28140801 – 803 Fax : 044 – 28142479

Email : corpseiv@integratedindia.in

### (i) Share Transfer System

Shares lodged for transfers are normally processed within seven days from the date of lodgement, if the documents are valid in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the Depositories within three days. Grievances received from shareholders and other miscellaneous correspondence on change of address, mandates, etc are processed by the Share Transfer Agent of the Company within three days.

Certificates are being obtained and submitted to Stock Exchanges, on half-yearly basis, from a Company Secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with Stock Exchanges.

Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.

## CORPORATE GOVERNANCE (Contd.)

As per SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the following e-mail IDs, namely Sec.investorgrievances@tvstyres.com, Secretarial@tvstyres.com were hosted on the Company's website for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

Shareholders are, therefore, requested to correspond with the Share Transfer Agent for transfer / transmission of shares, change of address and queries pertaining to their shareholdings, dividends, etc., at the address given in this report.

### (j) Distribution of Shareholding

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
1 to 500	24676	96.70	1792352	23.41
501 to 1000	503	1.97	366398	4.79
1001 to 2000	168	0.66	244929	3.20
2001 to 3000	63	0.25	160613	2.10
3001 to 4000	33	0.13	113003	1.48
4001 to 5000	14	0.05	62544	0.81
5001 to 10000	27	0.11	195674	2.55
10001 & above	34	0.13	4721537	61.66
Total	25518	100.00	7657050	100.00

### (k) Dematerialization of shares and liquidity

Out of 4183489 shares held by persons other than promoters, 3382144 shares have been dematerialized as on 31st March, 2017 accounting to 80.84%.

The Company has already achieved 100% of promoter group's shareholding in dematerialized form consisting of 3473561 equity shares of face value of Rs.10/- each

Details of public funding obtained in the last three years - No capital has been raised in the last three years

The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's equity

### (l) Plant Locations

#### Tamil Nadu

1. Perumalpatti Road, Vellaripatti Village, Melur Taluk, Madurai District, Pin 625 122
2. Narasingampatti Village, Therkutheru, Melur Taluk, Madurai District, Pin 625 122

#### Uttarakhand

Plot No.7, Sector – 1, Integrated Industrial Estate, SIDCUL,  
Pant Nagar 263153, Rudrapur, Tehsil – Kichha,  
District Udham Singh Nagar, Uttarkhand

#### Address for communication:

TVS Srichakra Limited,  
No.10, Jawahar Road, Madurai 625 002  
Phone : 0452 2443300  
Fax : 0452 2443466  
Email : sec.investorgrievances@tvstyres.com; Secretarial@tvstyres.com  
website : www.tvstyres.com

## CORPORATE GOVERNANCE (Contd.)

### Compliance Officer

Mr. P Srinivasan, Secretary  
TVS Srichakra Limited,  
10 Jawahar Road, Madurai 625 002  
Phone : 0452 – 2443300  
Fax : 0452 – 2443466  
Email : Srinivasan.P@tvstyres.com

### Disclosures with respect to demat suspense account / unclaimed suspense account.

#### Unclaimed Share Certificates

In terms of the Regulation 39(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the unclaimed share certificates were dematerialized and transferred to “Unclaimed Suspense Account” with M/s Geojit BNP Paribas Financial Services Limited, Kochi. As required under this regulation, the Company sent reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. Action has been taken thereafter to transfer the unclaimed shares to “Unclaimed Suspense Account” to comply with the requirement of this regulation. As and when the shareholder approaches the Company with required documents, the Company shall credit the shares lying in the suspense account to the demat account of the shareholder.

number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year		number of shareholders who approached listed entity for transfer of shares from suspense account during the year	number of shareholders to whom shares were transferred from suspense account during the year	number of shareholders and the outstanding shares in the suspense account lying at the end of the year	
No. of shareholders	No. of shares in the suspense account			No. of shareholders	No. of shares in the suspense account
29	1639	-	-	29	1639

#### Timely encashment of dividends

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation / losing your right to claim owing to transfer of unclaimed dividends beyond seven years to Investors Education and protection Fund (IEPF)

As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders who have not encashed their dividend warrants in respect of dividend declared for the financial year ended 31st March, 2011 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Information in respect of the unclaimed dividend of the Company with due date for remittance to IEPF is given below:

Financial Year	Date of declaration	Date of transfer to special account	Date of transfer to IEPF
31.3.2010	20.9.2010	19.3.2010	16.4.2017
31.3.2011	3.8.2011	8.9.2011	6.10.2018
31.3.2012	27.9.2012	2.11.2012	1.12.2019
31.3.2013	25.9.2013	31.10.2013	30.11.2020
31.3.2014	11.9.2014	17.10.2014	15.11.2021
31.3.2015	23.9.2015	29.10.2015	26.11.2022
31.3.2016	17.2.2016	13.3.2016	10.4.2023
31.3.2016	21.3.2016	16.4.2016	14.5.2023

## CORPORATE GOVERNANCE (Contd.)

### AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER REGULATIONS 17 TO 27 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To the Members of

TVS Srichakra Limited

We have examined the compliance of conditions of Corporate Governance by TVS Srichakra Limited, for the year ended on 31.3.2017, as stipulated in Regulation 17 to 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In our opinion and to best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, as per the records maintained by the Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SUNDARAM & SRINIVASAN**  
Chartered Accountants  
Firm Registration No. 004207S

Madurai  
24.5.2017

K S NARAYANASWAMY  
Partner  
Membership No. 8593

## CORPORATE GOVERNANCE (Contd.)

### CHIEF EXECUTIVE OFFICER / CHIEF FINANCIAL OFFICER CERTIFICATION

The Board of Directors

TVS Srichakra Limited

We certify that –

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2017 and that to the best of our knowledge and belief
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee that there were
  - i) no significant changes in internal control over financial reporting during the year;
  - ii) no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**K P RANGARAJ**  
PRESIDENT – FINANCE

Madurai  
24.5.2017

**SHOBHANA RAMACHANDHRAN**  
MANAGING DIRECTOR

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### CERTIFICATE

The Shareholders  
TVS Srichakra Limited

I, Shobhana Ramachandhran, Managing Director of the Company, hereby confirm that all the Members of your Board and the Senior Management Personnel of your Company, have confirmed the compliance to the Code of Conduct of the Company, during the year ended 31st March, 2017.

Madurai  
24.5.2017

**SHOBHANA RAMACHANDHRAN**  
MANAGING DIRECTOR

## BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2016 – 17

### Introduction

TVS Srichakra Limited (TSL) is a Company, listed in Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

TSL is engaged in manufacture of Tyres and Tubes including road use tyres / tubes; this includes, two wheeler tyres and tubes, off the road tyres used in implements / forklifts / industrial tractors, and other machinery(s), non-highway service tyres such as sand tyres, grader tyres, compactor tyres, and vintage tyres, Multi-Purpose Tyres (MPT), flotation tyres, farm tyres and tubes used therein.

### Section A – General Information about the Company

1.	Corporate Identity Number (CIN)	L25111TN1982PLC009414
2.	Name of the Company	TVS Srichakra Limited
3.	Registered address	TVS Building, 7-B West Veli Street, Madurai 625 001
4.	Website	www.tvstyres.com
5.	E-mail Id	Sec.investorgrievances@tvstyres.com
6.	Financial Year reported	2016 – 17
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	As per National Industrial Classification – 2008
		Section C – Manufacturing
		Division 22 - Manufacture of Rubber and Plastic products
		Group 221 – Manufacture of Rubber Products
8.	List three key products / services that the Company manufacture / provides (as in Balance Sheet)	Manufacture and sale of Tyres & Tubes for Two Wheeler / Three Wheeler / Industrial / Agricultural and Farm Tractors / equipments and as well as Knobs for direct application
9.	Total number of locations where business activity is undertaken by the Company	
	i) Number of International Locations (Provide details of major 5) :	Nil.
	ii) Number of National Locations :	Three Locations - 2 at Madurai and 1 at Uttarkhand
	Regd office :	TVS Building, 7-B West Veli Street, Madurai 625 001
	Admn Office:	Madurai – 10 Jawahar Road, Madurai 625 002
	Uttarakhand :	Integrated Industrial Estate, SIDCUL, Pant Nagar, Rudrapur Tehsil, Kicha Dist 263 153
	Madurai:	Perumalpatti Road, Vellaripatti Village, Madurai District 625 122
	Narasingampatti Village,	Therkutheru, Melur Taluk, Madurai District 625 122
10	Markets served by the Company – Local / State / National / International	National / International

### Section B – Financial Details of the Company (as on 31.3.2017)

1. Paid up Capital (INR) Rs.7.66 Cr
2. Total turnover (INR) Rs.2130.84 Cr
3. Total Profit After Taxes (INR) Rs.155.33 Cr
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)  
The Company's total spending on CSR is 2% of the average profit after tax in the previous three financial years.
5. List of activities in which expenditure in 4 above has been incurred

## BUSINESS RESPONSIBILITY REPORT (Contd.)

### CSR Projects

Sl. No.	CSR Project	Sector in which the project is covered
1.	Strengthening Village Level Organization	Women Development, Tamil Nadu
2.	Intellectual Development	Education, Tamil Nadu
3.	Health	Health, Tamil Nadu
4.	Livelihood Enhancement	Livelihood, Tamil Nadu
5.	Environmental Development	Environment – Water & Sanitation, Tamil Nadu
6.	Livelihood Enhancement	Health and Nutrition, New Delhi
7.	Intellectual Development	Education and Employment, Tamil Nadu
8.	Protection of National Heritage	Art & Culture and Historical Importance, Tamil Nadu

### Section C – Other Details

1.	Does the Company have any Subsidiary Company / Companies?	Yes. TVS Srichakra Investments Limited
2.	Do the Subsidiary Company / Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Subsidiary Company do not participate, as most of the BR are handled by Parent Company
3.	Do any other entity / entities (e.g. suppliers, distributors etc) that the Company does business with participate in the BR initiatives of the Company ? If yes, then indicate the percentage of such entity / entities? (Less than 30%, 30-60%, more than 60%)	Not Applicable

### Section D – BR Information

#### 1. Details of Director / Directors responsible for BR

##### a) Details of the Director / Director responsible for implementation of the BR policy / policies

The Corporate Social Responsibility Committee comprises Ms Shobhana Ramachandhran as the Chairman and M/s P Vijayaraghavan and Rasesh R Doshi as members of the Committee.

The role of Corporate Social Responsibility Committee is as follows:

- formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company;
- recommending the amount of expenditure to be incurred on CSR activities of the Company;
- reviewing the performance of the Company in area of CSR;
- providing external and independent oversight and guidance on the environmental and social impact of how the Company conducts its business;
- monitoring CSR Policy of the Company from time to time;
- monitoring the implementation of the CSR projects or programmes or activities undertaken by the Company;

The Committee is responsible for the implementation of the CSR Policy of the Company.

The details of the Committee members are as follows

Name	Designation	DIN
Ms Shobhana Ramachandhran*	Managing Director	00273837
Mr P Vijayaraghavan	Director	00633205
Mr Rasesh R Doshi	Director	00538059

\* Chairman



## BUSINESS RESPONSIBILITY REPORT (Contd.)

### 2. Principle-wise (as per NVGs) BR policy / policies (Reply Y/N)

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

Sl. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relation
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed on line?	Certain policies are available in Company's website – <a href="http://www.tvstyres.com">www.tvstyres.com</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy / policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

Most of the above Policies are covered either under different name or under specific regulations like ISO – 50001:2009 EnMs certification for Environment and ISO – 9001:2008, ISO -14001:2004 and ISO/TS – 16949:2009 for Quality, etc.

## BUSINESS RESPONSIBILITY REPORT (Contd.)

b) If answer to S. No. 1 against any principle is “NO” please explain why (tick up to 2 options)

Sl. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relation
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles,	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-								
5	It is planned to be done within the next 1 year	Company will analyse the requirement of having separate policies for each one of the above and implement								
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

### 3. Governance related to BR

The Corporate Social Responsibility (CSR) Committee of the Company is responsible for formulating, implementing and monitoring the CSR Policy of the Company under the guidance of the Board. The Committee meets at least twice a year to review progress on various sustainability initiatives.

In line with the requirements of the Companies Act, 2013, your Company has also published the CSR Annual Report, which forms part of the Directors' Report of the Company

### SECTION E – Principle-wise performance

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

TVS Srichakra's (TSL) 'Code of Conduct' (CoC) in order to ensure ethics, transparency and accountability in all aspects of the business, and create value for its stakeholders through trust, integrity and credibility. All TSL employees are required to adhere to the CoC's requisites. It outlines good working norms, as well as the process to address any violations.

Whistle Blower Policy of the Company enable the Company's employees to raise concerns to the Management.

In the year 2016-17, no complaints were received with respect to the above policy.

The Company's Directors and Senior Management are required to abide by a separate CoC. Their affirmation to the CoC is communicated to all stakeholders by TSL's Managing Director, through a declaration in the Annual Report.

**BUSINESS RESPONSIBILITY REPORT (Contd.)**

The role of the CSR is, interalia, to review, monitor and provide strategic direction to the Company’s CSR objectives. The Committee seeks to guide the Company in integrating its social and environmental objectives with its business strategies and assists to support creation of sustainable livelihoods. The Committee formulates and monitors the CSR Policy and recommends to the Board the annual CSR Plan of the Company in terms of the Companies Act, 2013.

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

From	Received and resolved during the year 2016-17
Stakeholders	2
Customers	387

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

The Company endeavours to embed the principles of sustainability, as far as practicable, into the various stages of product or service life-cycle, including procurement of raw materials, service, manufacturing of product or delivery of goods.

It is important for your Company to manage the impacts of its product lifecycle for the success of TSL. The lifecycle of a product covers the entire value chain from sourcing of raw materials, to product manufacture, distribution till end user.

Lifecycle assessment (LCA) is one of the many techniques your Company uses to understand the impacts of its products on the environment.

The Company has aligned its policies and guidelines with the principles enunciated under the Business Responsibility Reporting framework on social, environmental and economic responsibilities of business. The context of the BR principles is embodied in the sustainability Policies and Code of Conduct adopted by the Company, implementation of which is ensured through well-established systems and processes across all its businesses.

Supply Chain sustainability initiative is covered under TSL’s ‘Total Productive Maintenance’ (TPM) initiative, which has helped to improve operational, human and cost efficiencies.

As a part of sustainable manufacturing, 3R principles (Reduce, Reuse, Recycle) are applied in waste reduction at our plants.

**Principle 3: Businesses should promote the wellbeing of all employees**

The health of its employees is a vital area of care and concern for the Company. Employee well-being is ensured through regular medical check-ups and other benefits provided in accordance with medical needs.

The Company has instituted processes and mechanisms to ensure that issues relating to sexual harassment are effectively addressed

1. Please indicate the total number of employees hired on temporary / contractual / casual basis – 3394
2. Please indicate the Number of permanent women employees - 12
3. Please indicate the Number of permanent employees with disabilities - 1
4. Do you have an employee association that is recognised by management - Yes.
5. What percentage of your permanent employees is members of this recognised employee association? – 100%
6. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year - Nil

## BUSINESS RESPONSIBILITY REPORT (Contd.)

7. What percentage of your under mentioned employees were given safety & skill up-gradation training, in the last year?

**A. Permanent Employees**

All Management staff are covered under safety, skill, health awareness programs and achieved 2.30 mandays for the financial year 2016-17

**B. Permanent Women Employees**

75% covered

**C. Casual / Temporary / Contractual Employees**

All Non-management staff are covered under safety inductions and awareness programs like health, skillet and achieved 1.33 mandays for the financial year 2016-17

**D. Employees with disabilities**

covered

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

The Policy on Stakeholder Engagement provides the approach for identifying and engaging with stakeholders that include shareholders, customers, employees, suppliers, communities, civil society, media and the government.

The Company believes that an effective stakeholder engagement process is necessary for achieving its sustainability goal of inclusive growth

The Company has put in place systems and procedures to identify, prioritise and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent and systematic manner

### SHAREHOLDERS AND INVESTORS

The Stakeholders Relationship Committee consists of Ms. Shobhana Ramachandhran, Mr. P Vijayaraghavan and Mr. V Ramakrishnan as its members. Mr. P Vijayaraghavan, is the Chairman of the Committee. The Committee met two times during the year.

Company Secretary is the Compliance Officer of the Committee

The Committee oversees and reviews all matters connected with share transfers, duplicate share certificate, and other issues pertaining to shares. The committee also looks into the redressal of investors grievances pertaining to transfer of shares, non-receipt of Balance Sheet, non-receipt of dividends etc., The Company, as a matter of policy, disposes investor complaints within a span of three days.

During the year, the Company has received two complaints and the same have been redressed satisfactorily

All the queries and complaints received during the financial year ended 31st March, 2017 were duly redressed and no queries were pending for resolution on this date.

All requests for dematerialization of shares were carried out within the stipulated period and no share certificate was pending for dematerialization.

### Principle 5 – Businesses should respect and promote human rights

The Company has Policies on Human Rights applicable to its employees and its value chains. The Policies and their implementation are directed towards adherence to applicable laws

There were no complaints on violation of human rights in 2016-17.

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

Your Company aims to ensure occupational health and safety in manufacturing and other related processes to achieve and sustain its goal of 'ZERO ACCIDENTS AND ZERO HEALTH HAZARDS'. To this effect, several safety awareness programs were periodically conducted for our employees and executives by industry experts. In addition to the above, your Company has also implemented increased visual controls for process dos & don'ts and strengthened the orientation

## **BUSINESS RESPONSIBILITY REPORT (Contd.)**

and induction training for all new employees, including contract employees. Unsafe conditions and near misses are monitored on a continual basis and safety measures are implemented to mitigate the risk. Workers are instructed to check their individual machines on safety aspects to detect unsafe conditions and initiate corrective action through the Department concerned.

### **Principle 7 – Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your Company a member of any trade and chamber or association? If yes, Name only those major ones that your business deals with.

Confederation of Indian Industry

Automotive Tyre Manufacturer Association

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No. If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, inclusive Development Policies, Energy security, Water, Food Security, sustainable Business Principles, others)

No

### **Principle 8 – Business should support inclusive growth and equitable development**

During the year 2016-17, based on the business requirement and training needs specific tailor made programs were conducted across the organisation. Especially specific focus was given to “Safety & Quality” Initiative’s and organisation wide awareness sessions were conducted for all employees.

As part of leadership development initiative, organized “LEAP”- Leadership Excellence Activation Program during the year 2016-17 covering 15 senior executives across all the functions using external resource person.

A series of behavioural programs on Safety & Quality organized from April’16 covering 2000 employees in association with Central Board of Workers Education & also using internal resources with a prime objective of creating awareness on safety and Quality.

An Exclusive training program on “Design of Experiments” organized covering 30 executives from MFG, R&D & Projects in April’16 and in continuation to the DOE Training, the follow up / review sessions with Senior Team organized. This session was facilitated by an external consultant.

An advanced program on “Stress Management” for women initiated from April’16. This program is being held on monthly basis and is being facilitated by Dr. Acha. 400 contract women employees covered till date.

As part of Skill development initiative, organized an exclusive training program on “MS” in March’17 in association with Thiagarajar School of Management covering 20 select executives from R&D, Projects & Transformation.

As part of Skill Development initiative, a series of workshop on “PLC Drive” organized for six days in Mar’17 covering 20 select executives from Projects & MFG in association with Siemens.

To create awareness on “Scrap Reduction”, a series of programs on “Scrap Reduction” organized at UKD Plant in Shop Floor from May’16 covering 111 employees. This was made as the regular program.

### **Principle 9 – Business should engage with and provide value to their customers and consumers in a responsible manner**

As an organisation which upholds and makes significant efforts to ensure good governance, the Company complies with all relevant laws of the land. The Company’s uncompromising commitment to providing world-class products and services to customers is supported by its concern for the safety of its customers / consumers. The Company’s overall approach on this vital aspect is guided by its Policy on ‘Product Responsibility’.

All businesses of the Company comply with all regulations and relevant voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.

# **INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

To  
The Members of TVS Srichakra Limited,  
Madurai

## **Report on the Standalone Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of M/s TVS Srichakra Limited, Madurai - 625001 ("the company"), which comprise the Balance Sheet as at 31st March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and Changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of Companies (Indian Accounting Standards) Rules, 2015.

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

## **Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

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

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

## Opinion

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

- a) of the state of affairs of the Company as at March 31, 2017; and
- b) its Profit for the year ended on that date (including other comprehensive income);
- c) its cash flows for the year ended on that date; and
- d) the changes in Equity for the year ended on that date

## Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in term of sub-section (11) of Section 143 of the Act, we give in the "Annexure-A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
  - e. On the basis of written representations received from the Directors as on March 31, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - B".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations furnished to us :
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements ( Refer Note No 31(C)(11) to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investors Education and Protection fund by the Company.
    - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes from November 08, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the Company.

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

**K S Narayanaswamy**  
Partner  
Membership No. 8593

Place : Madurai  
Date : 24.05.2017

**ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF  
TVS SRICHAKRA LIMITED, MADURAI FOR THE YEAR ENDED 31ST MARCH 2017**

**Annexure A referred to in our report under “Report on Other Legal and Regulatory requirements Para 1” of even date on the accounts for the year ended 31st March 2017.**

1. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) The title deeds of immovable properties of the Company are held in the name of the Company based on the confirmation received from the Company’s bank.
2. The inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.
3. During the year, the Company has not granted any loan to a company, firm, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. During the year, the Company has not granted any loan or has made any investments, furnished any guarantees or provided any security. Hence reporting on whether there is compliance with provisions of Section 185 and 186 of the Companies Act, 2013 does not arise.
5. The Company has not accepted any deposit within the meaning of Sections 73 to 76 of the Companies Act, 2013, during the year.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act 2013 and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other statutory dues applicable to it. According to the information and explanation given to us, there are no undisputed amounts payable in respect of Income Tax, Sales-Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31.03.2017 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the dues of Income tax, Sales Tax, Excise Duty and Service Tax which have not been deposited on account of any dispute are furnished below:

(Rs in Crores)

<b>Forum Where Dispute is pending</b>	<b>Income-tax</b>	<b>Sales Tax</b>	<b>Excise duty &amp; Service Tax</b>
High Court	-	-	0.34
Commissioner	-	-	10.58
Joint Commissioner	-	-	0.38
Joint Commissioner (Appeals)	-	0.58	-
Deputy Commissioner	-	0.08	0.04
Deputy Commissioner (Appeals)	-	0.02	-
Assistant Commissioner	-	24.76	0.18
Appellate Tribunal	-	-	2.53
Income Tax Office CPC (TDS)	1.30	-	-



8. The Company has not availed any term loan from banks or financial institutions during the year. Hence the question of reporting on default in repayment thereof does not arise. The Company has not defaulted in repayment of term loans from banks or financial institutions availed in earlier years.
9.
  - a) The company has not raised any money by the way of initial public offer or further public offers including debt instruments during the year. Hence reporting on utilization of such money does not arise.
  - b) The company has not availed any fresh term loan during the year. The loans availed in earlier years were applied for the purpose for which they were availed.
10. Based on the audit procedures adopted and information and explanations furnished to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations furnished to us, managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company and as such this clause of the Order is not applicable.
13.
  - a) In our opinion and according to the information and explanations furnished to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013.
  - b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer Note no 31(C)(7) to Financial statements.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under Section 42 of the Companies Act, 2013.
15. In our opinion and according to the information and explanations furnished to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them.
16. The Company is not required to register under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**K S Narayanaswamy**  
Partner  
Membership No.: 8593

Place : Madurai  
Date : 24.05.2017

## **ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF TVS SRICHAKRA LIMITED, MADURAI FOR THE YEAR ENDED 31ST MARCH 2017**

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

We have audited the internal financial controls over financial reporting of TVS Srichakra Limited, Madurai (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (hereinafter “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that;

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on;

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

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

**K S Narayanaswamy**  
Partner

Membership No. : 8593

Place : Madurai  
Date : 24.05.2017

# STANDALONE BALANCE SHEET AS ON 31ST MARCH 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Note	Rs. in Crores		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>I. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, Plant and Equipment	1	497.49	356.40	261.46
(b) Capital work-in-progress		62.57	43.09	14.17
(c) Other Intangible assets	2	8.60	2.76	2.98
(d) Intangible assets under development		-	0.85	4.23
<b>(e) Financial Assets</b>				
(i) Investments	3	46.81	44.92	32.01
(ii) Loans	4	44.50	44.86	36.52
(iii) Others	5	17.33	20.85	21.89
(f) Other non-current assets	6	35.43	28.43	24.55
<b>2 Current assets</b>				
(a) Inventories	7	411.78	207.93	209.84
<b>(b) Financial Assets</b>				
(i) Trade receivables	8	203.57	173.90	177.83
(ii) Cash and cash equivalents	9	1.69	3.26	5.20
(iii) Bank balances other than (ii) above	9	7.68	9.04	4.22
(iv) Others	10	4.49	0.67	-
(c) Current Tax Assets (Net)		4.23	0.60	-
(d) Other Current Assets	11	58.43	37.67	25.27
TOTAL ASSETS		<b>1,404.60</b>	<b>975.23</b>	<b>820.17</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity Share capital	12	7.66	7.66	7.66
(b) Other Equity	13	567.32	410.64	300.32
<b>2. Liabilities</b>				
<b>2.1 Non-current liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	14	23.75	43.97	88.89
(ii) Other financial liabilities (other than those specified above)	15	83.57	82.02	14.91
(b) Provisions	16(b)	5.88	3.87	7.71
(c) Deferred tax liabilities (Net)	17	36.78	27.60	15.46
(d) Other Non-current liabilities	18	6.07	6.39	0.30
<b>2.2 Current liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	19	276.14	86.57	102.07
(ii) Trade payables	20	201.00	113.72	129.39
(iii) Other financial liabilities (other than those specified above)	21	188.66	186.48	138.92
(b) Other current liabilities	22	4.96	3.74	12.09
(c) Provisions	16(a)	2.81	2.57	0.52
(d) Current Tax Liabilities (Net)	23	-	-	1.93
TOTAL EQUITY AND LIABILITIES		<b>1,404.60</b>	<b>975.23</b>	<b>820.17</b>
Significant Accounting Policies & Notes to Financial Statement	31			

**SHOBHANA RAMACHANDHRAN**

*Managing Director*

DIN : 00273837

**R NARESH**

*Executive Vice Chairman*

DIN : 00273609

As per our report attached

For **SUNDARAM & SRINIVASAN**

*Chartered Accountants*

Firm Registration No.004207S

**K S NARAYANASWAMY**

*Partner*

Membership No. : 8593

Place : Madurai

**K P RANGARAJ**

*Chief Financial Officer*

**P SRINIVASAN**

*Secretary*

Date : 24.05.2017

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Note	Rs. in Crores	
		Year ended 31.3.2017	Year ended 31.3.2016
I Revenue from operations	24	<b>2,130.84</b>	2,103.05
II Other income	25	<b>9.81</b>	22.52
III <b>Total Income (I + II)</b>		<b><u>2,140.65</u></b>	<u>2,125.57</u>
IV <b>Expenses:</b>			
Cost of materials consumed	26	<b>1,141.16</b>	1,052.06
Purchase of Stock-in-trade		<b>1.77</b>	3.77
Changes in inventories of finished goods, Stock-in-Trade and Work-in-progress	27	<b>(54.14)</b>	(15.93)
Excise duty		<b>170.42</b>	177.82
Employee benefits expense	28	<b>222.36</b>	201.55
Finance costs	29	<b>20.13</b>	15.75
Depreciation and amortization expense	1&2	<b>55.67</b>	42.32
Other expenses	30	<b>366.57</b>	361.24
<b>Total expenses</b>		<b><u>1,923.94</u></b>	<u>1,838.58</u>
V Profit before exceptional items and tax (III-IV)		<b>216.71</b>	286.99
VI Exceptional items		-	-
VII Profit before tax (V - VI)		<b>216.71</b>	286.99
VIII Tax Expense:			
(1) Current Tax		<b>52.50</b>	85.27
(2) Deferred Tax		<b>8.88</b>	4.77
IX Profit for the period from continuing operations (VII-VIII)		<b>155.33</b>	196.95
X Profit from discontinued operations		-	-
XI Tax expense of discontinued operations		-	-
XII Profit from discontinued operations (after tax) (X-XI)		-	-
XIII Profit for the period (IX+XII)		<b>155.33</b>	196.95
XIV Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		<b>1.65</b>	(0.28)
(ii) Income tax relating to items that will not be reclassified to profit or loss		<b>(0.30)</b>	0.09
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit and Other Comprehensive Income for the period)		<b><u>156.68</u></b>	<u>196.76</u>
XVI Earnings per equity share (for continuing operation): (in Rs.)			
- Basic & Diluted		<b>202.86</b>	257.21
XVII Earnings per equity share (for discontinued operation): (in Rs.)			
- Basic & Diluted		-	-
XVIII Earnings per equity share (for discontinued & continuing operations) (in Rs.)			
- Basic & Diluted		<b>202.86</b>	257.21

**SHOBHANA RAMACHANDHRAN**

*Managing Director*

DIN : 00273837

**R NARESH**

*Executive Vice Chairman*

DIN : 00273609

As per our report attached

For **SUNDARAM & SRINIVASAN**

*Chartered Accountants*

Firm Registration No.004207S

**K S NARAYANASWAMY**

*Partner*

Membership No. : 8593

Place : Madurai

**K P RANGARAJ**

*Chief Financial Officer*

**P SRINIVASAN**

*Secretary*

Date : 24.05.2017

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 ST MARCH 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

	Rs. in Crores	
	31.3.2017	31.3.2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	216.71	286.99
Adjustments for :		
Depreciation	55.67	42.32
Finance Costs	20.13	15.75
Loss/(Gain) due to Exchange rate fluctuations	1.30	(2.34)
Interest received	(9.07)	(2.61)
Deferred Government Grant	(0.02)	(0.01)
Advances written off	0.86	-
(Profit) / loss on Sale of Assets	0.01	-
Bad debts	0.01	1.06
Profit on sale of Investments	-	(16.37)
Changes in Fair Value of Financial Assets	4.41	1.51
Assets Condemned	-	0.05
Non operating income	(0.74)	(1.20)
	<u>72.56</u>	<u>38.16</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>289.27</b>	<b>325.15</b>
Adjustments for :		
Trade Receivables	(29.67)	2.87
Other Receivables	(33.45)	29.47
Inventories	(203.85)	1.91
Trade and other payables	96.50	103.17
	<u>(170.47)</u>	<u>137.42</u>
Cash Generated From Operations	<b>118.80</b>	<b>462.57</b>
Direct taxes paid	<b>56.13</b>	<b>87.80</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>62.67</b>	<b>374.77</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Property, Plant & Equipment	(220.19)	(165.00)
Proceeds from disposal of assets	0.03	-
Other Equity	(0.01)	(42.34)
Investments Sold off	-	45.80
Grant Received	-	0.30
Purchase of Debentures	-	(42.36)
Non operating income	0.74	1.20
Interest received	5.25	1.94
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(214.18)</b>	<b>(200.46)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(20.47)	(15.66)
Proceeds/ (Repayment) from short term borrowings	189.57	(15.50)
Proceeds/(Repayment) of long term borrowings	(20.52)	(53.83)
Dividend & Dividend tax paid	-	(86.44)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES: (C)</b>	<b>148.58</b>	<b>(171.43)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(2.93)</b>	<b>2.88</b>
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	<b>12.30</b>	<b>9.42</b>
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>9.37</b>	<b>12.30</b>

**SHOBHANA RAMACHANDHRAN**

*Managing Director*

DIN : 00273837

**R NARESH**

*Executive Vice Chairman*

DIN : 00273609

As per our report attached

For **SUNDARAM & SRINIVASAN**

*Chartered Accountants*

Firm Registration No.004207S

**K S NARAYANASWAMY**

*Partner*

Membership No. : 8593

Place : Madurai

**K P RANGARAJ**

*Chief Financial Officer*

**P SRINIVASAN**

*Secretary*

Date : 24.05.2017

## STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Equity Share Capital Paid-up	Reserves and Surplus					Other Comprehensive Income	Total
		Capital Reserve	Securities Premium Account	General Reserve	Amalgamation Reserve	Retained Earnings		
<b>Balance as at April 1, 2015</b>	7.66	0.01	0.93	31.01	0.46	267.91	-	307.98
Profit for the year ended March 31, 2016	-	-	-	-	-	196.95	-	196.95
Other Comprehensive Income for the year ended March 31 2016 net of taxes (excluding actuarial gain/ losses given below)	-	-	-	-	-	-	-	-
Re-measurements of post employment benefit obligation (net of tax)	-	-	-	-	-	-	(0.19)	(0.19)
Total	-	-	-	-	-	196.95	(0.19)	196.76
Add/ Less:								
Dividends	-	-	-	-	-	-	-	-
Final Dividend Paid	-	-	-	-	-	(25.88)	-	(25.88)
Interim Dividend Paid	-	-	-	-	-	(45.94)	-	(45.94)
Dividend Distribution Tax Paid	-	-	-	-	-	(14.62)	-	(14.62)
<b>Balance as at March 31, 2016</b>	7.66	0.01	0.93	31.01	0.46	378.42	(0.19)	418.30
Profit for the year ended March 31, 2017	-	-	-	-	-	155.33	-	155.33
Other Comprehensive Income for the year ended March 31, 2017, net of taxes, (excluding actuarial gain/ losses, given below)	-	-	-	-	-	-	-	-
Re-measurements of post employment benefit obligation & fair Valuation of Investments (net of tax)	-	-	-	-	-	-	1.35	1.35
Total	-	-	-	-	-	155.33	1.35	156.68
Add/Less:								
Dividends	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2017</b>	7.66	0.01	0.93	31.01	0.46	533.75	1.16	574.98

## SCHEDULES TO BALANCE SHEET AS ON 31ST MARCH 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 1. Property, Plant and Equipment

The following table presents the changes in PPE during the year March 31, 2017

Particulars	Original cost			Depreciation			Net book value		
	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at March 31, 2016
Freehold Land	1.96	35.12	-	37.08	-	-	-	37.08	1.96
Building	99.07	45.17	-	144.24	3.88	4.90	-	135.46	95.19
Plant and Machinery	209.75	77.41	-	287.16	23.82	32.76	-	230.58	185.93
Furniture and Fittings	3.19	3.28	-	6.47	0.45	0.58	-	5.44	2.74
Vehicles	1.13	0.19	0.04	1.28	0.15	0.16	-	0.97	0.98
Official equipment	4.28	3.31	-	7.59	1.41	1.83	-	4.35	2.87
Others (electrical)	77.66	30.73	-	108.39	10.93	13.85	-	83.61	66.73
<b>Total Gross Block</b>	<b>397.04</b>	<b>195.21</b>	<b>0.04</b>	<b>592.21</b>	<b>40.64</b>	<b>54.08</b>	<b>-</b>	<b>497.49</b>	<b>356.40</b>

The following table presents the changes in PPE during the year March 31, 2016

Particulars	Original cost*			Depreciation			Net book value		
	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at March 31, 2015
Freehold Land	1.96	-	-	1.96	-	-	-	1.96	1.96
Building	71.76	27.31	-	99.07	-	3.88	-	95.19	71.76
Plant and Machinery	131.45	78.74	0.44	209.75	-	23.82	-	185.93	131.45
Furniture and Fittings	2.12	1.07	-	3.19	-	0.45	-	2.74	2.12
Vehicles	0.98	0.19	0.04	1.13	-	0.15	-	0.98	0.98
Official equipment	3.09	1.46	0.27	4.28	-	1.41	-	2.87	3.09
Others (electrical)	50.10	27.56	-	77.66	-	10.93	-	66.73	50.10
<b>Total Gross Block</b>	<b>261.46</b>	<b>136.33</b>	<b>0.75</b>	<b>397.04</b>	<b>-</b>	<b>40.64</b>	<b>-</b>	<b>356.40</b>	<b>261.46</b>

\* Note : Figures as at April 1, 2015 is deemed cost



## SCHEDULES TO BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 2. Intangible Asset

The following table presents the changes in PPE during the year March 31, 2017

Particulars	Original cost			Amortisation			Net book value		
	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at March 31, 2016
Computer software	4.44	7.43	-	11.87	1.68	1.59	-	8.60	2.76
<b>Total</b>	<b>4.44</b>	<b>7.43</b>	<b>-</b>	<b>11.87</b>	<b>1.68</b>	<b>1.59</b>	<b>-</b>	<b>8.60</b>	<b>2.76</b>

The following table presents the changes in PPE during the year March 31, 2016

Particulars	Original cost*			Amortisation			Net book value		
	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at March 31, 2015
Computer software	2.98	1.46	-	4.44	-	1.68	-	2.76	2.98
<b>Total</b>	<b>2.98</b>	<b>1.46</b>	<b>-</b>	<b>4.44</b>	<b>-</b>	<b>1.68</b>	<b>-</b>	<b>2.76</b>	<b>2.98</b>

\* Note : Figures as at April 1, 2015 is deemed cost

## NOTES TO STANDALONE BALANCE SHEET AS ON 31ST MARCH 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>3. Investments (Non-current Financial Assets)</b>			
<b>Investment in equity of others - Unquoted</b>			
<b>Subsidiaries:</b>			
TVS Europe Distribution Ltd	-	-	29.43
TVS Srichakra Investments Ltd	2.05	2.05	2.05
<b>Associate:</b>			
Van Leeuwen Tyres and Wheels BV	0.09	0.09	0.09
<b>Others:</b>			
Sai Regency Power Corporation Private Limited	0.15	0.15	0.15
Myrtah Vayu Manijra Private Limited	0.45	0.45	0.38
Coromandel Electricity Private Limited	0.01	-	-
<b>Investment in preference shares - Unquoted</b>			
<b>Others:</b>			
TVS Automobile Solutions Private Limited (Compulsory Convertible Preference Shares)	41.89	40.01	-
<b>Other Investments - Deemed Equity</b>			
Fair valuation of equity option in convertible debentures issued by TVS Srichakra Investments Ltd.	2.26	2.26	-
<b>Total</b>	<b>46.90</b>	<b>45.01</b>	<b>32.10</b>
Less: Provision for diminution in value of investments	(0.09)	(0.09)	(0.09)
<b>Total</b>	<b>46.81</b>	<b>44.92</b>	<b>32.01</b>
<b>4. Loans - Non-current Financial Assets (Unsecured Considered Good)</b>			
11% optional convertible debentures	42.61	42.36	-
Advance to related parties	-	-	34.59
Employee advances	1.89	2.50	1.93
<b>Total</b>	<b>44.50</b>	<b>44.86</b>	<b>36.52</b>
<b>5. Other financial asset - Non-current Financial Assets</b>			
Derivative Asset on Loan Swap	8.05	14.59	16.10
Security Deposits	9.28	6.26	5.79
<b>Total</b>	<b>17.33</b>	<b>20.85</b>	<b>21.89</b>
<b>6. Other non current assets</b>			
Capital advance	14.68	16.62	14.25
Prepaid expenses	16.38	7.05	5.15
Lease prepayments	4.37	4.76	5.15
<b>Total</b>	<b>35.43</b>	<b>28.43</b>	<b>24.55</b>

## NOTES TO STANDALONE BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

		Rs. in Crores		
	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>7.</b>	<b>Inventories</b>			
	Raw material and components	255.55	108.22	124.59
	Work in progress	22.39	14.06	12.11
	Finished goods	125.18	79.01	65.24
	Stock in trade	0.15	0.51	0.30
	Stores and spares	8.51	6.13	7.60
	<b>Total</b>	<b>411.78</b>	<b>207.93</b>	<b>209.84</b>
<b>8.</b>	<b>Trade receivables</b>			
	Outstanding for a period exceeding 6 months from due date - Unsecured, considered good	0.02	0.09	3.08
	Other Debts - Considered good	203.55	173.81	174.75
		<b>203.57</b>	<b>173.90</b>	<b>177.83</b>
	Less: Allowance for doubtful receivables	-	-	-
	<b>Total</b>	<b>203.57</b>	<b>173.90</b>	<b>177.83</b>
	<b>Age of Receivable:</b>			
	Within the credit period	166.16	145.73	143.09
	1-30 days past due	25.61	19.71	23.02
	31-90 days past due	9.94	8.46	7.46
	More than 90 days past due	1.86	-	4.26
	<b>Total</b>	<b>203.57</b>	<b>173.90</b>	<b>177.83</b>
<b>9.</b>	<b>Cash and bank balances</b>			
	Cash & Cash Equivalents			
	a) Balance with banks			
	(i) in current accounts	1.27	1.06	4.39
	(ii) deposit	0.01	1.77	-
	(iii) Margin money deposit	0.01	0.01	0.01
	b) Cheques on hand	-	-	-
	c) Cash on hand	0.40	0.42	0.80
	(a)	<b>1.69</b>	<b>3.26</b>	<b>5.20</b>
	Other bank balances			
	(i) Bank deposits*	4.42	4.42	2.67
	(ii) Unpaid dividend	3.26	4.62	1.55
	(b)	<b>7.68</b>	<b>9.04</b>	<b>4.22</b>
	* Balances in deposits accounts subject to lien in favour of banks for obtaining bank guarantees/letter of credits			
<b>10.</b>	<b>Other financial assets</b>			
	Interest accrued on debentures	4.49	0.67	-
	<b>Total</b>	<b>4.49</b>	<b>0.67</b>	<b>-</b>

## NOTES TO STANDALONE BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Rs. in Crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>11. Other current assets</b>			
Balance with service tax and sales tax authorities	25.69	11.78	15.73
Prepaid expenses	1.88	2.15	3.63
Lease prepayments	0.39	0.39	0.39
Others	-	-	0.30
(a)	<b>27.96</b>	14.32	20.05
Advances recoverable in cash or in kind for value to be received	30.47	23.35	5.22
less: provision for doubtful advances	-	-	-
(b)	<b>30.47</b>	23.35	5.22
<b>Total (a) + (b)</b>	<b>58.43</b>	<b>37.67</b>	<b>25.27</b>
<b>12. Equity share capital</b>			
Authorised (1,00,00,000 equity shares at Rs.10 each)	10.00	10.00	10.00
Subscribed and fully paid up (76,57,050 equity shares at Rs.10 each)	7.66	7.66	7.66
<b>Total</b>	<b>7.66</b>	<b>7.66</b>	<b>7.66</b>

### Reconciliation of number of shares in the beginning and at end of the year

	UOM	Outstandng at beginning of the Year	Outstandng at end of the Year
As at March 31, 2017			
- Number of Shares	Nos in '000	7657.05	7657.05
- Amount of Shares	Rs. in Crores	7.66	7.66
As at March 31, 2016			
- Number of Shares	Nos in '000	7657.05	7657.05
- Amount of Shares	Rs. in Crores	7.66	7.66
As at March 31, 2015			
- Number of Shares	Nos in '000	7657.05	7657.05
- Amount of Shares	Rs. in Crores	7.66	7.66

### Shareholding more than 5 % of the shares of the Company

Name of the Company	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
T.V. Sundram Iyengar & Sons Private Limited	27.73%	27.73%	27.73%
Sundaram Industries Private Limited	9.79%	9.79%	9.79%

Rights, preferences and restrictions attached to shares -

Equity shares - The Company has one class of equity shares having a par value of Rs.10/- each. 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. Each shareholder also has a residual interest in the assets of the Company in proportion to their shareholding.

**NOTES TO STANDALONE BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)**

(All amounts are stated in Rupees in Crores unless otherwise stated)

		<b>Rs. in Crores</b>		
Particulars	<b>As at March 31, 2017</b>	As at March 31, 2016	As at April 1, 2015	
<b>13. Other Equity</b>				
<b>Reserves and Surplus</b>				
<b>Securities premium</b>	<b>0.93</b>	0.93	0.93	
<b>General reserve</b>	<b>31.01</b>	31.01	31.01	
<b>Capital reserve</b>	<b>0.01</b>	0.01	0.01	
<b>Reserve on amalgamation</b>	<b>0.46</b>	0.46	0.46	
<b>Surplus</b>				
Opening balance	<b>378.42</b>	267.91		
Profit for the year	<b>155.33</b>	196.95		
Less : Appropriations				
Final Dividends paid		(25.88)		
Interim Dividends paid		(45.94)		
Dividend distribution tax paid		(14.62)		
Closing balance	<b>533.75</b>	378.42	267.91	
<b>Other Comprehensive Income</b>				
Opening Balance	<b>(0.19)</b>			
Actuarial Gain/(Loss) on Employee benefit schemes (net of taxes)	<b>(0.15)</b>	(0.19)		
Fair Valuation of Investments	<b>1.50</b>			
Closing Balance	<b>1.16</b>	(0.19)	-	
<b>Total</b>	<b>567.32</b>	410.64	300.32	
<b>14. Borrowings</b>				
<b>Term loans</b>				
<b>Secured</b>				
From banks	<b>23.75</b>	43.97	88.89	
From others	-	-	-	
<b>Total</b>	<b>23.75</b>	43.97	88.89	

**Additional Information:**

**Details of Security for Secured Loans:**

- A) Term Loan Availed from State Bank of India is secured by (a) exclusive first charge on the assets created out of the term loans including (1) Equitable Mortgage of Lease hold rights over 28424 Sq mt plot of land, Plot No 7, Sector I, Industrial Area, I.I.E Pant Nagar, Uttam Singh Dist, Uttarakhand and Buildings thereon, belonging to the Company and (2) Equitable mortgage over Land (1.90 acres) and Building at Survey No.519/1B2, located at Narasingampatti Village, Madurai & (b) second charge on the entire current assets of the Company.
- B) Term Loan from DBS Bank is secured by hypothecation of Specific Plant & Machinery located at Vellaripatti Village, Madurai.

## NOTES TO STANDALONE BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

		Rs. in Crores		
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
<b>15. Other Financial Liabilities</b>				
Security deposit	83.57	82.02	14.91	
<b>Total</b>	<b>83.57</b>	<b>82.02</b>	<b>14.91</b>	
<b>16. Provisions</b>				
Short term provisions for employee benefits				
Gratuity	1.78	1.91	-	
Compensated absences	1.03	0.66	0.52	
(a)	<b>2.81</b>	<b>2.57</b>	<b>0.52</b>	
Long term provisions for employee benefits				
Gratuity	-	0.41	2.93	
Compensated absences	5.88	3.46	4.78	
(b)	<b>5.88</b>	<b>3.87</b>	<b>7.71</b>	
<b>17. Deferred Tax Liability</b>				
i) Deferred Tax Liability				
a) On Account of Depreciation on Fixed Assets	40.15	30.05	24.84	
b) On account of timing Differences in Recognition of Expenditure	(3.42)	(2.47)	(2.18)	
c) On account of Ind AS fair value adjustments	0.05	0.02	0.26	
ii) MAT Credit Entitlement	-	-	(7.46)	
<b>Total</b>	<b>36.78</b>	<b>27.60</b>	<b>15.46</b>	
<b>18. Other non current liabilities</b>				
Deferred Government Grant (Capital Subsidy)	0.27	0.29	0.30	
Deferred Income	5.80	6.10	-	
<b>Total</b>	<b>6.07</b>	<b>6.39</b>	<b>0.30</b>	
<b>19. Borrowings (short term)</b>				
Secured				
(a) Loans repayable on demand from banks	276.14	86.57	102.07	
<b>Total</b>	<b>276.14</b>	<b>86.57</b>	<b>102.07</b>	

### Additional Information

#### a. Details of Security for Secured Loans

Working Capital facilities availed from State Bank of India are secured by a first charge by way of hypothecation of Stock of Raw Materials, Stores, Work in Progress, Finished goods and Book Debts. Working Capital facilities are also secured through a second charge on the assets created out of the term loans including: (1) EM of Lease hold rights over 28424 Sq mt plot of land, Plot No.7, Sector I, Industrial Area, I.I.E, Pant Nagar, Uttam Singh Dist and buildings thereon, Uttrakhand belonging to the Company and (2) EM over Land [1.90 acres] and Buildings at S No. 519 / 1B 2 Narasingampatti Village, Therkuthuru, Melur Taluk, Madurai District belonging to the Company.

**NOTES TO STANDALONE BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)**

(All amounts are stated in Rupees in Crores unless otherwise stated)

		<b>Rs. in Crores</b>		
Particulars	<b>As at March 31, 2017</b>	As at March 31, 2016	As at April 1, 2015	
<b>20. Trade payables</b>				
Towards purchase of goods and services				
i) To Micro Small and Medium Enterprises	-	-	-	
ii) Others	<b>201.00</b>	113.72	129.39	
<b>Total</b>	<b>201.00</b>	113.72	129.39	
<b>21. Other financial liabilities</b>				
Capital creditors	<b>15.34</b>	10.27	5.17	
Current maturities of long term debt	<b>14.76</b>	14.76	29.47	
Interest accrued but not due on borrowings	<b>0.65</b>	0.99	0.90	
Unpaid dividends	<b>3.26</b>	4.62	1.55	
	(a) <b>34.01</b>	30.64	37.09	
Other creditors	(b) <b>154.65</b>	155.84	101.83	
<b>Total (a) + (b)</b>	<b>188.66</b>	186.48	138.92	
<b>22. Other current liabilities</b>				
Advances from customers	<b>3.86</b>	2.80	11.03	
Statutory payables	<b>1.10</b>	0.94	1.06	
<b>Total</b>	<b>4.96</b>	3.74	12.09	
<b>23. Current Tax Liabilities</b>				
Provision for Income Tax (Net of Advances)	-	-	1.93	
<b>Total</b>	-	-	1.93	

## NOTES TO STANDALONE BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Rs. in Crores	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>24. Revenue from operations</b>		
Sale of products	2,116.00	2,086.42
Other Operating Revenue	14.84	16.63
<b>Total</b>	<b>2,130.84</b>	<b>2,103.05</b>
<b>25. Other income</b>		
Interest income from subsidiary	5.22	0.67
Interest Income from bank deposits	1.09	1.92
Interest income from others	2.76	0.02
Exchange Rate Fluctuation gain (Net)	-	2.34
(a)	<b>9.07</b>	4.95
Profit on sale of Investments	-	16.37
Other non-operating income (net of expenses directly attributable to such income)	0.74	1.20
(b)	<b>0.74</b>	17.57
<b>Total (a) + (b)</b>	<b>9.81</b>	<b>22.52</b>
<b>26. Cost of materials consumed</b>		
Opening Stock	108.22	124.59
Add: Purchase [(includes processing charges Rs 62.53 Cr (Previous year Rs 44.31 Cr)]	1,288.49	1,035.69
<b>Total</b>	<b>1,396.71</b>	1,160.28
Less Closing Stock	255.55	108.22
Cost of Materials consumed	<b>1,141.16</b>	<b>1,052.06</b>
<b>27. Changes in inventories of finished goods work-in-progress and Stock-in-Trade</b>		
Opening Stock of Finished goods & Traded goods	79.52	65.54
Opening Stock of Work in progress	14.06	12.11
Closing Stock of Finished goods & Traded Goods	125.33	79.52
Closing Stock of Work in progress	22.39	14.06
(Increase) / Decrease in Finished goods & Traded Goods	(45.81)	(13.98)
(Increase) / Decrease in Work in progress	(8.33)	(1.95)
Total (Increase) / Decrease in Stock	<b>(54.14)</b>	<b>(15.93)</b>



## NOTES TO STANDALONE BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Rs. in Crores	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>28. Employee benefit</b>		
(a) Salaries and wages	174.81	153.83
(b) Contributions to -		
(i) Superannuation Fund	0.89	0.78
(ii) Gratuity fund contributions *	2.48	1.68
(iii) Provident Fund and other funds	10.45	9.20
(c) Remuneration to Whole Time Directors	15.52	17.45
(d) Staff welfare expenses **	18.21	18.61
<b>Total</b>	<b>222.36</b>	<b>201.55</b>
* Excludes Actuarial Gain/Loss on account of Gratuity.		
** Excludes Actuarial Gain/Loss on account of Leave Salary		
<b>29. Finance costs</b>		
Interest expense	19.81	14.42
Other borrowing cost (including letter of credit and bill discounting charges)	0.32	1.33
<b>Total</b>	<b>20.13</b>	<b>15.75</b>
<b>30. Other expenses</b>		
Consumption of Stores & Spares	57.02	52.98
Power & Fuel	83.13	74.66
Repairs to building	2.04	2.04
Repairs to machinery	6.51	5.21
Repairs Others	0.37	0.26
Insurance	3.60	3.35
Rates & taxes	6.93	17.57
Telephone & Internet Charges	1.48	1.43
Travelling Expense	11.70	12.85
Exchange Rate Fluctuation Loss (Net)	1.30	-
Bank charges	1.60	1.58
Advertisement and sales Promotion	42.83	50.43
CSR Activities	3.12	1.56
Freight Out	72.73	67.01
Advance written off	0.86	-
Bad Debts	0.01	1.06
Loss on Sale of Fixed Assets (Net)	0.01	-
Assets condemned	-	0.05
Commission to non Whole Time Directors	0.80	0.80
Director's sitting fees	0.07	0.07
Rent & Lease rentals	22.68	19.46
Audit Fees		
a) Audit fees	0.15	0.15
b) Others	0.08	0.08
Donation	0.04	1.03
Consultancy	26.06	23.17
Warranty Claims	16.51	19.56
Other expenses	4.94	4.88
<b>Total</b>	<b>366.57</b>	<b>361.24</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### 31. Corporate Information, Significant Accounting Policies & Notes to the Financial Statements

#### A. Corporate Information

TVS Srichakra Limited ('TSL' or 'the Company') is a public limited company domiciled and incorporated in India having its registered office at TVS Building, 7-B West Veli Street, Madurai 625001. The Company's shares are listed and traded on Stock Exchanges in India. The Company is engaged in the business of two-wheeler, three-wheeler and other industrial tyre manufacturing.

#### B. Significant Accounting Policies

##### 1 Basis of preparation

The Ministry of Corporate Affairs ('the MCA'), Government of India in exercise of the powers conferred by Section 133 read with Section 469 of the Companies Act, 2013 (The 'Act') and sub-section 1 of Section 210A of the Companies Act, 1956 ('The Erstwhile Act') in consultation with National Advisory Committee on Accounting Standards vide G.S.R. 111(E) dated 15th February, 2015 notified rules called Companies (Indian Accounting Standard) Rules, 2015 effective April 1, 2015. The MCA wide notification GSR 111(E) dated March 30, 2016 issued certain amendments to Ind AS vide Companies (Indian Accounting Standards) Amendment Rules 2016. The MCA wide notification GSR 404(E) dated April 6, 2016 introduced amendments to Schedule III of the Act, requiring companies to prepare the financial statements in compliance with Companies (Indian Accounting Standards) Rules, 2015.

The Company vide its Board resolution dated 18.04.2016 resolved to adopt Ind AS in preparation of financial statements for the year ended March 31, 2017, considering that this company is a consolidating entity to M/s.T V Sundram Iyengar & Sons Private Limited, which mandatorily has to prepare Consolidated Financial Statements under Ind AS. Pursuant to the above resolution and rules framed by MCA, the Company has prepared its financial statements as per Ind AS for the year ended March 31, 2017 with April 1, 2015 being the date of transition.

The comparative figures in the Balance Sheet as at March 31, 2016 and April 1, 2015 and Statement of Profit and Loss and Statement of Cash Flow for the year ended March 31, 2016 have been restated accordingly.

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. GAAP comprises of Indian Accounting Standards as specified in Section 133 of the Act read together with Rule 4 of Companies (Indian Accounting Standard) Amendment Rules, 2016 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 an going concern 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 31(B)(24). Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation 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.

##### 2 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, 2017 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on 24.05.2017. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 31(B)(5) for the details of first-time adoption exemptions availed by the Company.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

### 3 Basis of measurement

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

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

### 4 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 Crores (Cr) with two decimals except where otherwise indicated.

### 5 First - time adoption of Ind AS - Mandatory Exceptions and Optional Exemptions

#### (i) Overall principle:

The Company has prepared the Balance Sheet as per Ind AS as of April 1, 2015, the transition date (Opening Ind AS Balance Sheet) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

#### (ii) Exceptions to retrospective application of other Ind AS

- i. Estimates: The Company has not made any changes to estimates made in accordance with Previous GAAP.
- ii. Ind AS 109 – Financial instruments (Derecognition of previously recognised financial assets/liabilities) - The Company has applied the Derecognition requirements prospectively.
- iii. Ind AS 109 – Financial instruments (Hedge accounting) – The Company has not designated any hedge retrospectively.
- iv. Ind AS 109 (financial instruments classification and measurement of financial asset) - The Company has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial asset and accordingly has classified and measured financial assets on the date of transition.
- v. Ind AS 109 financial instruments (impairment of financial assets)- The Company has applied impairment requirements retrospectively.
- vi. Ind AS 109 – Embedded derivatives - The Company does not have any embedded derivative on the transition date.
- vii. Financial instruments – government loans - The Company did not avail any Government loan as on the date of transition and hence the requirements of Ind AS 109, in this regard does not arise.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### (iii) Exemptions from retrospective application of IND AS

- i. Ind AS 103 Business combination:  
The Company has elected not to apply Ind AS 103 to business combinations that occurred before the date of transition to Ind AS.
- ii. Ind AS 102 share based payment:  
The Company does not have any share based payment on the transition date hence the requirements of Ind AS 102, in this regard does not arise.
- iii. Ind AS 104 Insurance contracts:  
The Company does not have any insurance contracts on the transition date hence the requirements of Ind AS 104, in this regard does not arise.
- iv. Ind AS 16 Property, Plant and equipment/Ind AS 38 Intangible asset:  
The Company has elected to continue with the carrying amount for all of its PPE, intangible asset measured as per Previous GAAP and use that as deemed cost as at the date of transition. The Company does not have any decommissioning liability as on transition date.
- v. Ind AS 17 Leases  
The Company has assessed all arrangements based on conditions existing as at the date of transition.
- vi. Ind AS 21 Cumulative Translation Differences on Foreign Operations:  
The Company does not have foreign operation and hence this exemption does not apply to the Company.
- vii. Long term foreign currency monetary item:  
The Company did not adopt the policy of amortising exchange differences on long term foreign currency monetary items and hence this exemption does not apply.
- viii. Ind AS 27 Separate financial statements  
The Company has elected to measure its investment in subsidiaries at cost determined in accordance with Ind AS 27 i.e. Original cost of investment in subsidiaries.
- ix. Ind AS 32 financial instruments presentation  
The Company has not issued any compound financial instruments and hence this exemption does not apply to the Company.
- x. Ind AS 109 financial instruments  
The Company has designated unquoted equity instruments in companies other than subsidiaries as at FVTOCI, based on the assessment made on the date of transition to Ind AS.
- xi. Ind AS 105 Non-Current Assets held for Sale and Discontinued Operations:  
The Company does not have any non-current asset/disposal group to be classified as held for sale. Hence, this exemption is not applicable to the Company.

### 6 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### Critical Judgements in applying accounting policies

#### a) Classification of investment in TVS Automobile Solutions Private Limited

The Company has investments in compulsory convertible preference shares of TVS Automobile Solutions Private Limited ("TVS ASPL"). Based on the opinion of the management, TVS ASPL is not considered to be an associate of the Company. Accordingly, the investment in preference shares have been designated as investment at FVTOCI.

#### b) Lease classification

The Company enters into service / hiring arrangements for various assets / services. The determination of lease and classification of the service / hiring arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

### Assumptions and Key Sources of Estimation Uncertainty

#### a) Fair value measurements and valuation processes

"Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 31(B)(22)."

#### b) Useful life of Property, Plant & Equipment (PPE)

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

#### c) 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, medical cost trends, 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.

## 7 Financial Instruments

#### a (i) Financial Assets - Investment in subsidiaries, associates and joint ventures

The Company records the investments in subsidiaries, associates and joint ventures at cost less impairment loss, if any.

#### (ii) Financial Assets - Other than investment in subsidiaries, associates and joint ventures

Financial assets comprises of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

#### Initial recognition:

All financial assets are recognised initially at Fair value plus transaction costs that are attributable to the Acquisition of the financial asset (In case of financial assets not recorded at FVTPL, transaction costs are recognised immediately in Statement of Profit and Loss). Purchase or sale of financial asset within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### 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 amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

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

- a) Trade receivable
- b) Other financial assets

#### (ii) Financial asset at FVTOCI

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial asset and the contractual terms of financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income

Equity instruments held for trading are classified as FTVPL. For other equity instruments the Company classifies the same as FVTOCI. The classification is made on initial recognition and is irrevocable. Fair value changes on equity instruments at FVTOCI excluding dividends, are recognised in other comprehensive income (OCI).

#### (iii) Financial asset at FVTPL

All fair value changes are recognised in the Statement of Profit and Loss.

### Derecognition on financial asset

Financial assets are derecognised when the contractual right to cash flows from the financial asset expire 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 recognised in the Statement of Profit and Loss (except for equity instruments designated as FVTOCI).

### Impairment of financial asset

Trade receivables, lease receivables under Ind AS 109, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for their respective financial asset

#### (i) 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.

#### (ii) 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### **b. Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are initially recognised 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 into following categories

- at amortised cost
- at fair value through the Statement of Profit and Loss

#### **Financial liabilities at amortised cost**

The Company is classifying the following under amortised cost;

- a) Borrowings from banks
- b) Borrowings from others
- c) Finance lease liabilities
- d) Trade payables
- e) Other Financial Liabilities

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

#### **Financial liability at Fair Value through Statement of Profit and Loss**

Financial liabilities held for trading are measured at FVTPL.

#### **De-recognition of financial liabilities**

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

### **c. 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. The Company also enters into cross currency interest rate swaps for hedging the risk against variability in cash flows of its term loan. 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 recognised in the Statement of Profit and Loss.

### **d. 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.

### **e. 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 recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### f. Reclassification of financial assets

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

### 8 Share capital

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 recognised as deduction from equity, net of any tax effects.

### 9 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 recognised 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 recognised 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-recognised. The cost of day to day servicing of property, plant and equipment are recognised in Statement of Profit or 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. Leased asset are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Assets costing Rs.5000 or below acquired during the year considered not material and are depreciated in full retaining Re.1/- per asset. The Useful life other than that described in Schedule II adopted are furnished below.

#### Estimated useful life in years

Plant and machinery other than generator sets - 20 Years

Electronics - 6 Years

Moulds / trolleys / weighing balance / drums / PCI stand / storage stand / motor / pump - 6 Years

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

### 10 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 capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognised in the Statement of Profit and Loss.



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Amortisation of intangible asset with finite useful lives

Amortisation is recognised 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.

### 11 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 the purpose of 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 asset (the cash generating unit).

An impairment loss is recognized if the carrying of amount an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment losses recognised 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

### 12 Leases

At the inception of a lease, the lease arrangement is classified either as finance or operating lease, based on the substance of the lease arrangement.

#### Asset taken on Finance lease:

A financial lease is recognised as an asset and liability at the commencement of lease, at lower of the fair value of leased asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payment made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### Assets taken on operating lease:

Assets taken on operating leases are not recognized in the Company's Balance Sheet. Payments made under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term of the lease.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### **Assets given on operating lease:**

Assets given on operating lease are depreciated over the useful life of the assets. Rental income is recognised in Statement of Profit and Loss under straight line basis over the lease term.

### **Deposits provided to lessors:**

Any lease deposit paid by the company to the lessors are discounted to its fair value and the difference between the fair value and the deposit amount is recognised as pre-payments.

Subsequent to initial recognition, the security deposit is measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight line basis over the lease term as lease rental expense.

### **13 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.

### **14 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 specified 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.

### **15 Revenue recognition**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured reliably. Transfer of risk and reward vary depending on the individual terms of the contract of sale.

### **16 Employee benefits**

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

#### **a) 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

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

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 recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

### **b) 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 remeasurements of net defined benefit liability/asset directly in other comprehensive income and presented within equity. The Company has an employees' gratuity fund managed by the ICICI Prudential Life Insurance Company Limited.

### **c) 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.

### **d) 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.

## **17 Finance Income and expense**

Finance income comprises of interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognised using effective interest method. Dividend income is recognised 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 of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial asset through FVTPL that are recognised in the Statement of Profit and Loss.

## **18 Borrowing costs**

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as expenses in the period in

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

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.

### 19 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 recognised 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
- (ii) Differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.
- (iii) Arising due to taxable temporary differences 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 realised.

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 and no deferred tax is set up in the books as the tax liability is not with the Company.

### 20 Foreign Currency Transactions and balances

Transactions in foreign currencies are initially recognised 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. Non-

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate prevailing on the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognised in Statement of Profit and Loss for determination of net profit or loss during the period."

### 21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all potential ordinary shares, which include share options granted to employee if any, to the extent that partly paid shares are not entitled to participate in dividends during the period. They are treated as equivalent of warrants or options in the calculation of diluted earnings per share.

### 22 Fair value measurement

Ind AS require 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised 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 categorisation 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 disclosure 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) Investments in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting period. In the absence of quoted price, the fair value of the financial asset is measured using valuation techniques

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### (ii) 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.

### (iii) Lease Security Deposits

Lease deposit paid by the Company to the lessors are discounted to its fair value based on the market rate of interest at the reporting date. For operating lease, where the interest rate implicit in the lease contract is not available, the market rate of interest is determined by reference to the interest on bank deposits.

### (iv) Derivatives

The fair value of forward exchange contracts is based on quoted price. Fair value reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counter party when appropriate.

### (v) 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 financial lease, the market rate of interest is determined by reference to similar lease agreements.

## 23 Dividend distribution to Equity shareholders

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.

## 24 Current and non-current classification

An asset is classified as current if:

- (a) it is expected to be realised 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 realised 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.

## 25 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.

## 26 Segment Reporting

Operating segments are identified and reported taking into account the different risks and returns, the organization structure and the internal reporting systems. The Company operates only in one segment namely manufacturing of two-wheeler, three-wheeler and other industrial tyres and tubes.

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**

**C Notes to Financial Statements**

**1. First time adoption of IND AS**

**i) Reconciliation of equity from Previous GAAP to Ind AS**

Particulars	As per April 1, 2015	As per March 31, 2016
<b>Equity as per previous GAAP</b>	276.29	418.51
<b>Ind AS adjustments</b>		
Reversal of proposed dividend	31.15	-
Fair valuation impact on interest free security deposit given	(0.14)	(0.19)
Restatement of Loan and mark to market valuation of underlying derivative	0.68	0.30
Capital Subsidy from Govt. treated as liability		(0.28)
Fair valuation impact on security deposit received at concessional rate		(0.07)
Fair valuation impact of loan given / optionally convertible debentures issued by Subsidiary		0.03
<b>Equity as per Ind AS</b>	307.98	418.30

**ii) Reconciliation of net profit for the year ended March 31 2016**

Particulars	Year ended March 31, 2016
<b>Net profit after tax as per previous GAAP</b>	197.21
Impact of restatement of Loan and mark to market valuation of underlying derivative	(0.59)
Unwinding of discounting on loan given / optionally convertible debentures issued by subsidiary on account of fair valuation	0.03
Unwinding of discounting on security deposit received at concessional rate	(0.07)
Unwinding of discounting on interest free security deposit given and corresponding impact on lease rentals	(0.11)
Recognition of Capital Subsidy from Govt. as income over the useful life of asset	0.02
Gain/loss on measurement of defined benefit plans	0.19
Deferred Tax on above	0.27
<b>Net profit as per statement of profit or loss</b>	196.95

**ii) Reconciliation of cash flows for the year ended March 31 2016**

Particulars	Year ended March 31, 2016
<b>Previous GAAP</b>	
Net cash flow from operating activities	370.54
Net cash flow from investing activities	(195.39)
Net cash flow from financing activities	(172.27)
<b>Adjustments</b>	
Net cash flow from operating activities	4.23
Net cash flow from investing activities	(5.07)
Net cash flow from financing activities	0.84
<b>Ind AS</b>	
Net cash flow from operating activities	374.77
Net cash flow from investing activities	(200.46)
Net cash flow from financing activities	(171.43)

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### 2. Reconciliation of effective tax rates

A reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income taxes to the income before taxes is summarised below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit before taxes	216.71	286.99
Enacted tax rates in India	34.61%	34.61%
Expected tax expense/(benefit)	75.00	99.32
Effect of Income tax exemption benefit u/s.80IC of the Income Tax Act with respect to Uttarakhand Plant	(8.62)	(12.00)
Additional tax benefit on account of Research & Development (Income & Expenditure)	(11.75)	(6.17)
Other items	6.75	8.89
Tax Expense as per P&L	61.38	90.04

### 3. Details of Earnings Per Share

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profits for the Year	155.33	196.95
Number of Equity Shares (Nos.)	76,57,050	76,57,050
Face Value of Shares (In Rupees)	10	10
Basic and Diluted Earnings per Share (In Rupees)*	202.86	257.21

\* There are no potential dilutive equity shares

### 4. Foreign currency exposure

The details of foreign currency exposure as at March 31, 2017 are as follows:

Particulars	Amount in foreign currency	Amount in Indian Rupee (In Crores)
Amount receivable in foreign currency on account of Debtors		
EURO	97,27,211	72.76
USD	176,19,311	116.97
Amount payable in foreign currency on account of Creditors		
EURO	5,86,176	4.41
JPY	6,61,054	0.03
USD	245,17,148	25.81
GBP	68,718	0.62

The details of foreign currency exposure as at March 31, 2016 are as follows:

Particulars	Amount in foreign currency	Amount in Indian Rupee (In Crores)
Amount receivable in foreign currency on account of Debtors		
EURO	90,13,430	66.02
USD	207,11,200	134.46
Amount payable in foreign currency on account of Creditors		
EURO	279,20,132	15.08
JPY	2,32,663	0.02
USD	138,51,904	24.80



NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

5. Employee benefits

Particulars - Leave Encashment	Year ended March 31, 2017	Year ended March 31, 2016
Service cost	1.88	0.47
Interest cost	0.32	0.27
Actuarial (gain)/loss	0.58	(0.06)
Project benefit obligation at the end of the year	2.78	0.68

Particulars - Gratuity	Year ended March 31, 2017	Year ended March 31, 2016
<b>Present Value of Defined Benefits</b>	<b>21.20</b>	18.67
Service cost	2.04	1.81
Interest cost	1.64	1.44
Actuarial (gain)/loss	0.26	(0.12)
Benefits paid	(0.50)	(0.59)
Project benefit obligation at the end of the year	24.64	21.21
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	18.89	13.89
Interest income	1.55	1.25
Employers contribution	2.31	4.78
Benefits paid	(0.50)	(0.59)
Actuarial gain/(loss)	0.61	(0.44)
Fair value of plan assets at the end of the year	22.86	18.89
<b>Amount recognised in Balance Sheet</b>		
Present value of projected benefit obligation at the end of the year	24.64	21.21
Fair value of plan assets at the end of year	22.86	18.89
Funded status amount of Liability recognised in Balance Sheet	1.78	2.32

Particulars - Gratuity	Year ended March 31, 2017	Year ended March 31, 2016
<b>Expense recognised in Statement of Profit or Loss</b>		
Service cost	2.04	1.81
Interest cost	1.64	1.44
Interest income	(1.55)	(1.25)
Net gratuity cost	2.13	2.00
Actual return on plan asset	2.15	0.81
<b>Summary of actuarial assumptions</b>		
Discount rate	7.17%	7.82%
Expected rate of plan assets	7.82%	8.00%
Salary escalation rate	6.00%	6.00%
Average future working life time	5.00%	5.00%

Discount rate - based on prevailing market yields of Indian Government securities 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.1.78 Crores to its gratuity fund during the year ending March 31, 2017.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The expected cash flows over the next few years are as follows:

Particulars - Gratuity	March 31, 2017	March 31, 2016
1 year	1.65	1.34
2 to 5 years	6.68	5.66
6 to 10 years	7.06	6.14

Sensitivity analysis of significant actuarial assumption

Particulars - Gratuity	March 31, 2017	
	% increase in DBO	Liability (Rs in Crores)
Discount Rate + 100 basis points	(8.60%)	22.52
Discount Rate - 100 basis points	8.60%	26.76
Salary growth rate + 100 basis points	8.09%	26.63
Salary growth rate - 100 basis points	(8.33%)	22.59
Attrition Rate + 100 basis points	(0.20%)	24.59
Attrition Rate - 100 basis points	(1.06%)	24.38
Mortality Rate 10% Up	(0.58%)	24.50

Particulars - Gratuity	March 31, 2016	
	% increase in DBO	Liability (Rs in Crores)
Discount Rate + 100 basis points	(8.68%)	19.36
Discount Rate - 100 basis points	8.34%	22.96
Salary growth rate + 100 basis points	7.88%	22.87
Salary growth rate - 100 basis points	(8.43%)	19.41
Attrition Rate + 100 basis points	0.05%	21.21
Attrition Rate - 100 basis points	(1.68%)	20.84
Mortality Rate 10% Up	(0.72%)	21.04

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

### Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in government securities, debt instruments, Short term debt instruments, Equity instruments and Asset Backed, Trust Structured securities as per notification of Ministry of Finance.

### Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### 6. Segment reporting

The Company has identified manufacture and sale of tyres as the only reportable segment taking into account the different risks and returns, the organization structure and the internal reporting systems. Accordingly disclosure of segment-wise information is not applicable under Ind AS 108 - Operating Segments.

### 7. Related party and transactions

#### a) Related parties and their relationship

Entity with significant influence

T V Sundram Iyengar & Sons Private Limited

Subsidiaries

TVS Srichakra Investments Limited,

Associates

Van Leeuwen Tyres & Wheels B.V. Holland

Joint venture

ZF Electronics TVS (India) Pvt. Limited

Key Management Personnel

Sri R Naresh, Executive Vice Chairman

Ms Shobhana Ramachandhran, CEO & Managing Director

Enterprise with Common Key Management Personnel

Sundaram Industries Private Limited

#### b) Related party transaction and balances

Rs. in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
T V Sundram Iyengar & Sons Private Limited			
Purchase of goods	0.73	0.42	0.84
Rendering of services	-	0.02	5.06
Services Received	4.07	6.83	5.54
Sales	-	-	38.10
Amount Receivable	-	-	0.64
Amount Payable	4.09	6.67	4.26
TVS Srichakra Investments Limited			
Lease Rental Paid	0.12	-	-
Advance Given	-	-	0.01
Interest Received	5.22	0.67	-
Rendering of Services	-	0.02	-
Investment Made	-	44.59	-
Lease Rent Payable	0.12	0.02	-
Amount Receivable	5.25	-	34.59
ZF Electronics TVS (India) Pvt Limited			
Rendering of services	0.01	0.01	0.01
Key Management Personnel			
Salaries and other benefits	15.52	17.45	8.73
Rent Paid	0.04	0.04	0.04
Amount Payable	11.65	14.48	7.09
Sundaram Industries Private Limited			
Receipt of services	0.01	0.96	0.92
Purchase of goods	1.80	2.93	3.45
Rendering of services	0.88	-	-
Sales	2.00	0.72	1.15
Amount Payable	1.69	0.60	1.35

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### 8. Financial instruments

#### a. Derivative financial instruments

##### (i) Forward and option contract

Foreign exchange forward contracts and options are purchased 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 are initially recognized at fair value on the date of contract is entered and subsequently re-measured at fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss, the counter parties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2017 and March 31, 2016 are given below:

Particulars	Currency	As at March 31, 2017	As at March 31, 2016
Forward contracts (Sell)	USD	23,84,802	26,26,076
	Euro	23,52,208	20,44,444
Forward contracts (Buy)	USD	61,09,120	74,35,986
	Euro	20,800	2,66,385
	JPY	2,36,250	-
	GBP	-	19,172
Gain/(loss) mark to market in respect of forward contracts outstanding	Rupees	(0.11)	(0.30)

The Company recognized a net gain on the forward contracts of 0.39 Cr (Previous year Rs.2.91 Cr) for the year ended March 31, 2017

All open forward exchange contracts mature within three-six months from the Balance Sheet date.

##### ii) Cross Currency Swap:

The Company has entered into a Cross Currency Swap (Principal Only Swap arrangement) in order to hedge the cash flows arising out of the principal and interest payments of the underlying INR term loan. The period of the swap contract is co terminus with the period of the underlying term loan. As per the terms of engagement the company shall pay USD fixed and received fixed INR principal and interest cash flows during the term of contract. The swap arrangement is marked to market at the end of every period and losses are recognised in the Statement of Profit and Loss. The details of the outstanding balances and the mark to market losses recognised during the year are as under:

Particulars	Value of outstanding INR term loan	Value of outstanding US principal	Mark to market Gain INR
Position as at March 31, 2017	25.83	5250000	8.05
Position as at March 31, 2016	40.59	8250000	14.59
Position as at April 1, 2015	55.35	11250000	16.10

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2017 were as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
<b>Asset</b>			
Investment in Others			42.50
Investment in Optionally Convertible Debentures	44.87		
Employee advances	1.89		
Derivative Asset on ECB Loan Swap		8.05	
Forward Contracts		31.28	
Security Deposits	9.28		
<b>Liabilities</b>			
Loans from Banks	315.30		
Forward Contracts		40.32	
Security Deposits	83.57		

The carrying value and fair value of financial instruments by each category as at March 31, 2016 were as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
<b>Asset</b>			
Investment in Others			40.61
Investment in Optionally Convertible Debentures	44.62		
Employee advances	2.50		
Derivative Asset on ECB Loan Swap		14.59	
Forward Contracts		32.45	
Security Deposits	6.26		
Other Bank Balances			
- Bank Deposits	4.42		
<b>Liabilities</b>			
Loans from Banks	146.29		
Forward Contracts		51.90	
Security Deposits	82.02		

Details of financial assets pledged as collateral :

Carrying amount of financial assets as at March 31, 2017 and 2016 that the Company has provided as a collateral for obtaining borrowing and other facilities from the bankers are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016
Fixed Deposits	4.42	4.42

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### c. Fair value measurement of financial instruments measured at fair value on recurring basis:

Particulars	As at March 31, 2017		
	Level 1	Level 2	Level 3
Assets			
Investment in Others	-	41.89	0.61
Derivative Asset on ECB Loan Swap	-	8.05	-

Particulars	As at March 31, 2016		
	Level 1	Level 2	Level 3
Assets			
Investment in Others	-	40.01	0.60
Derivative Asset on ECB Loan Swap	-	14.59	-

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

### d. Interest income/(expense), gain/(losses) recognised on financial assets and liabilities

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Financial assets at amortised cost		
Interest income on bank deposits	1.09	1.92
interest income on other financial asset	7.98	0.69
(b) Financial asset at FVTPL		
Net gain/(losses) on fair valuation on derivative financial instruments	(6.54)	(1.51)
(c) Financial liabilities at amortised cost		
Interest expenses on borrowings from banks, others and overdrafts	26.67	17.26

## 9. Financial risk management

The company has exposure to the following risks from its use of financial instruments.

### 9.1 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counter parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Credit risk is managed by the entity. Considering the credit risk assessment made by the management and based on past history, no provision towards expected credit loss was deemed necessary.

### 9.2 Liquidity risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	As at March 31, 2017	As at March 31, 2016
Long term borrowings		
- Upto 1 Year	15.41	15.75
- 1 to 3 Years	23.75	43.97
Short term borrowings		
- Upto 1 Year	276.14	86.57
Trade Payable		
- Upto 1 Year	201.00	113.72
Security Deposits from Customer		
- 1 to 3 Years	17.12	16.03
- More than 3 Years	72.00	72.00
Capital creditors		
- Upto 1 Year	15.34	10.27
Other Financial Liabilities		
- Upto 1 Year	157.91	160.46
Total	<u>778.67</u>	<u>518.77</u>

The following table details the Company's expected maturity for its non-derivative financial assets. The information included in the table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Particulars	As at March 31, 2017	As at March 31, 2016
Fixed Deposits with Banks		
- Upto 1 Year	4.42	4.42
Trade Receivables		
- Upto 1 Year	203.57	173.90
Loans to Subsidiary (Debentures)		
- More than 3 years	44.59	44.59
Loan to Employees		
- 1 to 3 Years	1.89	2.50
Security Deposits		
- 1 to 3 Years	21.18	8.91
- More than 3 Years	6.33	6.33
Capital Advance		
- Upto 1 Year	14.68	17.03
Other Financial Assets		
- Upto 1 Year	4.49	0.67
Total	<u>301.15</u>	<u>258.35</u>

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The Company has access to committed credit facilities as described below, of which Rs.43.86 cr were unused at the end of the reporting period (as at March 31, 2016 Rs.233.43 cr). The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Unsecured bank overdraft facility, reviewed annually and payable at call:	As at March 31, 2017	As at March 31, 2016
Amount used	276.14	86.57
Amount unused	43.86	233.43

### 9.3 Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

9.3.1 Commodity Price Risk - The primary commodity price risks that the Company is exposed to include rubber prices that could adversely affect the value of the Company's financial assets or expected future cash flows.

9.3.2 Foreign currency risk management - The Company imports raw materials from outside India as well as make export sales to countries outside India. The Company is, therefore, exposed to foreign currency risk principally arising out of foreign currency movement against the Indian Currency. Foreign currency exchange risks are managed by entering into forward contracts against firm purchase commitment and receivables.

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

Particulars	USD	EURO	JPY
As at March 31, 2017			
- Liabilities	1228274.67	717.90	-
- Assets	2572698.50	2559453.25	-
As at March 31, 2016			
- Liabilities	1562830.44	-	62000.00
- Assets	2578019.48	2385394.32	-

### 9.3.2.2 Foreign currency sensitivity analysis

The Company is principally exposed to foreign currency risk against USD & EURO. Sensitivity of profit or loss arises mainly from USD & EURO denominated receivables and payables.

As per management's assessment of reasonable possible changes in the exchange rate of +/- 5% between USD-INR and EURO-INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:

Sensitivity at year end	USD	
	2016-2017	2015-2016
Receivables:		
Weakening of INR by 5%	0.82	0.85
Strengthening of INR by 5%	(0.82)	(0.85)
Payable		
Weakening of INR by 5%	(0.40)	(0.52)
Strengthening of INR by 5%	0.40	0.52



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Sensitivity at year end	EURO	
	2016-2017	2015-2016
Receivables:		
Weakening of INR by 5%	<b>0.87</b>	0.88
Strengthening of INR by 5%	<b>(0.87)</b>	(0.88)
Payable		
Weakening of INR by 5%	<b>NA</b>	NA
Strengthening of INR by 5%	<b>NA</b>	NA

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### 9.3.2.3 Forward foreign exchange contracts

It is the policy of the Company to enter into forward exchange contracts to cover specific foreign currency payments and receipts 100% of the exposure generated.

### 9.3.3 Interest rate risk management

The Company is exposed to interest rate risk because of borrowal of short term funds at floating interest rates. The Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's Profit for the year ended March 31, 2017 would decrease/increase by Rs.1.49 Cr (for the year ended March 31, 2016: decrease/increase by Rs.0.88 Cr).

## 10. Capital Management

The Company's capital comprises of equity share capital, retained earnings and other equity attributable to equity holders. The primary objective of company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2017 is Rs.7.66 crores (Previous Year: Rs.7.66 crores).

## 11. Legal proceedings / Contingent Liabilities / Contingent Assets

Particulars of Contingent Liabilities not Provided for	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Estimated amount of contract remaining to be executed on capital account	<b>31.89</b>	30.97	53.96
b) Letter of Credit opened by Company's Bankers	<b>48.99</b>	40.09	27.77
c) Excise duty and service tax under dispute	<b>10.20</b>	2.56	2.06
d) Sales Tax under dispute	<b>13.81</b>	13.84	0.64
e) Income Tax under dispute	<b>1.30</b>	9.84	5.37
f) Customs duty on goods lying at Bonded warehouse	<b>2.35</b>	0.88	2.24

## 12. Dues to micro and small enterprises

The Company has not received any letter from any vendor claiming their status as micro / small enterprises. Accordingly the amount paid/payable to these parties is considered to be Nil.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### 13. Contribution to Corporate Social Responsibilities

Sec 135 of Companies Act 2013, requires Company to spend towards Corporate Social Responsibility. The Company is expected to spend Rs.3.12 crores in compliance to this requirement. A sum of Rs.3.12 crores has been spent during the current year towards CSR activities as explained below. Balance amount to be spent is Rs.Nil.

Organisation	Rs. Crores
Arogya Welfare Trust, Madurai	2.61
Sastra University, Thanjavur	0.33
Partnering Hope into Action Foundation	0.08
Various trusts for protection of national heritage, art and culture	0.10
<b>Total</b>	<b>3.12</b>

### 14. Research and Development

Particulars	March 31, 2017	March 31, 2016
<b>Capital expenditure</b>		
Plant & Machinery	4.41	1.87
Electrical Installations	0.71	0.18
Vehicles	0.12	0.13
Computers	0.12	0.06
Furniture	0.34	0.18
Buildings	0.42	0.33
Intangible Assets	0.41	-
Capital Work in Progress	2.41	2.81
<b>Total</b>	<b>8.94</b>	<b>5.56</b>
<b>Revenue Expenditure</b>		
Raw Materials consumed	1.65	1.12
Stores & Spares consumed	0.21	0.30
Salaries, Wages, Bonus and Allowances	5.00	4.44
Freight	0.12	-
Rent including lease rentals	0.04	0.12
Rates & Taxes	0.22	0.22
Insurance	0.02	0.01
Travelling expenses	1.65	1.80
Repairs & Maintenance	1.63	1.54
Consultancy-Foreign	3.28	5.01
Consultancy-Domestic	0.53	0.02
Others	1.89	3.45
<b>Total</b>	<b>16.24</b>	<b>18.03</b>
<b>Total Research and Development Expenditure</b>	<b>25.18</b>	<b>23.59</b>

### 15. Details of Audit Fees

a) For audit fees	0.15	0.15
b) For taxation matters,	0.03	0.03
c) For Certification	0.03	0.03
d) Towards reimbursement of expenses	0.02	0.02

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**

**16. Lease commitments**

The company has taken few vehicles on financial lease and few machineries on operating lease. The future minimum lease payment under finance lease as at March 31 2017 and at March 31 2016 are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payable not later than one year	17.71	17.80	10.86
Payable later than one year and not later than 5 years	18.70	36.16	53.71
Payable later than 5 years	-	0.25	0.50
<b>Total</b>	<b>36.41</b>	<b>54.21</b>	<b>65.07</b>

**17. Specified Bank Notes (SBNs) held and transacted during the period from 08.11.2016 to 30.12.2016:**

**(In Rupees)**

Particulars	SBNs (Rs.)	Other Denomination Notes	Total
Closing balance of Cash in hand as at 08.11.2016	451500	96334	547834
Add : Permitted Receipts	666500	1641521	2308021
	1118000	1737855	2855855
Less : Permitted Payments	-	-	-
Amount deposited in Banks between 08.11.2016 and 30.12.2016	1118000	1056500	2174500
Closing balance of Cash in hand as at 30.12.2016	-	681355	681355

**18. Dividend**

An amount of Rs.50.70 per share (507%) has been recommended by the Board of Directors towards dividend.

**SHOBHANA RAMACHANDHRAN**

*Managing Director*

DIN : 00273837

**R NARESH**

*Executive Vice Chairman*

DIN : 00273609

As per our report attached  
For **SUNDARAM & SRINIVASAN**

*Chartered Accountants*

Firm Registration No.004207S

**K S NARAYANASWAMY**

*Partner*

Membership No. : 8593

Place : Madurai

**K P RANGARAJ**

*Chief Financial Officer*

**P SRINIVASAN**

*Secretary*

Date : 24.05.2017

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2017**

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

To

**The Members of TVS Srichakra Limited**  
Madurai

## **Report on Consolidated Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of TVS Srichakra Limited (hereinafter referred to as "the Holding Company"), its wholly owned Indian subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its Joint venture company incorporated in India, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income) and the Consolidated Statement of Cash Flow for the year then ended and Consolidated Statement of Changes in Equity, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors' is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and Changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of Companies (Indian Accounting Standards) Rules, 2015.

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

## **Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

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

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

## Opinion

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

- a) of the state of affairs of the group and its jointly controlled entity as at March 31, 2017; and
- b) its Profit for the year ended on that date (including other comprehensive income);
- c) its cash flows for the year ended on that date; and
- d) the changes in Equity for the year ended on that date

## Other Matters

- a. We did not audit the financial statement / financial information of its wholly owned Indian subsidiary whose financial statement / financial information reflect total assets of Rs.44.55 Crores as at 31st March, 2017, total revenues of Rs.0.22 Crores and net cash outflows amounting to Rs.1.13 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statement / financial information have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.
- b. The consolidated financial statements also include the Group's share of loss of Rs.2.07 Crores for the year ended 31st March 2017, as considered in the consolidated financial statements, in respect of its Joint Venture Company, whose financial statements have not been audited by us. This financial statement / financial information is unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial statement / financial information furnished to us by the Management. In our opinion and according to the information and explanations given to us by the Management, this financial statement / financial information is not material to the Group. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

## Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section(11) of Section 143 of the Act is not applicable to the Ind AS consolidated financial statement and hence statement on the matters specified in paragraphs 3 and 4 of the Order is not furnished.
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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

- e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - A".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations furnished to us :
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements ( Refer Note No 31(C)(11) ) to the financial statements.
  - ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investors Education and Protection fund by the Company.
  - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes from November 08, 2016 to December 30, 2016 and these are in accordance with the books of account maintained by the Company.

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

**K S Narayanaswamy**  
Partner  
Membership No. : 8593

Place : Madurai  
Date : 24.05.2017

## **ANNEXURE A**

### **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TVS SRICHAKRA LIMITED**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") referred to in para 2(f) of 'Report on Other Legal and Regulatory Requirements' of our report of even date

In conjunction with our audit of the consolidated financial statements of the Company for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of TVS Srichakra Limited (hereinafter referred to as "the Holding Company"), its wholly owned Indian subsidiary and its Joint venture company incorporated in India.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors' of the Holding company, its subsidiary company and jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk, whether material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that;

- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;



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

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, the Holding Company, its subsidiary company and jointly controlled company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies 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.

#### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company incorporated in India is based on the corresponding report of the auditors of such company and in respect of a jointly controlled entity incorporated in India, is based solely on the information furnished to us by the management.

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

**K S Narayanaswamy**  
Partner  
Membership No. : 8593

Place : Madurai  
Date : 24.05.2017

# CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Note	Rs.in Crores		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>I. ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, Plant and Equipment	1	497.49	356.40	262.76
(b) Capital work-in-progress		62.57	43.09	14.17
(c) Investment Property	3	25.58	24.61	22.51
(d) Goodwill		-	-	82.13
(e) Other Intangible assets	2	8.61	2.77	2.99
(f) Intangible assets under development		-	0.85	4.23
(g) Financial Assets				
(i) Investments	4	48.52	48.71	9.29
(ii) Loans	5	1.89	2.50	1.93
(iii) Others	6	17.33	20.85	21.89
(h) Other non-current assets	7	35.43	28.84	24.55
<b>2 Current assets</b>				
(a) Inventories	8	411.78	207.93	261.94
(b) Financial Assets				
(i) Trade receivables	9	203.66	173.91	232.34
(ii) Cash and cash equivalents	10	8.48	11.17	7.03
(iii) Bank balances other than (ii) above	10	7.68	9.04	4.22
(c) Current Tax Assets (Net)		3.51	0.64	-
(d) Other Current Assets	11	58.43	37.67	29.29
TOTAL ASSETS		<b>1,390.96</b>	<b>968.98</b>	<b>981.27</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity Share capital	12	7.66	7.66	7.66
(b) Other Equity	13	553.43	404.46	305.76
(c) Non-controlling Interest		-	-	30.80
<b>2 Liabilities</b>				
<b>2.1 Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	14	23.75	43.97	142.49
(ii) Other financial liabilities (other than those specified above)	15	83.57	82.02	19.71
(b) Provisions	16(b)	5.88	3.87	7.71
(c) Deferred tax liabilities (Net)	17	36.78	27.60	15.53
(d) Other Non-current liabilities	18	6.07	6.39	0.30
<b>2.2 Current liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	19	276.14	86.57	111.62
(ii) Trade payables	20	201.00	113.72	181.24
(iii) Other financial liabilities (other than those specified above)	21	188.66	186.35	141.93
(b) Other current liabilities	22	5.21	3.80	12.09
(c) Provisions	16(a)	2.81	2.57	0.52
(d) Current Tax Liabilities (Net)	23	-	-	3.91
TOTAL EQUITY AND LIABILITIES		<b>1,390.96</b>	<b>968.98</b>	<b>981.27</b>
Significant Accounting Policies & Notes to Financial Statement	31			

**SHOBHANA RAMACHANDHRAN**

*Managing Director*

DIN : 00273837

**R NARESH**

*Executive Vice Chairman*

DIN : 00273609

As per our report attached

For **SUNDARAM & SRINIVASAN**

*Chartered Accountants*

Firm Registration No.004207S

**K S NARAYANASWAMY**

*Partner*

Membership No. : 8593

Place : Madurai

**K P RANGARAJ**

*Chief Financial Officer*

**P SRINIVASAN**

*Secretary*

Date : 24.05.2017

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Note	Year ended 31.3.2017	Rs.in Crores Year ended 31.3.2016
I Revenue from operations	24	2,130.94	2,362.49
II Other income	25	4.59	23.34
III Total Income (I + II)		2,135.53	2,385.83
IV Expenses:			
Cost of materials consumed	26	1,141.16	1,052.06
Purchase of Stock-in-trade		1.77	168.19
Changes in inventories of finished goods, Stock-in-Trade and Work-in-progress	27	(54.14)	(12.17)
Excise Duty		170.42	177.82
Employee benefits expense	28	222.36	233.31
Finance costs	29	20.13	20.87
Depreciation and amortization expense	1,2&3	56.02	43.50
Other expenses	30	366.74	418.47
<b>Total expenses</b>		<b>1,924.46</b>	<b>2,102.05</b>
V Profit before exceptional items and tax (III-IV)		211.07	283.78
VI Exceptional items		-	-
VII Profit before tax (V - VI)		211.07	283.78
VIII Tax Expense:			
(1) Current Tax		52.50	87.84
(2) Deferred Tax		8.88	4.77
IX Profit for the period from continuing operations (VII-VIII)		149.69	191.17
X Profit from discontinued operations		-	-
XI Tax expense of discontinued operations		-	-
XII Profit from discontinued operations (after tax) (X-XI)		-	-
XIII Profit for the period (IX+XII)		149.69	191.17
XIV Minority Interest			(4.36)
XV Share of Profits from Associates		(2.07)	(0.67)
XVI Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		1.65	(0.28)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.30)	0.09
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Share of Other Comprehensive Income of Associates		-	0.01
XVII Total Comprehensive Income for the period (XIII+XIV+XV+XVI)		<b>148.97</b>	<b>185.96</b>
(Comprising Profit and Other Comprehensive Income for the period)			
XVIII Earnings per equity share (for continuing operation) (in Rupees):			
- Basic & Diluted		192.78	248.78
XIX Earnings per equity share (for discontinued operation) (in Rupees):			
- Basic & Diluted		-	-
XX Earnings per equity share (for discontinued & continuing operations) (in Rupees)			
- Basic & Diluted		192.78	248.78

**SHOBHANA RAMACHANDHRAN**

*Managing Director*

DIN : 00273837

**R NARESH**

*Executive Vice Chairman*

DIN : 00273609

As per our report attached

For **SUNDARAM & SRINIVASAN**

*Chartered Accountants*

Firm Registration No.004207S

**K S NARAYANASWAMY**

Partner

Membership No. : 8593

Place : Madurai

**K P RANGARAJ**

*Chief Financial Officer*

Date : 24.05.2017

**P SRINIVASAN**

*Secretary*

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 ST MARCH 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

	31.03.2017	31.03.2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	211.07	283.78
Adjustments for:		
Depreciation	56.02	43.50
Finance Costs	20.13	20.87
Loss/(Gain) due to Exchange rate fluctuations	1.30	12.54
Interest received	(3.85)	(3.41)
(Profit)/loss on Sale of Assets	0.01	-
Bad Debts	0.01	1.06
Advances written off	0.86	-
Deferred Government Grant	(0.02)	(0.01)
Share of minority interest	-	(4.36)
Adjustments in Foreign currency translation reserve	-	(0.65)
Adjustments in Securities premium Reserve	-	(0.18)
Changes in Fair Value of Financial Assets	4.67	1.51
Assets Condemned	-	0.05
Non operating income	(0.74)	(1.75)
	<u>78.39</u>	<u>69.17</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<b>289.46</b>	<b>352.95</b>
Adjustments for :		
Trade Receivables	(29.75)	57.37
Other Receivables	(33.43)	(23.47)
Inventories	(203.85)	54.01
Trade and other payables	96.65	51.86
	<u>(170.38)</u>	<u>139.77</u>
Cash Generated From Operations	<b>119.08</b>	<b>492.72</b>
Direct taxes paid	55.37	92.39
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	<u><b>63.71</b></u>	<u><b>400.33</b></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(221.09)	(85.26)
Proceeds from disposal of assets	0.03	-
Investments Purchased	(0.01)	(40.08)
Grant Received	-	0.30
Non operating income	0.74	1.75
Interest received	3.85	3.41
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	<u>(216.48)</u>	<u>(119.88)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(20.33)	(20.92)
Proceeds/ (Repayment) from short term borrowings	189.57	(25.05)
Proceeds/(Repayment) of long term borrowings	(20.52)	(108.28)
Minority Interest	-	(30.80)
Dividend & Dividend tax paid	-	(86.44)
NET CASH FLOW FROM FINANCING ACTIVITIES: (C)	<u>148.72</u>	<u>(271.49)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<b>(4.05)</b>	<b>8.96</b>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	<b>20.21</b>	<b>11.25</b>
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	<b>16.16</b>	<b>20.21</b>

**SHOBHANA RAMACHANDHRAN**

*Managing Director*

DIN : 00273837

**R NARESH**

*Executive Vice Chairman*

DIN : 00273609

As per our report attached

For **SUNDARAM & SRINIVASAN**

*Chartered Accountants*

Firm Registration No.004207S

**K S NARAYANASWAMY**

Partner

Membership No. : 8593

Place : Madurai

**K P RANGARAJ**

*Chief Financial Officer*

**P SRINIVASAN**

*Secretary*

Date : 24.05.2017

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2017

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Equity Share Capital Paid-up	Reserves and Surplus						Other Comprehensive income	Total
		Capital Reserve	Securities Premium Account	General Reserve	Amalgamation Reserve	Retained Earnings	Foreign Currency Translation Reserve		
<b>Balance as at April 1 2015</b>	<b>7.66</b>	<b>0.01</b>	<b>1.11</b>	<b>31.01</b>	<b>0.46</b>	<b>275.79</b>	<b>0.65</b>	<b>(3.27)</b>	<b>313.42</b>
Profit for the year ended March 31 2016	-	-	-	-	-	186.81	-	(0.67)	186.14
Other Comprehensive Income for the year ended March 31 2016 net of taxes (excluding actuarial gain/ losses given below)	-	-	-	-	-	-	-	0.01	0.01
Adjustments on account of disposal of subsidiary			(0.18)				(0.65)		(0.83)
Remeasurements of post employment benefit obligation net of tax						-			(0.19)
Total	-	-	(0.18)	-	-	186.81	(0.65)	(0.66)	185.13
Add/ Less:									
Dividends									
Final Dividend Paid						(25.88)			(25.88)
Interim Dividend Paid						(45.94)			(45.94)
Dividend Distribution Tax Paid						(14.62)			(14.62)
<b>Balance as at March 31, 2016</b>	<b>7.66</b>	<b>0.01</b>	<b>0.93</b>	<b>31.01</b>	<b>0.46</b>	<b>376.17</b>	<b>-</b>	<b>(3.93)</b>	<b>412.12</b>
Profit for the year ended March 31, 2017	-	-	-	-	-	149.69	-	(2.07)	147.62
Other Comprehensive Income for the year ended March 31, 2017, net of taxes, (excluding actuarial gain/ losses, given below)	-	-	-	-	-	-	-	-	-
Remeasurements of post employment benefit obligation, and fair Valuation of Investments (net of tax)	-	-	-	-	-	-	-	-	1.35
Total	-	-	-	-	-	149.69	-	(2.07)	148.96
Add/Less:									
Dividends									
<b>Balance as at March 31, 2017</b>	<b>7.66</b>	<b>0.01</b>	<b>0.93</b>	<b>31.01</b>	<b>0.46</b>	<b>525.86</b>	<b>-</b>	<b>(6.00)</b>	<b>561.09</b>

## NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 1. Property, Plant and Equipment

The following table presents the changes in PPE during the year March 31, 2017

Particulars	Original cost			Depreciation			Net book value		
	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at March 31, 2016
Freehold Land	1.96	35.12	-	37.08	-	-	-	37.08	1.96
Building	99.07	45.17	-	144.24	3.88	4.90	-	135.46	95.19
Plant and Machinery	209.75	77.41	-	287.16	23.82	32.76	-	230.58	185.93
Furniture and Fittings	3.19	3.28	-	6.47	0.45	0.58	-	5.44	2.74
Vehicles	1.13	0.19	0.04	1.28	0.15	0.16	-	0.97	0.98
Office equipment	4.28	3.31	-	7.59	1.41	1.83	-	4.35	2.87
Others (electrical)	77.66	30.73	-	108.39	10.93	13.85	-	83.61	66.73
<b>Total Gross Block</b>	<b>397.04</b>	<b>195.21</b>	<b>0.04</b>	<b>592.21</b>	<b>40.64</b>	<b>54.08</b>	<b>-</b>	<b>497.49</b>	<b>356.40</b>

The following table presents the changes in PPE during the year March 31, 2016

Particulars	Original cost*			Depreciation			Net book value		
	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at March 31, 2015
Freehold Land	1.96	-	-	1.96	-	-	-	1.96	1.96
Building	71.76	28.33	1.02	99.07	-	3.89	0.01	95.19	71.76
Plant and Machinery	131.93	78.83	1.01	209.75	-	23.89	0.07	185.93	131.93
Furniture and Fittings	2.30	1.67	0.78	3.19	-	0.72	0.27	2.74	2.30
Vehicles	1.15	0.59	0.61	1.13	-	0.22	0.07	0.98	1.15
Office equipment	3.56	1.91	1.19	4.28	-	1.82	0.41	2.87	3.56
Others (electrical)	50.10	27.56	-	77.66	-	10.93	-	66.73	50.10
<b>Total Gross Block</b>	<b>262.76</b>	<b>138.89</b>	<b>4.61</b>	<b>397.04</b>	<b>-</b>	<b>41.47</b>	<b>0.83</b>	<b>356.40</b>	<b>262.76</b>

\* Note : Figure as at April 1, 2015, is deemed cost.

## NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 2. Intangible Assets

The following table presents the changes in PPE during the year March 31, 2017

Particulars	Original cost			Amortisation			Net book value		
	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at April 1, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	As at March 31, 2016
Computer software	4.45	7.43	-	11.88	1.68	1.59	-	8.61	2.77
License	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4.45</b>	<b>7.43</b>	<b>-</b>	<b>11.88</b>	<b>1.68</b>	<b>1.59</b>	<b>-</b>	<b>8.61</b>	<b>2.77</b>

The following table presents the changes in PPE during the year March 31, 2016

Particulars	Original cost*			Amortisation			Net book value		
	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at March 31, 2015
Computer software	2.99	1.46	-	4.45	-	1.68	-	2.77	2.99
License	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2.99</b>	<b>1.46</b>	<b>-</b>	<b>4.45</b>	<b>-</b>	<b>1.68</b>	<b>-</b>	<b>2.77</b>	<b>2.99</b>

\* Note : Figures as at April 1, 2015 is deemed cost.

## NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Rs.in Crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>3. Investment Property</b>			
(i) Carrying Amount of Investment Properties			
<b>Gross Carrying Amount</b>			
Opening Gross Carrying Amount / Deemed Cost			
- Freehold Land	16.48	14.03	
- Buildings	9.14	9.14	
	<u>25.62</u>	<u>23.17</u>	
Additions	1.32	2.45	
Disposals	-	-	
Closing Gross Carrying Amount	<u>26.94</u>	<u>25.62</u>	<u>23.17</u>
<b>Accumulated Depreciation</b>			
Opening Accumulated Depreciation	1.01	0.66	
Depreciation Charge ( Buildings )	0.35	0.35	
Closing Accumulated Depreciation	<u>1.36</u>	<u>1.01</u>	<u>0.66</u>
Net Carrying Amount	<u>25.58</u>	<u>24.61</u>	<u>22.51</u>
(ii) <b>Fair Valuation of investment properties</b>			
Investment properties	25.40	23.95	
(iii) <b>Estimation of Fair value</b>			
The company obtains independent valuations of its investment properties annually. The best evidence of fair value is the current prices in an active market for similar properties.			
The fair values of investment properties have been determined by Ram Dass and Kishore Kamsey, Chartered Engineers.			
The main inputs used are the rented growth rates, expected vacancy rates, terminal yields and discounted rates based on comparable transaction and industry data.			
All resulting fair value estimates for investment properties are included in level 3.			
<b>4. Investments (Non-current Financial Assets)</b>			
<b>Investment in equity of others - Unquoted</b>			
<b>Associate:</b>			
Van Leeuwen Tyres and wheels BV	0.09	0.09	0.09
ZF Electronics TVS (India) Private Limited*	6.02	8.10	8.76
<b>Others:</b>			
Sai Regency Power Corporation Private Limited	0.15	0.15	0.15
Myrtah Vayu Manijra Private Limited	0.45	0.45	0.38
Coromandel Electricity Private Limited	0.01	-	-
<b>Investment in preference shares - Unquoted</b>			
<b>Others:</b>			
TVS Automobile Solutions Private Limited (Compulsory Convertible Preference Shares)	41.89	40.01	-
<b>Total</b>	<u>48.61</u>	<u>48.80</u>	<u>9.38</u>
Less: Provision for diminution in value of investments	<u>(0.09)</u>	<u>(0.09)</u>	<u>(0.09)</u>
<b>Total</b>	<u>48.52</u>	<u>48.71</u>	<u>9.29</u>

\* Includes goodwill of Rs.357908



## NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Rs.in Crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>5. Loans - Non-current Financial Assets (Unsecured Considered Good)</b>			
Employee advances	1.89	2.50	1.93
<b>Total</b>	<b>1.89</b>	<b>2.50</b>	<b>1.93</b>
<b>6. Other financial asset - Non-current Financial Assets</b>			
Derivative Asset on ECB Loan Swap	8.05	14.59	16.10
Security Deposits	9.28	6.26	5.79
<b>Total</b>	<b>17.33</b>	<b>20.85</b>	<b>21.89</b>
<b>7. Other non current assets</b>			
Capital advance	14.68	17.03	14.25
Prepaid expenses	16.38	7.05	5.15
Lease prepayments	4.37	4.76	5.15
<b>Total</b>	<b>35.43</b>	<b>28.84</b>	<b>24.55</b>
<b>8. Inventories</b>			
Raw material and components	255.55	108.22	124.59
Work in progress	22.39	14.06	12.11
Finished goods	125.18	79.01	65.24
Stock in trade	0.15	0.51	52.40
Stores and spares	8.51	6.13	7.60
<b>Total</b>	<b>411.78</b>	<b>207.93</b>	<b>261.94</b>
<b>9. Trade receivables</b>			
Outstanding for a period exceeding 6 months from due date - Unsecured, considered good	0.02	0.09	3.08
Other Debts - Considered good	203.64	173.82	229.26
	<b>203.66</b>	<b>173.91</b>	<b>232.34</b>
Less: Allowance for doubtful receivables	-	-	-
<b>Total</b>	<b>203.66</b>	<b>173.91</b>	<b>232.34</b>
<b>Age of Receivable:</b>			
Within the credit period	166.25	145.74	197.60
1-30 days past due	25.61	19.71	23.02
31-90 days past due	9.94	8.46	7.46
More than 90 days past due	1.86	-	4.26
<b>Total</b>	<b>203.66</b>	<b>173.91</b>	<b>232.34</b>

## NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

		Rs.in Crores		
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
<b>10. Cash and bank balances</b>				
Cash & Cash Equivalents				
a) Balance with banks				
(i) in current accounts	8.05	8.97	6.18	
(ii) deposit	0.01	1.77	-	
(ii) Margin money deposit	0.01	0.01	0.01	
b) Cheques on hand	-	-	0.04	
c) Cash on hand	0.41	0.42	0.80	
(a)	<u>8.48</u>	<u>11.17</u>	<u>7.03</u>	
Other bank balances				
(i) Bank deposits*	4.42	4.42	2.67	
(ii) Unpaid dividend	3.26	4.62	1.55	
(b)	<u>7.68</u>	<u>9.04</u>	<u>4.22</u>	
* Balances in deposits accounts subject to lien in favour of banks for obtaining bank guarantees / letter of credits				
<b>11. Other current assets</b>				
Balance with service tax and sales tax authorities	25.69	11.78	15.73	
Prepaid expenses	1.88	2.15	3.63	
Lease prepayments	0.39	0.39	0.39	
Others	-	-	4.32	
(a)	<u>27.96</u>	<u>14.32</u>	<u>24.07</u>	
Advances recoverable in cash or in kind for value to be received	30.47	23.35	5.22	
less: provision for doubtful advances	-	-	-	
(b)	<u>30.47</u>	<u>23.35</u>	<u>5.22</u>	
<b>Total (a) + (b)</b>	<u><b>58.43</b></u>	<u><b>37.67</b></u>	<u><b>29.29</b></u>	

## NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Rs.in Crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>12. Equity share capital</b>			
Authorised (1,00,00,000 equity shares at Rs.10 each)	10.00	10.00	10.00
Subscribed and fully paid up (76,57,050 equity shares at Rs.10 each)	7.66	7.66	7.66
<b>Total</b>	<b>7.66</b>	<b>7.66</b>	<b>7.66</b>

### Reconciliation of number of shares in the beginning and at end of the year

Particulars	UOM	Outstanding at beginning of the Year	Outstanding at end of the Year
As at March 31, 2017			
- Number of Shares	Nos in '000	7657.05	7657.05
- Amount of Shares	Rs.In Crores	7.66	7.66
As at March 31, 2016			
- Number of Shares	Nos in '000	7657.05	7657.05
- Amount of Shares	Rs.In Crores	7.66	7.66
As at March 31, 2015			
- Number of Shares	Nos in '000	7657.05	7657.05
- Amount of Shares	Rs.In Crores	7.66	7.66

### Shareholding more than 5 % of the shares of the Company

Name of the Company	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
T.V. Sundram Iyengar & Sons Private Limited	27.73%	27.73%	27.73%
Sundaram Industries Private Limited	9.79%	9.79%	9.79%

### Rights, preferences and restrictions attached to shares -

Equity shares - The Company has one class of equity shares having a par value of Rs.10/- each. 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. Each shareholder also has a residual interest in the assets of the Company in proportion to their shareholding.

**NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)**

(All amounts are stated in Rupees in Crores unless otherwise stated)

		Rs.in Crores		
	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>13.</b>	<b>Other equity</b>			
	<b>Reserves and Surplus</b>			
	<b>Securities premium</b>	0.93	0.93	1.11
	<b>General reserve</b>	31.01	31.01	31.01
	<b>Capital reserve</b>	0.01	0.01	0.01
	<b>Reserve on amalgamation</b>	0.46	0.46	0.46
	<b>Foreign Currency Translation Reserve</b>	-	-	0.65
	<b>Shares in Net worth of Associates</b>			
	Opening Balance	(3.93)	(3.27)	
	Profit for the Year	(2.07)	(0.67)	
	Other Comprehensive Income - Employees Benefit	-	0.01	
	Closing Balance	(6.00)	(3.93)	(3.27)
	<b>Surplus</b>			
	Opening balance	376.17	275.79	-
	Profit for the year	149.69	186.82	-
	Less			
	Appropriations	-	-	-
	Final Dividends paid	-	(25.88)	-
	Interim Dividends paid	-	(45.94)	-
	Dividend distribution tax paid	-	(14.62)	-
	Closing balance	525.86	376.17	275.79
	<b>Other Comprehensive Income</b>			
	Opening Balance	(0.19)	-	-
	Actuarial Gain/(Loss) on Employee benefit schemes (net of taxes)	(0.15)	(0.19)	-
	Fair Valuation of Investments	1.50	-	-
	Closing Balance	1.16	(0.19)	-
	<b>Total</b>	<b>553.43</b>	<b>404.46</b>	<b>305.76</b>
<b>14.</b>	<b>Borrowings</b>			
	<b>Term loans</b>			
	<b>Secured</b>			
	From banks	23.75	43.97	142.49
	From others	-	-	-
	<b>Total</b>	<b>23.75</b>	<b>43.97</b>	<b>142.49</b>
	<b>Additional Information:</b>			
	<b>Details of Security for Secured Loans:</b>			
	A) Term Loan Availed from State Bank of India is secured by (a) exclusive first charge on the assets created out of the term loans including (1) Equitable Mortgage of Lease hold rights over 28424 Sq mt plot of land, Plot No 7, Sector I, Industrial Area, I.I.E Pant Nagar, Uttam Singh Dist, Uttarakhand and Buildings thereon, belonging to the company and (2) Equitable mortgage over Land (1.90 acres) and Building at Survey No.519/1B2, located at Narasingampatti Village, Madurai & (b) second charge on the entire current assets of the company.			
	B) Term Loan from DBS Bank is secured by hypothecation of Specific Plant & Machinery located at Vellaripatti Village, Madurai.			

## NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

		Rs.in Crores		
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
<b>15. Other Financial Liabilities</b>				
Security deposit	83.57	82.02	19.71	
<b>Total</b>	<b>83.57</b>	<b>82.02</b>	<b>19.71</b>	
<b>16. Provisions</b>				
Short term provisions for employee benefits				
Gratuity	1.78	1.91	-	
Compensated absence	1.03	0.66	0.52	
(a)	<b>2.81</b>	<b>2.57</b>	<b>0.52</b>	
Long term provisions for employee benefits				
Gratuity	-	0.41	2.93	
Compensated absence	5.88	3.46	4.78	
(b)	<b>5.88</b>	<b>3.87</b>	<b>7.71</b>	
<b>17. Deferred Tax Liability</b>				
i) Deferred Tax Liability				
a) On Account of Depreciation on Fixed Assets	40.15	30.05	24.91	
b) On account of timing Differences in Recognition of Expenditure	(3.42)	(2.47)	(2.18)	
c) On account of Ind AS fair value adjustments	0.05	0.02	0.26	
ii) MAT Credit Entitlement	-	-	(7.46)	
<b>Total</b>	<b>36.78</b>	<b>27.60</b>	<b>15.53</b>	
<b>18. Other non current liabilities</b>				
Deferred Government Grant (Capital Subsidy)	0.27	0.29	0.30	
Deferred Income	5.80	6.10	-	
<b>Total</b>	<b>6.07</b>	<b>6.39</b>	<b>0.30</b>	
<b>19. Borrowings (short terms)</b>				
<b>Secured</b>				
a) Loans repayable on demand				
from banks	276.14	86.57	111.62	
from other parties	-	-	-	
<b>Total</b>	<b>276.14</b>	<b>86.57</b>	<b>111.62</b>	

### Additional Information

#### a. Details of Security for Secured Loans

Working Capital facilities availed from State Bank of India are secured by a first charge by way of hypothecation of Stock of Raw Materials, Stores, Work in Progress, Finished goods and Book Debts. Working Capital facilities are also secured through a second charge on the assets created out of the term loans including: (1) EM of Lease hold rights over 28424 Sq mt plot of land, Plot No.7, Sector I, Industrial Area, I.I.E, Pant Nagar, Uttam Singh Dist and buildings thereon, Uttrakhand belonging to the company and (2) EM over Land [1.90 acres] and Buildings at S No. 519 / 1B 2 Narasingampatti Village, Therkuthuru, Melur Taluk, Madurai District belonging to the company.

## NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Rs.in Crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>20. Trade payables</b>			
Towards purchase of goods and services			
i) To Micro Small and Medium Enterprises	-	-	-
ii) Others	201.00	113.72	181.24
<b>Total</b>	<b>201.00</b>	<b>113.72</b>	<b>181.24</b>
<b>21. Other financial liabilities</b>			
Capital creditors	15.34	10.27	5.17
Current maturities of long term debt	14.76	14.76	30.32
Interest accrued but not due on borrowings	0.65	0.87	0.92
Unpaid dividends	3.26	4.62	1.55
	(a)	34.01	30.52
Other creditors	(b)	154.65	155.83
<b>Total (a) + (b)</b>	<b>188.66</b>	<b>186.35</b>	<b>141.93</b>
<b>22. Other current liabilities</b>			
Advances from customers	3.86	2.80	11.03
Statutory payables	1.35	1.00	1.06
<b>Total</b>	<b>5.21</b>	<b>3.80</b>	<b>12.09</b>
<b>23. Current Tax Liabilities</b>			
Provision for Income Tax (Net of Advances)	-	-	3.91
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3.91</b>
		<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
<b>24. Revenue from operations</b>			
Sale of products		2116.10	2345.86
Other Operating Revenue		14.84	16.63
<b>Total</b>		<b>2130.94</b>	<b>2362.49</b>
<b>25. Other income</b>			
Interest Income from bank deposits		1.09	1.92
Interest income from others		2.76	0.02
Exchange Rate gain & loss		-	1.47
	(a)	<b>3.85</b>	<b>3.41</b>
Profit on sale of Investments		-	18.18
Other non-operating income (net of expenses directly attributable to such income)		0.74	1.75
	(b)	<b>0.74</b>	<b>19.93</b>
<b>Total (a) + (b)</b>		<b>4.59</b>	<b>23.34</b>

**NOTES TO CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2017 (Contd.)**

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Rs.in Crores	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>26. Cost of materials consumed</b>		
Opening Stock	108.22	124.59
Add: Purchase [includes processing charges Rs.62.53 Cr (Previous year Rs 44.31 Cr)]	1,288.49	1,035.69
<b>Total</b>	<b>1,396.71</b>	<b>1,160.28</b>
Less Closing Stock	255.55	108.22
Cost of Materials consumed	<b>1,141.16</b>	<b>1,052.06</b>
<b>27. Changes in inventories of finished goods work-in-progress and Stock-in-Trade</b>		
Opening Stock of Finished goods & Traded goods	79.52	117.64
Opening Stock of Work in progress	14.06	12.11
Closing Stock of Finished goods & Traded Goods *	125.33	127.86
Closing Stock of Work in progress	22.39	14.06
(Increase) / Decrease in Finished goods & Traded Goods	(45.81)	(10.22)
(Increase) / Decrease in Work in progress	(8.33)	(1.95)
Total (Increase) / Decrease in Stock	<b>(54.14)</b>	<b>(12.17)</b>
* Includes Rs.48.34 Crores relating to disposed Subsidiary during 31.03.2016		
<b>28. Employee benefit</b>		
(a) Salaries and wages	174.81	185.59
(b) Contributions to -		
(i) Superannuation Fund	0.89	0.78
(ii) Gratuity fund contributions	2.48	1.68
(iii) Provident Fund and other funds	10.45	9.20
(c) Remuneration to Whole Time Directors	15.52	17.45
(d) Staff welfare expenses	18.21	18.61
<b>Total</b>	<b>222.36</b>	<b>233.31</b>
<b>29. Finance costs</b>		
Interest expense	19.81	15.31
Other borrowing cost (including letter of credit and bill discounting charges)	0.32	5.56
<b>Total</b>	<b>20.13</b>	<b>20.87</b>

**NOTES TO CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)**

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	Rs.in Crores	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>30. Other expenses</b>		
Consumption of Stores & Spares	57.02	52.98
Power & Fuel	83.20	74.72
Repairs to building	2.04	2.04
Repairs to machinery	6.52	5.22
Repairs Others	0.37	0.26
Insurance	3.60	3.35
Rates & taxes	6.99	17.59
Telephone & Internet Charges	1.48	1.43
Travelling Expense	11.70	12.85
Exchange Rate Fluctuation Loss	1.30	14.01
Bank charges	1.60	1.58
Advertisement and sales Promotion	42.83	50.43
CSR Activities	3.12	1.56
Freight Out	72.73	67.01
Advance written off	0.86	-
Bad debts	0.01	1.06
Loss on Sale of Fixed Assets (Net)	0.01	-
Assets condemned	-	0.05
Commission to non Whole Time Directors	0.80	0.80
Directors' sitting fees	0.07	0.07
Rent & Lease rentals	22.56	24.51
Audit Fees		
a) Audit fees	0.16	0.63
b) Others	0.08	0.08
Donation	0.04	1.03
Consultancy	26.06	23.18
Warranty Claims	16.51	19.56
Other expenses	5.08	42.47
<b>Total</b>	<b>366.74</b>	<b>418.47</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### 31. Corporate Information, Significant Accounting Policies & Notes to the Financial Statements

#### A. Corporate Information

TVS Srichakra Limited ('the company') is a public limited company domiciled and incorporated in India having its registered office at TVS Building, 7-B West Veli Street, Madurai 625001. The Company's shares are listed and traded on Stock Exchanges in India. The Company is engaged in the business of two-wheeler, three-wheeler and other industrial tyre manufacturing.

#### B. Significant Accounting Policies

##### 1 Basis of preparation and consolidation

The Ministry of Corporate Affairs ('the MCA'), Government of India in exercise of the powers conferred by Section 133 read with Section 469 of the Companies Act, 2013 (The 'Act') and sub-section 1 of Section 210A of the Companies Act, 1956 ('The Erstwhile Act') in consultation with National Advisory Committee on Accounting Standards vide G.S.R. 111(E) dated 15th February, 2015 notified rules called Companies (Indian Accounting Standard) Rules, 2015 effective April 1, 2015. The MCA wide notification GSR 111(E) dated March 30, 2016 issued certain amendments to Ind AS vide Companies (Indian Accounting Standards) Amendment Rules, 2016. The MCA wide notification GSR 404(E) dated April 6, 2016 introduced amendments to Schedule III of the Act, requiring companies to prepare the financial statements in compliance with Companies (Indian Accounting Standards) Rules, 2015.

The Consolidated financial statements comprise the financial statements of TVS Srichakra Limited (the holding company), its subsidiary company TVS Srichakra Investments Limited (the holding company and its subsidiary is referred to as group) and its Joint Venture Company "ZF Electroics TVS (India) Private Limited".

The Company vide its Board resolution dated 18.04.2016 resolved to adopt Ind AS in preparation of financial statements for the year ended March 31, 2017, considering that this company is a consolidating entity to M/s.T V Sundram Iyengar & Sons Private Limited, which mandatorily has to prepare Consolidated Financial Statements under Ind AS. Pursuant to the above resolution and rules framed by MCA, the Company has prepared its financial statements as per Ind AS for the year ended March 31, 2017 with April 1, 2015 being the date of transition.

The comparative figures in the Balance Sheet as at March 31, 2016 and April 1, 2015 and Statement of Profit and loss and Statement of Cash Flow for the year ended March 31, 2016 have been restated accordingly.

The financial statements of the group 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. GAAP comprises of Indian Accounting Standards as specified in Section 133 of the Act read together with Rule 4 of companies (Indian Accounting Standard) Amendment Rules, 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the group 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 an going concern 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 31(B)(24). Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation 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.

The companies considered in consolidation are TVS Srichakra Investments Limited (100% holding - wholly owned subsidiary) and ZF Electronics TVS (India) Pvt Limited (Joint Venturer of TVS Srichakra Investments Limited which holds 50% in the company).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The figures of ZF Electronics (India) Private Limited are unaudited and based on the information furnished to us by the management.

### 2 Statement of Compliance with Ind AS

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity, Statements of Cash Flow together with notes for the year ended March 31, 2017 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors' at its meeting held on 24.05.2017. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 31(B)(5) for the details of first-time adoption exemptions availed by the Company.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

### 3 Basis of measurement

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

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

### 4 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 Crores (Cr) with two decimals except where otherwise indicated.

### 5 First - time adoption of Ind AS - Mandatory Exceptions and Optional Exemptions

(i) Overall principle: The Company has prepared the Balance Sheet as per Ind AS as of April 1, 2015 ,the transition date (Opening Ind AS Balance Sheet) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below."

(ii) Exceptions to retrospective application of Ind AS

- i. Estimates: The group has not made any changes to estimates made in accordance with Previous GAAP.
- ii. Ind AS 109 – Financial instruments (Derecognition of previously recognised financial assets/liabilities) - The group has applied the Derecognition requirements prospectively.
- iii. Ind AS 109 – Financial instruments (Hedge accounting) – The group has not designated any hedge retrospectively.
- iv. Ind AS 109 (financial instruments classification and measurement of financial asset) - The group has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial asset and accordingly has classified and measured financial assets on the date of transition.
- v. Ind AS 109 financial instruments (impairment of financial assets) - The group has applied impairment requirements retrospectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

- vi. Ind AS 109 – Embedded derivatives - The group does not have any embedded derivative on the transition date.
  - vii. Financial instruments – government loans - The group did not avail any Government loan as on the date of transition and hence the requirements of Ind AS 109, in this regard does not arise.
- (iii) Exemptions from retrospective application of IND AS
- i. Ind AS 103 Business combination  
The group has elected not to apply Ind AS 103 to business combinations that occurred before the date of transition to Ind AS. “
  - ii. Ind AS 102 share based payment  
The group does not have any share based payment on the transition date hence the requirements of Ind AS 102, in this regard does not arise.”
  - iii. Ind AS 104 Insurance contracts:  
The group does not have any insurance contracts on the transition date hence the requirements of Ind AS 104, in this regard does not arise.”
  - iv. Ind AS 16 Property, Plant and equipment/Ind AS 38 Intangible asset:  
The group has elected to continue with the carrying amount for all of its PPE, intangible asset measured as per Previous GAAP and use that as deemed cost as at the date of transition. The group does not have any decommissioning liability as on transition date.”
  - v. Ind AS 17 Leases  
The group has assessed all arrangements based on conditions existing as at the date of transition.
  - vi. Ind AS 21 Cumulative Translation Differences on Foreign Operations  
The group does not have foreign operation and hence this exemption does not apply to the Company.
  - vii. Long term foreign currency monetary item  
The group did not adopt the policy of amortising exchange differences on long term foreign currency monetary items and hence this exemption does not apply.
  - viii. Ind AS 27 Separate financial statements  
The group has elected to measure its investment in subsidiaries at cost determined in accordance with Ind AS 27 i.e. Original cost of investment in subsidiaries.
  - ix. Ind AS 32 financial instruments presentation  
The group has not issued any compound financial instruments and hence this exemption does not apply to the Company.
  - x. Ind AS 109 financial instruments  
The group has designated unquoted equity instruments in companies other than subsidiaries as at FVTOCI, based on the assessment made on the date of transition to Ind AS.
  - xi. Ind AS 105 Non-Current Assets held for Sale and Discontinued Operations -  
The group does not have any non-current asset/disposal group to be classified as held for sale. Hence, this exemption is not applicable to the group.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### 6 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 Judgements in applying accounting policies

##### a) Classification of investment in TVS Automobile Solutions Private Limited

The holding company has investments in compulsory convertible preference shares of TVS Automobile Solutions Private Limited ("TVS ASPL"). Based on the opinion of the management, TVS ASPL is not considered to be an associate of the Company. Accordingly, the investment in preference shares have been designated as investment at FVTOCI.

##### b) Lease classification

The Company enters into service / hiring arrangements for various assets / services. The determination of lease and classification of the service / hiring arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

#### Assumptions and Key Sources of Estimation Uncertainty

##### a) Fair value measurements and valuation processes

"Some of the group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 31(B)(22)."

##### b) Useful life of Property, Plant & Equipment (PPE)

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

##### c) 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, medical cost trends, 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.

### 7 Financial Instruments

#### a) Financial Assets - Investments

Financial assets comprises of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

#### Initial recognition:

All financial assets are recognised initially at Fair value plus transaction costs that are attributable to the Acquisition of the financial asset (In case of financial assets not recorded at FVTPL, transaction costs are recognised immediately in Statement of Profit and Loss). Purchase or sale of financial asset within a time frame

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

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 amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

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

- a) Trade receivable
- b) Other financial assets

(ii) Financial asset at FVTOCI

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flow and selling financial asset and the contractual terms of financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income

Equity instruments held for trading are classified as FTVPL. For other equity instruments the group classifies the same as FVTOCI. The classification is made on initial recognition and is irrevocable. Fair value changes on equity instruments at FVTOCI excluding dividends, are recognised in other comprehensive income (OCI).

(iii) Financial asset at FVTPL

All fair value changes are recognised in the Statement of Profit and Loss.

Derecognition on financial asset

Financial assets are derecognised when the contractual right to cash flows from the financial asset expire 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 recognised in the Statement of Profit and Loss (except for equity instruments designated as FVTOCI).

Impairment of financial asset

Trade receivables, lease receivables under Ind AS 109, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for their respective financial asset

(i) 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.

(ii) 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

since initial recognition, then the expected credit losses are measured at an amount equal to life-time expected credit loss.

### b. Financial liabilities

#### Initial recognition and measurement

Financial liabilities are initially recognised 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 into following categories

- at amortised cost
- at fair value through the Statement of Profit and Loss

#### Financial liabilities at amortised cost

The Company is classifying the following under amortised cost;

- a) Borrowings from banks
- b) Borrowings from others
- c) Finance lease liabilities
- d) Trade payables
- e) Other Financial Liabilities

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

#### Financial liability at Fair Value through Statement of Profit and Loss

Financial liabilities held for trading are measured at FVTPL.

#### De-recognition of financial liabilities

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

### c. Derivative financial instruments

Foreign exchange forward contracts and options are entered into by the group to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. The Company also enters into cross currency interest rate swaps for hedging the risk against variability in cash flows of its term loan. 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 recognised in the Statement of Profit and Loss.

### d. Hedge accounting

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

### e. 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 recognised amounts and intends either to settle on a net

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

basis or to realize the assets and settle the liability simultaneously.

f. **Reclassification of financial assets**

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

### **8 Share capital**

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 recognised as deduction from equity, net of any tax effects.

### **9 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 recognised 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 recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The cost of day to day servicing of property, plant and equipment are recognised in the 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. Leased asset are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Assets costing Rs.5000 or below acquired during the year considered not material and are depreciated in full retaining Rs.1 per asset. The useful life other than that described in Schedule II adopted are furnished below.

#### **Estimated useful life in years**

Plant and machinery other than generator sets - 20 Years

Electronics - 6 Years

Moulds/trolleys/weighing balance/drums/PCI stand/storage stand/motor/pump - 6 Years

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

### **10 Intangible assets**

Intangible assets that are acquired by the group, 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### **Subsequent expenditure**

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

### **Amortisation of intangible asset with finite useful lives**

Amortisation is recognised 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.

## **11 Impairment of Non financial assets**

The carrying amount of the group'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 the purpose of 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 asset (the cash generating unit).

An impairment loss is recognized if the carrying of amount an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss. Impairment losses recognised 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

## **12 Leases**

At the inception of a lease, the lease arrangement is classified either as finance or operating lease, based on the substance of the lease arrangement.

### **Asset taken on Finance lease:**

A financial lease is recognised as an asset and liability at the commencement of lease, at lower of the fair value of leased asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payment made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### **Assets taken on operating lease:**

Assets taken on operating leases are not recognized in the Balance Sheet. Payments made under operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term of the lease.

### **Assets given on operating lease:**

Assets given on operating lease are depreciated over the useful life of the assets. Rental income is recognised in Statement of Profit and Loss under straight line basis over the lease term.

### **Deposits provided to lessors:**

Any lease deposit paid by the company to the lessors are discounted to its fair value and the difference between the fair value and the deposit amount is recognised as pre-payments.

Subsequent to initial recognition, the security deposit is measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight line basis over the lease term as lease rental expense.

## **13 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.

## **14 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic 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 specified 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 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 group 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.

## **15 Revenue recognition**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and reward of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured reliably. Transfer of risk and reward vary depending on the individual terms of the contract of sale.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### 16 Employee benefits

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

a) 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 group has no further obligations under the plan beyond its monthly contributions. The group 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 recognised as an employee benefit expense in the Statement of Profit and Loss when incurred.

b) 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 remeasurements of net defined benefit liability/asset directly in other comprehensive income and presented within equity. The Company has an employees' gratuity fund managed by the ICICI Prudential Life Insurance Company Limited.

c) 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.

d) 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.

### 17 Finance Income and expense

Finance income comprises of interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss. Interest income is recognised using effective interest method. Dividend income is recognised 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial asset through FVTPL that are recognised in the Statement of Profit and Loss.

### 18 **Borrowing costs**

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalised 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 group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the group 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 group which are outstanding during the period, other than borrowings made specifically towards purchase of qualifying asset. The amount of borrowing costs that the group capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

### 19 **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 recognised 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
- ii) Arising due to taxable temporary differences 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 realised.

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 and no deferred tax is set up in the books as the tax liability is not with the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

### 20 Foreign Currency Transactions and balances

Transactions in foreign currencies are initially recognised 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. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate prevailing on the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognised in Statement of Profit and Loss for determination of net profit or loss during the period.”

### 21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all potential ordinary shares, which include share options granted to employee if any, to the extent that partly paid shares are not entitled to participate in dividends during the period. They are treated as equivalent of warrants or options in the calculation of diluted earnings per share.

### 22 Fair value measurement

Ind AS require 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 group.

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 inputs for the assets and liabilities

For assets and liabilities that are recognised 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 categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the group 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 disclosure 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(i) Investments in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting period. In the absence of quoted price, the fair value of the financial asset is measured using valuation techniques

(ii) 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.

(iii) Lease Security Deposits

Lease deposit paid by the group to the lessors are discounted to its fair value based on the market rate of interest at the reporting date. For operating lease, where the interest rate implicit in the lease contract is not available, the market rate of interest is determined by reference to the interest on bank deposits.

(iv) Derivatives

The fair value of forward exchange contracts is based on quoted price. Fair value reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the group and the counter party when appropriate.

(v) 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 financial lease, the market rate of interest is determined by reference to similar lease agreements.

### 23 Dividend distribution to Equity shareholders

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.

### 24 Current and non-current classification

An asset is classified as current if:

- (a) it is expected to be realised 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 realised 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.

### 25 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.

### 26 Segment Reporting

Operating segments are identified and reported taking into account the different risks and returns, the organization structure and the internal reporting systems. The group operates only in one segment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### C Notes to Consolidated Financial Statements

#### 1. First time adoption of IND AS

##### i) Reconciliation of equity from Previous GAAP to Ind AS

Particulars	As per April 1, 2015	As per March 31, 2016
<b>Equity as per previous GAAP</b>	282.28	412.14
<b>Ind AS adjustments</b>		
Reversal of proposed dividend	31.15	-
Fair valuation impact on interest free security deposit given	(0.14)	(0.19)
Restatement of Loan and mark to market valuation of underlying derivative	0.68	0.30
Capital Subsidy from Govt. treated as liability	-	(0.28)
Fair valuation impact on security deposit received at concessional rate	-	(0.07)
Other Adjustments	(0.55)	0.22
<b>Equity as per Ind AS</b>	<b>313.42</b>	<b>412.12</b>

##### ii) Reconciliation of net profit for the year ended March 31 2016

Particulars	Year ended March 31, 2016
<b>Net profit after tax as per previous GAAP</b>	<b>186.22</b>
Impact of restatement of Loan and mark to market valuation of underlying derivative	(0.59)
Unwinding of discounting on loan given / optionally convertible debentures issued by subsidiary on account of fair valuation	-
Unwinding of discounting on security deposit received at concessional rate	(0.10)
Unwinding of discounting on interest free security deposit given and corresponding impact on lease rentals	(0.07)
Recognition of Capital Subsidy from Govt. as income over the useful life of asset	0.02
Gain/loss on measurement of defined benefit plans	0.20
Deferred Tax on the above	0.28
Net profit as per statement of profit or loss	<b>185.96</b>

##### ii) Reconciliation of cash flows for the year ended March 31 2016

Particulars	Year ended March 31, 2016
<b>Previous GAAP</b>	
Net cash flow from operating activities	378.86
Net cash flow from investing activities	(103.06)
Net cash flow from financing activities	(266.89)
<b>Adjustments</b> Excludes adjustments on account of valuation of joint Venture under Net Asset Method.	
Net cash flow from operating activities	21.47
Net cash flow from investing activities	(16.82)
Net cash flow from financing activities	(4.60)
<b>Ind AS</b>	
Net cash flow from operating activities	400.33
Net cash flow from investing activities	(119.88)
Net cash flow from financing activities	(271.49)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 2. Reconciliation of effective tax rates

A reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income taxes to the income before taxes is summarised below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profit before taxes	211.07	283.78
Enacted tax rates in India	34.61%	34.61%
Expected tax expense/(benefit)	73.05	98.21
Effect of Income tax exemption benefit u/s.80IC of the Income Tax Act with respect to Uttarakhand Plant	(8.62)	(12.00)
Additional tax benefit on account of Research & Development (Income & Expenditure)	(11.75)	(6.17)
Other items	8.70	12.57
Tax Expense as per P&L	61.38	92.61

### 3. Details of Earnings Per Share

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Profits for the Year (includes shares of profits from joint venture)	147.62	190.50
Number of Equity Shares (Nos.)	76,57,050	76,57,050
Face Value of Shares (In Rupees)	10	10
Basic and Diluted Earnings per Share (In Rupees) *	192.78	248.78

\* There are no potential dilutive equity shares

### 4. Foreign currency exposure

The details of foreign currency exposure as at March 31, 2017 are as follows:

Particulars	Amount in foreign currency	Amount in Indian Rupee (In Crores)
Amount receivable in foreign currency on account of Debtors		
EURO	97,27,211	72.76
USD	176,19,311	116.97
Amount payable in foreign currency on account of Creditors		
EURO	5,86,176	4.41
JPY	6,61,054	0.03
USD	245,17,148	25.81
GBP	68,718	0.62

The details of foreign currency exposure as at March 31, 2016 are as follows:

Particulars	Amount in foreign currency	Amount in Indian Rupee (In Crores)
Amount receivable in foreign currency on account of Debtors		
EURO	90,13,430	66.02
USD	207,11,200	134.46
Amount payable in foreign currency on account of Creditors		
EURO	279,20,132	15.08
JPY	2,32,663	0.02
USD	138,51,904	24.80

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 5. Employee benefits

Particulars - Leave Encashment	Year ended March 31, 2017	Year ended March 31, 2016
Service cost	1.88	0.47
Interest cost	0.32	0.27
Actuarial (gain)/loss	0.58	(0.06)
Project benefit obligation at the end of the year	2.78	0.68

Particulars - Gratuity	Year ended March 31, 2017	Year ended March 31, 2016
<b>Present Value of Defined Benefits</b>	<b>21.20</b>	18.67
Service cost	2.04	1.81
Interest cost	1.64	1.44
Actuarial (gain)/loss	0.26	(0.12)
Benefits paid	(0.50)	(0.59)
Project benefit obligation at the end of the year	24.64	21.21
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	18.89	13.89
Interest income	1.55	1.25
Employers contribution	2.31	4.78
Benefits paid	(0.50)	(0.59)
Actuarial gain/(loss)	0.61	(0.44)
Fair value of plan assets at the end of the year	22.86	18.89
<b>Amount recognised in Balance Sheet</b>		
Present value of projected benefit obligation at the end of the year	24.64	21.21
Fair value of plan assets at the end of year	22.86	18.89
Funded status amount of liability recognised in Balance Sheet	1.78	2.32

Particulars - Gratuity	Year ended March 31, 2017	Year ended March 31, 2016
<b>Expense recognised in statement of profit or loss</b>		
Service cost	2.04	1.81
Interest cost	1.64	1.44
Interest income	(1.55)	(1.25)
Net gratuity cost	2.13	2.00
Actual return on plan asset	2.15	0.81
<b>Summary of actuarial assumptions</b>		
Discount rate	7.17%	7.82%
Expected rate of plan assets	7.82%	8.00%
Salary escalation rate	6.00%	6.00%
Average future working life time	5.00%	5.00%

Discount rate - based on prevailing market yields of Indian Government securities 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.1.78 Crores to its gratuity fund during the year ending March 31, 2017. The expected cash flows over the next few years are as follows:



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars - Gratuity	March 31, 2017	March 31, 2016
1 year	1.65	1.34
2 to 5 years	6.68	5.66
6 to 10 years	7.06	6.14

Sensitivity analysis of significant actuarial assumption

Particulars - Gratuity	March 31, 2017	
	% increase in DBO	Liability (Rs in Crores)
Discount Rate + 100 basis points	(8.60%)	22.52
Discount Rate - 100 basis points	8.60%	26.76
Salary growth rate + 100 basis points	8.09%	26.63
Salary growth rate - 100 basis points	(8.33%)	22.59
Attrition Rate + 100 basis points	(0.20%)	24.59
Attrition Rate - 100 basis points	(1.06%)	24.38
Mortality Rate 10% Up	(0.58%)	24.50

Particulars - Gratuity	March 31, 2016	
	% increase in DBO	Liability (Rs in Crores)
Discount Rate + 100 basis points	(8.68%)	19.36
Discount Rate - 100 basis points	8.34%	22.96
Salary growth rate + 100 basis points	7.88%	22.87
Salary growth rate - 100 basis points	(8.43%)	19.41
Attrition Rate + 100 basis points	0.05%	21.21
Attrition Rate - 100 basis points	(1.68%)	20.84
Mortality Rate 10% Up	(0.72%)	21.04

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

### Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in government securities, debt instruments, Short term debt instruments, Equity instruments and Asset Backed, Trust Structured securities as per notification of Ministry of Finance.

### Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

### Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 6. Segment reporting

The Company has identified manufacture and sale of tyres as the only reportable segment taking into account the different risks and returns, the organization structure and the internal reporting systems. Accordingly disclosure of segment-wise information is not applicable under Ind AS 108 - Operating Segments.

### 7. Related party and transactions

#### a) Related parties and their relationship

Entity with significant influence

T V Sundram Iyengar & Sons Private Limited

Associates

Van Leeuwen Tyres & Wheels B.V.Holland

Key Management Personnel

Sri R Naresh, Executive Vice Chairman

Ms Shobhana Ramachandhran, CEO & Managing Director

Enterprise with Common Key Management Personnel

Sundaram Industries Private Limited

#### b) Related party transaction and balance

Rs.in Crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
T V Sundram Iyengar & Sons Private Limited			
Purchase of goods	0.73	0.42	0.84
Rendering of services	-	0.02	5.06
Services Received	4.07	6.83	5.54
Sales	-	-	38.10
Amount Receivable	-	-	0.64
Amount Payable	4.09	6.67	4.26
Key Management Personnel			
Salaries and other benefits	15.52	17.45	8.73
Rent Paid	0.04	0.04	0.04
Amount Payable	11.65	14.48	7.09
Sundaram Industries Private Limited			
Receipt of services	0.01	0.96	0.92
Purchase of goods	1.80	2.93	3.45
Rendering of services	0.88	-	-
Sales	2.00	0.72	1.15
Trade Payable	1.69	0.60	1.35

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 8. Financial instruments

#### a. Derivative financial instruments

##### (i) Forward and option contract

Foreign exchange forward contracts and options are purchased 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 are initially recognized at fair value on the date of contract is entered and subsequently re-measured at fair value. gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. the counter parties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2017 and March 31, 2016 are given below:

Particulars	Currency	As at March 31, 2017	As at March 31, 2016
Forward contracts (Sell)	USD	23,84,802	26,26,076
	Euro	23,52,208	20,44,444
Forward contracts (Buy)	USD	61,09,120	74,35,986
	Euro	20,800	2,66,385
	JPY	2,36,250	-
	GBP	-	19,172
Gain/(loss) mark to market in respect of forward contracts outstanding	Rupees	-0.11	-0.30

The Company recognized a net gain on the forward contracts of 0.39 Cr (Previous year Rs.2.91 Cr) for the year ended March 31, 2017

All open forward exchange contracts mature within three-six months from the Balance Sheet date.

##### ii) Cross Currency Swap:

The Company has entered into a Cross Currency Swap (Principal Only Swap arrangement) in order to hedge the cash flows arising out of the principal and interest payments of the underlying INR term loan. The period of the swap contract is co terminus with the period of the underlying term loan. As per the terms of engagement the company shall pay USD fixed and received fixed INR principal and interest cash flows during the term of contract. The swap arrangement is marked to market at the end of every period and losses are recognised in the Statement of Profit and Loss. The details of of the outstanding balances and the mark to market losses recognised during the year are as under:

Particulars	Value of outstanding INR term loan	Value of outstanding US principal	Mark to market Gain INR
Position as at March 31, 2017	25.83	5250000	8.05
Position as at March 31, 2016	40.59	8250000	14.59
Position as at April 1, 2015	55.35	11250000	16.10

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2017 were as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
<b>Asset</b>			
Investment in Others			42.50
Employee advances	1.89		
Derivative Asset on ECB Loan Swap		8.05	
Forward Contracts		31.28	
Security Deposits	9.28		
<b>Liabilities</b>			
Loans from Banks	315.30		
Forward Contracts		40.32	
Security Deposits	83.57		

The carrying value and fair value of financial instruments by each category as at March 31, 2016 were as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
<b>Asset</b>			
Investment in Others			40.61
Investment in Optionally Convertible Debentures	43.03		
Employee advances	2.50		
Derivative Asset on ECB Loan Swap		14.59	
Forward Contracts		32.45	
Security Deposits	6.26		
<b>Liabilities</b>			
Loans from Banks	146.17		
Forward Contracts		51.90	
Security Deposits	82.02		

Details of financial assets pledged as collateral:

Carrying amount of financial assets as at March 31, 2017 and 2016 that the Company has provided as a collateral for obtaining borrowing and other facilities from the bankers are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016
Fixed Deposits	4.42	4.42

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### c. Fair value measurement of financial instruments measured at fair value on recurring basis:

Particulars	As at March 31, 2017		
	Level 1	Level 2	Level 3
Assets			
Investment in Others	-	41.89	0.61
Derivative Asset on ECB Loan Swap	-	8.05	-

Particulars	As at March 31, 2016		
	Level 1	Level 2	Level 3
Assets			
Investment in Others	-	40.01	0.60
Derivative Asset on ECB Loan Swap	-	14.59	-

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.

### d. Interest income/(expense), gain/(losses) recognised on financial assets and liabilities

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Financial assets at amortised cost		
Interest income on bank deposits	1.09	1.92
interest income on other financial asset	2.76	0.02
(b) Financial asset at FVTPL		
Net gain/(losses) on fair valuation on derivative financial instruments	(6.54)	(1.51)
(c) Financial liabilities at amortised cost		
Interest expenses on borrowings from banks, others and overdrafts	26.67	22.38

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 9. Financial risk management

The company has exposure to the following risks from its use of financial instruments.

#### 9.1 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counter parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Credit risk is managed by the entity. Considering the credit risk assessment made by the management and based on past history, no provision towards expected credit loss was deemed necessary.

#### 9.2 Liquidity risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	As at March 31, 2017	As at March 31, 2016
Long term borrowings		
- Upto 1 Year	15.41	15.63
- 1 to 3 Years	23.75	43.97
Short term borrowings		
- Upto 1 Year	276.14	86.57
Trade Payable		
- Upto 1 Year	201.00	113.72
Security Deposits from Customer		
- 1 to 3 Years	17.12	16.03
- More than 3 Years	72.00	72.00
Capital Creditors		
- Upto 1 Year	15.34	10.27
Other Financial Liabilities		
- Upto 1 Year	157.91	160.45
<b>Total</b>	<b>778.67</b>	<b>518.64</b>

The following table details the Company's expected maturity for its non-derivative financial assets. The information included in the table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016
Fixed Deposits with Banks		
- Upto 1 Year	4.42	4.42
Trade Receivables		
- Upto 1 Year	203.66	173.91
Loan to Employees		
- 1 to 3 Years	1.89	2.50
Security Deposits		
- 1 to 3 Years	21.18	8.91
- More than 3 Years	6.33	6.33
Capital Advances		
- Upto 1 Year	14.68	17.03
<b>Total</b>	<b>252.16</b>	<b>213.10</b>

The Company has access to committed credit facilities as described below, of which Rs.43.86 cr were unused at the end of the reporting period (as at March 31, 2016 Rs.233.43 cr). The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Unsecured bank overdraft facility, reviewed annually and payable at call:	As at March 31, 2017	As at March 31, 2016
Amount used	276.14	86.57
Amount unused	43.86	233.43

### 9.3 Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk.

9.3.1 Commodity Price Risk - The primary commodity price risks that the Company is exposed to include rubber prices that could adversely affect the value of the Company's financial assets or expected future cash flows.

9.3.2 Foreign currency risk management - The Company imports raw materials from outside India as well as make export sales to countries outside India. The Company is, therefore, exposed to foreign currency risk principally arising out of foreign currency movement against the Indian Currency. Foreign currency exchange risks are managed by entering into forward contracts against firm purchase commitment and receivables.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

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

Particulars	USD	EURO	JPY
As at March 31, 2017			
- Liabilities	1228274.67	717.90	-
- Assets	2572698.50	2559453.25	-
As at March 31, 2016			
- Liabilities	1562830.44	-	62000.00
- Assets	2578019.48	2385394.32	-

- 9.3.2.2 Foreign currency sensitivity analysis

The Company is principally exposed to foreign currency risk against USD & EURO. Sensitivity of profit or loss arises mainly from USD & EURO denominated receivables and payables.

As per management's assessment of reasonable possible changes in the exchange rate of +/- 5% between USD-INR and EURO-INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:

Sensitivity at year end	USD	
	2016-2017	2015-2016
Receivables:		
Weakening of INR by 5%	<b>0.82</b>	0.85
Strengthening of INR by 5%	<b>(0.82)</b>	(0.85)
Payable		
Weakening of INR by 5%	<b>(0.40)</b>	(0.52)
Strengthening of INR by 5%	<b>0.40</b>	0.52

Sensitivity at year end	EURO	
	2016-2017	2015-2016
Receivables:		
Weakening of INR by 5%	<b>0.87</b>	0.88
Strengthening of INR by 5%	<b>(0.87)</b>	(0.88)
Payable		
Weakening of INR by 5%	<b>NA</b>	NA
Strengthening of INR by 5%	<b>NA</b>	NA

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

- 9.3.2.3 Forward foreign exchange contracts

It is the policy of the Company to enter into forward exchange contracts to cover specific foreign currency payments and receipts 100% of the exposure generated.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

The Company has entered into following forward foreign exchange contracts during the reporting period.

Currency	March 31, 2017	March 31, 2016
USD	3668801.08	4132643.43
EURO	2619513.72	2385394.32
JPY	-	62000.00

### 9.3.3 Interest rate risk management

The Company is exposed to interest rate risk because of borrowal of short term funds at floating interest rates. The Company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's Profit for the year ended March 31, 2017 would decrease/increase by Rs.1.49 Cr (for the year ended March 31, 2016: decrease/increase by Rs.0.88 Cr)

## 10. Capital Management

The Company's capital comprises of equity share capital, retained earnings and other equity attributable to equity holders. The primary objective of company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2017 is Rs.7.66 crores (Previous Year: Rs.7.66 crores).

## 11. Legal proceedings / Contingent Liabilities / Contingent Assets

Particulars of Contingent Liabilities not Provided for	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
a) Estimated amount of contract remaining to be executed on capital account	31.89	30.97	53.96
b) Letter of Credit opened by Company's Bankers	48.99	40.09	27.77
c) Excise duty and service tax under dispute	10.20	2.56	2.06
d) Sales Tax under dispute	13.81	13.84	0.64
e) Income Tax under dispute	1.30	9.84	5.37
f) Customs duty on goods lying at Bonded warehouse	2.35	0.88	2.24

## 12. Due to micro and small enterprises

The company has not received any letter from any vendor claiming their status as micro / small enterprises. Accordingly the amount paid/payable to these parties is considered to be Nil.

## 13. Contribution to Corporate Social Responsibilities

Sec 135 of Companies Act 2013, requires company to spend towards corporate social responsibility. The company is expected to spend Rs.3.12 crores in compliance to this requirement. A sum of Rs.3.12 crores has been spent during the current year towards CSR activities as explained below. Balance amount to be spent is Rs.Nil.

Organisation	Rs.in Crores Amount
Arogya Welfare Trust, Madurai	2.61
Sastra University, Thanjavur	0.33
Partnering Hope into Action Foundation	0.08
Various trusts for protection of national heritage, art and culture	0.10
Total	3.12

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(All amounts are stated in Rupees in Crores unless otherwise stated)

### 14. Research and Development

Particulars	March 31, 2017	March 31, 2016
<b>Capital expenditure</b>		
Plant & Machinery	4.41	1.87
Electrical Installations	0.71	0.18
Vehicles	0.12	0.13
Computers	0.12	0.06
Furniture	0.34	0.18
Buildings	0.42	0.33
Intangible Assets	0.41	-
Capital Work in Progress	2.41	2.81
<b>Total</b>	<b>8.94</b>	<b>5.56</b>
<b>Revenue Expenditure</b>		
Raw Materials consumed	1.65	1.12
Stores & Spares consumed	0.21	0.30
Salaries, Wages, Bonus and Allowances	5.00	4.44
Freight	0.12	-
Rent including lease rentals	0.04	0.12
Rates & Taxes	0.22	0.22
Insurance	0.02	0.01
Travelling expenses	1.65	1.80
Repairs & Maintenance	1.63	1.54
Consultancy-Foreign	3.28	5.01
Consultancy-Domestic	0.53	0.02
Others	1.89	3.45
<b>Total</b>	<b>16.24</b>	<b>18.03</b>
<b>Total Research and Development Expenditure</b>	<b>25.18</b>	<b>23.59</b>

### 15. Details of Audit Fees

Particulars	March 31, 2017	March 31, 2016
a) For audit fees	<b>0.16</b>	0.63
b) For taxation matters,	<b>0.03</b>	0.03
c) For Certification	<b>0.03</b>	0.03
d) Towards reimbursement of expenses	<b>0.02</b>	0.02

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**

(All amounts are stated in Rupees in Crores unless otherwise stated)

**16. Lease commitments**

The company has taken few vehicles on financial lease and few machineries on operating lease. The future minimum lease payment under finance lease as at March 31 2017 and at March 31 2016 are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payable not later than one year	17.71	17.80	10.86
Payable later than one year and not later than 5 years	18.70	36.16	53.71
Payable later than 5 years	-	0.25	0.50
Total	36.41	54.21	65.07

**17. Specified Bank Notes (SBNs) held and transacted during the period from 08.11.2016 to 30.12.2016:  
(In Rupees)**

Particulars	SBNs (Rs.)	Other Denomination Notes	Total
Closing balance of Cash in hand as at 08.11.2016	451500	96334	547834
Add : Permitted Receipts	666500	1641521	2308021
	1118000	1737855	2855855
Less : Permitted Payments	-	-	-
Amount deposited in Banks between 08.11.2016 and 30.12.2016	1118000	1056500	2174500
Closing balance of Cash in hand as at 30.12.2016	-	681355	681355

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)**

(All amounts are stated in Rupees in Crores unless otherwise stated)

**18. Additional Disclosure in respect of subsidiary & Joint Venture**

Particulars	Parent	Subsidiary	Joint Venture
Name of the Entity	TVS Srichakra Limited	TVS Srichakra Investments Limited	ZF Electronics TVS (India) Private Limited
Whether Indian or Foreign	Indian	Indian	Indian
Extent of Holding by Parent	NA	100%	50%
Net Asset	564.67	(3.58)	5.99
Net Asset as a % of Consolidated Net Asset	99.57%	(0.63%)	1.06%
Share in Profit or Loss	155.33	(5.64)	(2.07)
Share in Profit or Loss as a % of Consolidated Profit or Loss	105.23%	(3.82%)	(1.40%)
Share in Other Comprehensive Income	1.35	-	-
Share in Other Comprehensive Income as a % of Consolidated Other Comprehensive Income	100.00%	-	-
Share in Total Comprehensive Income	156.68	(5.64)	(2.07)
Share in Total Comprehensive Income as a % of Consolidated Total Comprehensive Income	105.17%	(3.79%)	(1.40%)

**19. An amount of Rs.50.70 per share (507 %) has been recommended by the Board of Directors' towards dividend.****SHOBHANA RAMACHANDHRAN***Managing Director*

DIN : 00273837

**R NARESH***Executive Vice Chairman*

DIN : 00273609

As per our report attached  
For **SUNDARAM & SRINIVASAN***Chartered Accountants*

Firm Registration No.004207S

**K S NARAYANASWAMY**

Partner

Membership No. : 8593

Place : Madurai

**K P RANGARAJ***Chief Financial Officer***P SRINIVASAN***Secretary*

Date : 24.05.2017



**TVS Srichakra Limited**

**Regd. Office:** TVS Building, 7-B West Veli Street, Madurai - 625 001. [www.tvstyres.com](http://www.tvstyres.com)

**Manufacturing Units: Tamil Nadu:** Vellaripatti, Melur Taluk, Madurai - 625 122.

**Uttarakhand:** Integrated Industrial Estate, Sidcul, Pant Nagar, Rudrapur Tehsil, Kicha Dist - 263 153.