ANNUAL REPORT 2017-18

TVS TYRES

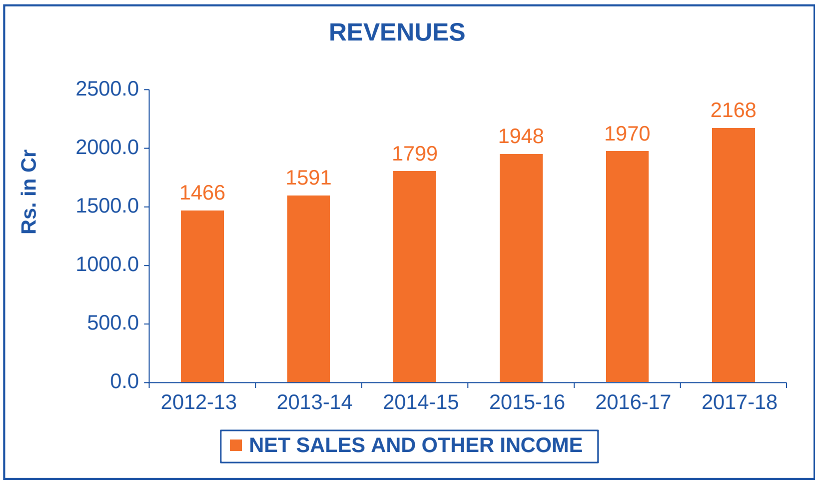
CORPORATE INFORMATION

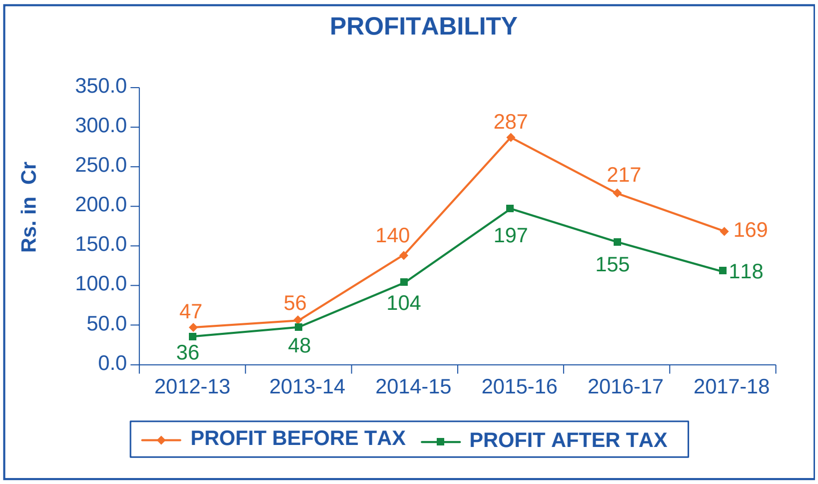
Board of Directors	R. Naresh Executive Vice Chairman Shobhana Ramachandhran Managing Director M. S. Viraraghavan P. Vijayaraghavan H. Janardana Iyer V. Ramakrishnan Rasesh R Doshi A. Arumugam
Audit Committee	M.S. Viraraghavan Chairman P. Vijayaraghavan H. Janardana Iyer Rasesh R Doshi
Nomination and Remuneration Committee	M. S. Viraraghavan Chairman P. Vijayaraghavan H. Janardana Iyer
Stakeholders Relationship Committee	P. Vijayaraghavan Chairman Shobhana Ramachandhran V. Ramakrishnan
Corporate Social Responsibility Committee	Shobhana Ramachandhran Chairman P. Vijayaraghavan Rasesh R Doshi

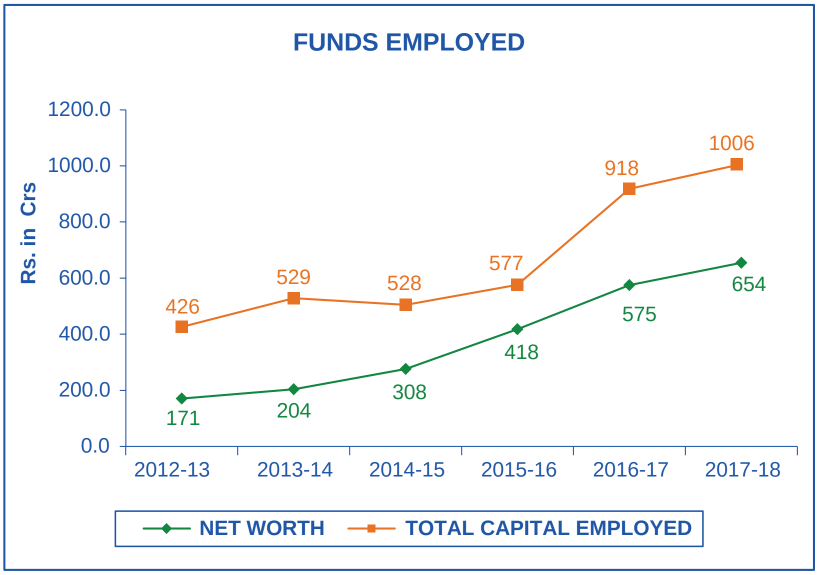
Registered Office	TVS Building 7-B West Veli Street Madurai 625 001 Tamil Nadu
Plant Location	**Madurai** Vellaripatti Village, Melur Taluk, Madurai 625 122 Tamil Nadu Narasingampatti Village Therkutheru, Melur Taluk Madurai 625 122 Tamil Nadu **Uttarkhand** Plot No. 7, Sector – 1, IIE, SIDCUL Pant Nagar 263 153 Rudrapur Tehsil – Kichha, Uttarkhand
Administrative Office	No. 10 Jawahar Road Madurai 625 002 Tamil Nadu Tel : 0452 2443300 Fax : 0452 2443466 Email : secretarial@tvstyres.com sec.investorgrievances@tvstyres.com Website : www.tvstyres.com
Subsidiary Company	TVS Srichakra Investments Limited
Statutory Auditors	PKF Sridhar & Santhanam LLP Chartered Accountants KRD Gee Gee Crystal No. 91-92, 7th Floor Dr Radhakrishnan Salai Mylapore, Chennai 600 004
Listing of Shares with	BSE Limited National Stock Exchange of India Limited
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

FINANCIAL HIGHLIGHTS - STANDALONE







FINANCIAL HIGHLIGHTS - STANDALONE

SIX YEAR PERFORMANCE AT A GLANCE

Rs. In Crs

PARTICULARS	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
A. OPERATING RESULTS						
NET INCOME(Excluding ED and Discounts) &&	1465.75	1590.96	1799.17	1947.75	1970.23	2167.62
PROFIT BEFORE DEPN. INT. & TAX	128.67	123.83	209.34	345.06	292.51	267.16
PROFIT BEFORE INT. & TAX	104.45	100.16	169.46	302.74	236.84	198.95
PROFIT BEFORE TAX (PBT)	47.27	55.92	139.57	286.99	216.71	169.25
PROFIT AFTER TAX (PAT)	35.68	47.45	103.79	196.95	155.33	117.61
DIVIDENDS $	5.74	12.25	25.88	45.94	38.82	30.63
DIVIDEND TAX $	0.98	2.08	5.27	9.35	7.90	6.30
PROFIT AFTER DIVIDEND	28.96	33.12	72.64	141.66	108.61	80.68
B. FINANCIAL STATUS						
GROSS FIXED ASSETS	302.57	370.01	443.59	580.59	782.60	939.66
NET FIXED ASSETS	216.43	249.77	282.84	403.10	568.66	621.24
INVESTMENTS	19.28	19.26	32.01	87.28	89.42	110.57
NET CURRENT ASSETS	190.59	260.00	212.92	86.23	260.28	274.26
SHARE CAPITAL	7.66	7.66	7.66	7.66	7.66	7.66
RESERVES AND SURPLUS	162.88	195.99	300.32	410.64	567.32	646.60
NET WORTH	170.54	203.65	307.98	418.30	574.98	654.26
LOAN FUNDS	232.98	303.52	204.33	130.71	306.60	308.47
DEFERRED TAX LIABILITY (NET)	22.78	21.86	15.46	27.60	36.78	43.35
TOTAL CAPITAL EMPLOYED	426.30	529.03	527.77	576.61	918.36	1006.08
C. KEY RATIOS						
PBDIT TO NET SALES (%) *	5.97	7.76	11.55	16.90	14.53	11.81
PBIT TO NET SALES (%) *	4.27	6.26	9.31	14.68	11.67	8.61
PBT TO NET SALES (%) *	0.24	3.46	7.63	13.86	10.63	7.21
PBIT TO AV. CAPITAL EMPLOYED (%) *	13.17	20.68	31.37	50.75	30.37	19.08
RETURN ON AVERAGE NET WORTH (%)	22.86	25.36	40.57	54.24	31.28	19.13
EARNINGS PER SHARE (Rs.)	46.59	61.97	135.55	257.21	202.86	153.60
DIVIDEND PER SHARE (Rs.) #$	8.77	18.72	40.68	72.21	61.02	48.22
DIVIDEND PAY OUT (%) #$	18.83	30.21	30.01	28.07	30.08	31.40
BOOK VALUE PER SHARE (Rs.)	222.72	265.96	402.22	546.29	750.92	854.46
DEBT EQUITY RATIO (NO. OF TIMES)	1.37	1.49	0.66	0.31	0.53	0.47

*Excluding other income

#Including dividend tax

$ to be Approved by Shareholders in AGM

&& Figures from 2012-13 have been regrouped/reclassified in accordance with IND AS Disclosures

Previous years figures have been regrouped to conform to the Current classification.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the 35th Annual Report of the Company together with the audited financial statement for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

(Rupees in Crores)

Details	Year ended 31st March, 2018	Year ended 31st March, 2017
Sales & Other Income (including excise duty)	**2218.03**	2140.65
Profit before finance cost and depreciation	**267.16**	292.51
Less : Finance Cost	**29.70**	20.13
Depreciation	**68.21**	55.67
Profit after finance cost and depreciation	**169.25**	216.71
Less : Provision for		
Income tax	**46.94**	52.50
Deferred tax	**4.70**	8.88
Profit after tax	**117.61**	155.33
Surplus brought forward from Previous Year	**533.41**	378.23
Remeasurement of post employment benefit obligation (net of tax)	**0.55**	-0.15
Dividend paid$	**-38.83**	-
Dividend Tax paid$	**-7.90**	-
Balance carried to Balance Sheet	**604.84**	533.41

$ As per IND AS dividend is to be accounted only on payment basis from the financial year 2017-18.

OPERATIONS

Your Company continues its focus on increasing plant efficiency and has improved margins through continuous improvements. The approach has been to focus on improving plant operations, enhance margins through continuous improvements and strive for growth.

During the financial year 2017-2018 the Company has witnessed a marginal growth in revenue despite various factors affecting the overall industry.

STANDALONE FINANCIAL PERFORMANCE

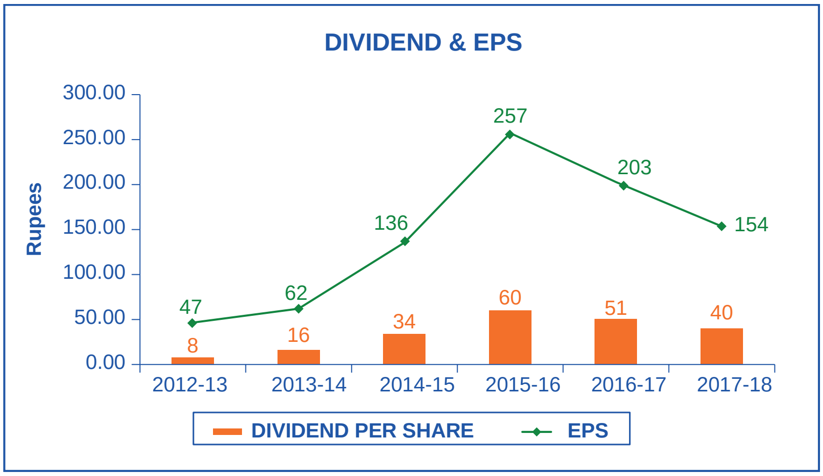
During the financial year under review your company registered net sales of ₹ 2218.03 Crores (including other income) as against ₹ 2140.65 crores during the previous financial year. Profit before Finance Cost and Depreciation stood at ₹ 267.16 crores as against ₹ 292.51 crores during the previous financial year. The net profit after tax for the current financial year stood at ₹ 117.61 crores compared to ₹ 155.33 crores during the previous financial year.

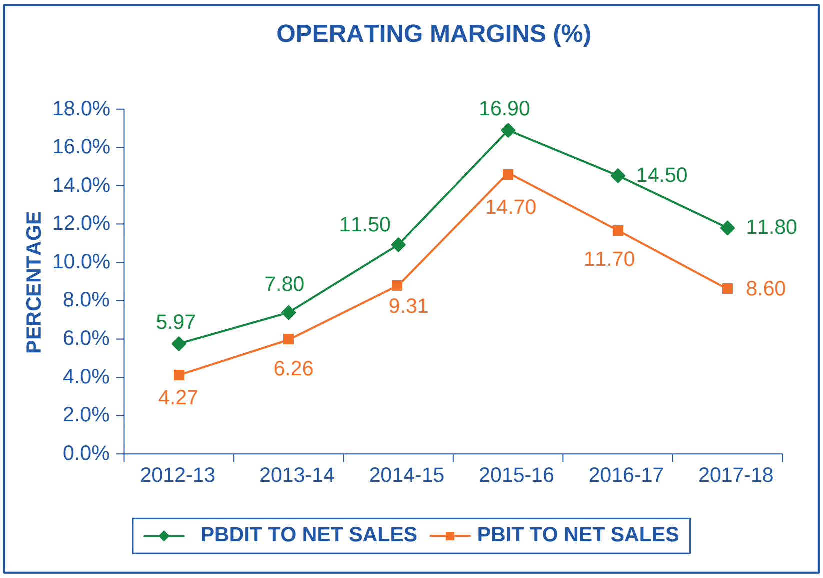
CONSOLIDATED PERFORMANCE

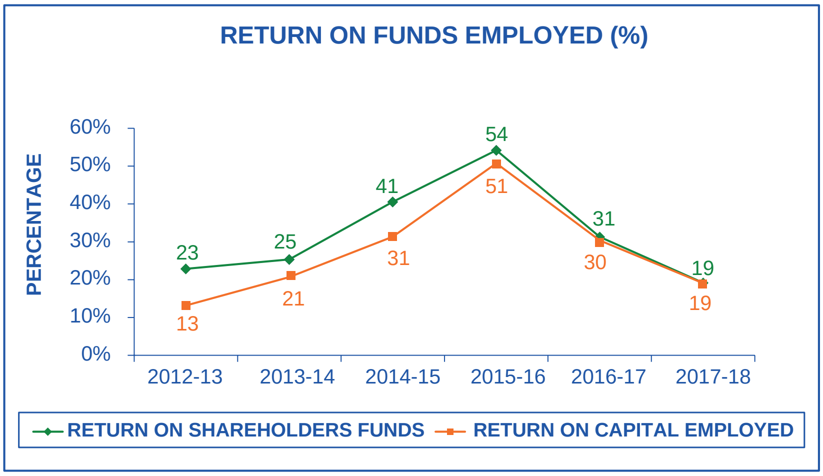
Your Company achieved a consolidated turnover of ₹ 2218.13 (including excise duty) crores for the year ended 31st March, 2018 as compared to ₹ 2135.53 crores in the previous year.

Profit before tax was at ₹ 168.98 crores for the year ended 31st March, 2018 as compared to ₹ 211.07 crores in the previous year.

FINANCIAL HIGHLIGHTS - STANDALONE







Your Company recorded a net profit of ₹ 117.34 crores for the year ended 31st March, 2018 as against ₹149.69 crores for the previous year on a consolidated basis.

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 (TSIL) recorded a net loss of ₹ 26.82 lakhs (PY ₹ 576 lakhs). During the year interest on Optionally Convertible Debentures (OCDs) was waived.

During the year, ZF Electronics TVS (India) Pvt. Limited (ZFTVS), an associate Company, recorded a total revenue of ₹ 49.07 Crores (PY ₹ 46.43 Crores), ZFTVS made an EBITDA of ₹ 1.12 Crores (PY ₹ (0.35) Crores) and incured a net loss of ₹ 2.45 Crores (PY ₹ 3.82 Crores), mainly due to increase in cost of raw materials. Subsequently, ZFTVS has become a wholly owned subsidiary of TSIL with effect from 4th June, 2018 and the name was changed to TVS Sensing Solutions Private Limited (TSSPL) on 5th July, 2018. TSSPL is identifying business development opportunities and cost reduction actions for turning around and continuing its past track record of profitability.

DIVIDEND

The Board of Directors has recommended a dividend of ₹ 40/- (400%) per equity share of ₹ 10/- each for the financial year ended 31st March, 2018 amounting to ₹ 36.92 crores (inclusive of dividend distribution tax of ₹ 6.30 crores). The dividend payment is subject to approval of members at the ensuing Annual General Meeting.

The Dividend Distribution Policy of the Company is available on the Company's **website: http://www.tvstyres.com/policy/DIVIDEND%20DISTRIBUTION%20POLICY.pdf**

FINANCE

Your Company was able to continue its sustained efforts in judicious management of working capital through regular monitoring receivables, inventories and other working capital parameters. The Cash and cash equivalent as at 31st March, 2018 was at ₹ 6.63 crores.

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 are 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 Authority (IEPF Account). Accordingly, the unclaimed dividend amount for the financial year 2009-10 became due for transfer to IEPF Authority. 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.17,33,280/- remained unclaimed and the same was transferred to IEPF Account on 15.4.2017.

TRANSFER OF UNCLAIMED DIVIDEND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (IEPF Authority)

Pursuant to the provisions of IEPF Rules / Securities and Exchange Board of India (SEBI) notification, all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account'). In this regard, the Company has sent letters to the shareholders concerned and also published notice in the newspapers as per the IEPF Rules. Accordingly, the Company had transferred 90,195 equity shares to the IEPF Account on 30.11.2017

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Committee constituted as per Section 135 of the Companies Act, 2013 comprises of Ms. Shobhana Ramachandhran, Mr. P Vijayaraghavan and Mr. Rasesh R Doshi. Details of role and functioning of the Committee are given in the Corporate Governance Report.

The Company's Corporate Social Responsibility (CSR) activities / projects are focused towards promoting general health care, providing safe drinking water, empowering women by providing education and employment enhancing vocation skills and by setting up day care centers, ensuring environmental sustainability and conservation and maintenance of natural resources, protection of natural heritage, sports, arts and culture. The CSR policy may be accessed at the Company's website at the link: **http://www.tvstyres.com/policy/CSR%20POLICY.pdf**

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

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

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are re-enforced on an ongoing basis. The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company.

BUSINESS RISK MANAGEMENT

The Business risks identified by the Company are 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

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") is implemented through the Company's Whistle Blower Policy 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 victimization of persons who use such mechanism. The policy has been uploaded on the website of the Company: **http://www.tvstyres.com/policy/WHISTLE%20BLOWER%20POLICY.pdf.**

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

SUBSIDIARY COMPANY(S)

The audited accounts of the subsidiary company TVS Srichakra Investments Limited have been consolidated with the Company as on 31st March, 2018.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statement (CFS) of the Company and its subsidiary company(s) is prepared in accordance with the Act, relevant rules, Accounting Standards and as stipulated in the Regulations. The audited financial statement including the CFS along with all relevant documents and the Auditors' Report, form a part of this Annual Report and may be accessed on the Company's website www.tvstyres.com.

A statement containing the salient features of the financial statement of subsidiary / associate company(s) is provided in Form AOC 1 as Annexure 2 to the Directors Report.

The financial statement of the subsidiary company(s) may also be accessed on the Company's website 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

Mr. R Naresh (DIN : 00273609), Director on the Board is liable to retire by rotation at the 35th Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

Brief resume of the Director seeking re-appointment along with other details required are provided in the notice of 35th AGM of the Company. Appropriate resolution for his re-appointment is being placed for approval of the members at the ensuing AGM. The Board of directors on the recommendation of Nomination and Remuneration Committee recommends his re-appointment as Director.

Independent Directors

The term of office of Mr. M S Viraraghavan and Mr. H Janardana Iyer, as Independent Directors, is upto 31st March, 2019 and Mr. Rasesh R Doshi, as an Independent Director is upto 23rd May, 2019. The Board of Directors, on recommendation of the Nomination and Remuneration Committee has recommended re-appointment of Mr. M S Viraraghavan, Mr. H Janardana Iyer, and Mr. Rasesh R Doshi, as Independent Directors of the Company for a second term of 5 (five) consecutive years on the expiry of their current term of office.

The Board based on the recommendation of the Nomination and Remuneration Committee has recommended that Mr. V Ramakrishnan be appointed as an Independent Director of the Company by the members for a term of 5 (five) consecutive years.

Brief resume of the Independent Directors seeking appointment / re-appointment along with other details required are provided in the notice of 35th AGM of the Company. Appropriate resolution for their re-appointment is being placed for approval of the members at the ensuing AGM. The Board recommends their appointment / re-appointment as Independent Directors.

The Company has received declarations from all the Independent Directors of the Company and Mr. V Ramakrishnan confirming that they meet the criteria of independence prescribed under the Act and the Regulations.

Familiarization Programme for Independent Directors

The Company has done various programmes to familiarize Independent Directors with the Company, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters.

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.

Board Evaluation

As per provisions of the Companies Act, 2013 and Regulation 17(10) of the Regulations, the evaluation process for the performance of the Board, its committees and individual Directors was carried out internally. The performance evaluation of the Chairman and Non-Independent Directors was carried out by Independent Directors. More details 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.

Directors / Key Managerial Personnel appointed or resigned during the year

The members of the Company at their 34th Annual General Meeting have approved the re-appointment of Mr. R Naresh, Managing Director (designated as Executive Vice Chairman) of the Company liable to retire by rotation, for a term of three (3) years with effect from 16.6.2017.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee and approval of Audit Committee, appointed Mr. K V Ganesh as Chief Financial Officer of the Company, in place of Mr. K P Rangaraj who has resigned from the services of the Company.

Mr. K V Ganesh is a Chartered Accountant and Company Secretary, having completed his graduation from Shri Ram College of Commerce (SRCC), Delhi. He also pursued Executive MBA from the Indian Institute of Management (IIM), Kolkata. He brings with him rich experience of about 3 decades in Finance & Corporate Governance, of which 19 years at CFO Level.

Appointment and Remuneration Policy

The policy on Director's appointment and remuneration including remuneration for Senior Management and other employees and on board diversity is approved by the Nomination & Remuneration Committee and the Board. The main objective of the said policy is to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors, KMP, Senior Management and other employees. The remuneration involves a balance between fixed and variable pay, reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

The policy is available at: **http://tvstyres.com/policy/REMUNERATION%20POLICY.pdf** and the same is reproduced in the Corporate Governance Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosures pertaining 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 annexed to this report as Annexure 3.

Further a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in Rule 5(2) and Rule 5(3) of the aforesaid Rules 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 said information is available for inspection by members at the Registered Office of the Company during business hours on working days upto 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.

Six meetings of the Board of Directors were held during the year. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report.

AUDIT COMMITTEE

The Audit Committee comprises of Mr. M S Viraraghavan (Chairman), Mr. P Vijayaraghavan, Mr. H Janardana Iyer and Mr. Rasesh R Doshi as members. During the year, all the recommendations made by the Audit Committee were accepted by the Board.

RELATED PARTY TRANSACTIONS

All contracts / transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on an arms' length basis.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website at: **http://tvstyres.com/policy/RELATED%20PARTY%20TRANSACTION%20POLICY.pdf**

There were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

Members may refer to Note 37 (b) to the Standalone Financial Statement which sets out related party disclosures pursuant to IND AS.

In accordance with 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.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and date of the report. There has been no change in the nature of business of the Company.

AUDITORS

Statutory Auditor

The Members at the 34th AGM of the Company had appointed M/s. PKF Sridhar & Santhanam LLP, (ICAI Registration No. 003990S / S200018) Chartered Accountants, Chennai as the Statutory Auditor of the Company to hold office for a term of five years i.e., from the conclusion of the said AGM until the conclusion of 39th AGM of the Company, subject to ratification of their appointment by the members, every year. The Ministry of Corporate Affairs vide its Notification dated 7th May, 2018, has dispensed with the requirement of ratification of Auditor's appointment by the members, every year. Hence, the resolution relating to ratification of Auditor's appointment is not included in the Notice of the ensuing AGM.

The Auditors' Report does not contain any qualification.

Cost Auditor

Pursuant to Section 148 of the Companies Act 2013, the Board of Directors, on the recommendation of the Audit Committee appointed Dr. I Ashok, Cost Accountant (Membership No. M11929) as the Cost Auditor of the company for the financial year 2018 – 2019 and has recommended his remuneration to the members for ratification at the ensuing Annual General Meeting. Accordingly, the resolution seeking the same is included in the notice convening the AGM.

Dr. I Ashok has given his consent to act as Cost Auditor and confirmed that his appointment is within the limits of the Section 139 of the Companies Act, 2013. He has also certified that he is free from any disqualifications specified under Section 141 of the Companies Act, 2013.

The Cost Audit Report does not contain any qualification.

Secretarial Auditor

The Board had appointed Mr. N Balachandran (Membership No 5113), Practicing Company Secretary to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed herewith marked as Annexure 5 to this Report. The Secretarial Audit Report does not contain any qualification.

SECRETARIAL STANDARDS

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

CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under the Regulations forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under the Regulations is presented in a separate section, forming part of the Annual Report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure 6 to this Report.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the annual return in Form MGT-9 is given as Annexure 7 to this Report.

BUSINESS RESPONSIBILITY REPORT

As stipulated under the Regulations, the Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective is attached as a part of the Annual Report.

OTHER DISCLOSURES

- No deposits were accepted by the Company from the public falling within the ambit of Chapter V of the Act.
- During the year, the Company has not issued shares with differential rights as to voting, dividend or otherwise.
- The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- The Company has not issued shares under sweat equity / stock options scheme to its employees. There is no change in the Share capital of the Company during the financial year under review
- The Company has zero tolerance towards sexual harassment at the workplace and to this end, has adopted a policy on prevention of sexual harassment of women at work place. During the financial year under review, no cases were reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- Neither the Managing Director nor the Managing Director designated as Executive Vice Chairman of the Company receive any remuneration or commission from its subsidiary.
- No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.
- No fraud has been reported by the Auditors to the Audit Committee or the Board.
- The Company continued to enjoy cordial and peaceful industrial relations with the workers and employees at all levels.

ACKNOWLEDGEMENT

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from the banks, Government authorities, customers, vendors and members during the year under review. The Board of Directors also wish to place on record its deep sense of appreciation for the committed services by all employees of the Company.

For and on behalf of the Board

Madurai	**R NARESH**	**SHOBHANA RAMACHANDHRAN**
17.7.2018	EXECUTIVE VICE CHAIRMAN	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 programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Promoting General Health Care, Providing Safe drinking water, Empowering women by providing education and employment enhancing vocation skills and by setting up day care centers. Ensuring environmental sustainability and conservation and maintenance of natural resources. Protection natural heritage, sports, arts and cultures. 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: http://www/tvstyres.com/policy/CSR%20POLICY.pdf
2.	Composition of CSR Committee	Ms Shobhana Ramachandhran (MD) Mr. P Vijayaraghavan Mr. Rasesh R Doshi (Independent Director)
3.	Average net profit of the Company for last three financial years	Rs.20,909 lakhs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs.418 lakhs
5.	Details of CSR spent during the financial year	
a)	Total amount to be spent for the financial year	Rs. 418 lakhs
b)	Amount unspent, if any	Rs.5.70 lakhs

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) project or 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 1) Direct expenditure on projects or programs 2) Over heads:		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Strengthening Village Level Organisation	Children and Women Development	Tamil Nadu	21	25.95	25.95	Arogya Welfare Trust
2	Intellectual Development	Education Enhancement for School and Palwadi Children	Tamil Nadu	81	123.89	123.89	Arogya Welfare Trust
3	Health	Anaemia Management and Preventive Health Care	Tamil Nadu	38	33.32	33.32	Arogya Welfare Trust
4	Livelihood Enhancement	Entrepreneurship Development for women and Youth	Tamil Nadu	36	33.39	33.39	Arogya Welfare Trust
5	Environmental Development	Water and Sanitation and Rural Development	Tamil Nadu	192	150.99	150.99	Arogya Welfare Trust
6	Livelihood Enhancement	Health and Nutrition	Uttarakhand, New Delhi	8	5.62	5.62	PHIA (Partnering Hope into Action Foundation) New Delhi
7	Intellectual Development	Education and Employment	Tamil Nadu	35	34.60	34.60	Sastra University, Tanjore
8	Protection of National Heritage	Art , Culture, Sports	Tamil Nadu	7	4.54	4.54	Through Various Institutions
	Total			**418**	**412.30**	**412.30**	

6. Reasons for not spending the amount:

   The Company is endeavoured to ensure full utilization of the allocated CSR budget. However there was a short spent of Rs.5.70 lakhs. The amount which remained unspent shall be added to the CSR budget for the financial year 2018-19.

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

SHOBHANA RAMACHANDHRAN

CHAIRMAN OF 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 Crs)

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	-5.89
8	Total Assets	43.81
9	Total Liabilities	43.81
10	Investments	12.03
11	Turnover	0.27
12	Profit before Taxation	-0.27
13	Provision for Taxation	-
14	Profit after Taxation	-0.27
15	Proposed Dividend	Nil
16	Extent of shareholding (in percentage)	100%

Notes:

1. Names of subsidiaries which are yet to commence operations - NA
2. Names of subsidiaries which have been liquidated or sold during the year. - NA

Part B : Associates and Joint Ventures

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

S.No	Name of Associate/Joint Ventures	ZF Electronics TVS (India) Private Ltd* (Rupees in Cr)
1.	Latest audited Balance Sheet Date	31.03.2018
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. of shares	500000
	Amount of Investment in Associates/Joint Venture	0.54
	Extent of Holding (in percentage)	50%*
4.	Description of how there is significant influence	Joint Venture
5.	Reason why Associate /Joint Venture is not consolidated	NA
6.	Net worth attributable to shareholding as per latest audited Balance Sheet	4.82
7.	Profit or Loss for the year	
	i) Considered in Consolidation	(1.20)
	ii) Not Considered in Consolidation	0

* Held through TVS Srichakra Investments Limited

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

SHOBHANA RAMACHANDHRAN
Managing Director
DIN : 00273837

R NARESH
Executive Vice Chairman
DIN : 00273609

As per our report attached
For **PKF SRIDHAR & SANTHANAM LLP**
Chartered Accountants
Firm Registration No. 003990S/S200018

K V GANESH
President - Finance & CFO
Place : Madurai
Date : 17.7.2018

P SRINIVASAN
Secretary

T V BALASUBRAMANIAN
Partner, M.No. 027251

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	183.33	(15.78)
2	Ms. Shobhana Ramachandhran Managing Director	176.15	(9.86)
3	Mr. M S Viraraghavan	4.36	-
4	Mr. P Vijayaraghavan	4.63	5.49
5	Mr. H Janardana Iyer	4.22	(3.07)
6	Mr. V Ramakrishnan	2.89	-
7	Mr. Rasesh R Doshi	4.41	2.48
8	Mr. A Arumugam	2.83	(0.93)
9	Mr. P Srinivasan Company Secretary	Not Applicable	5.38
10	Mr. K P Rangaraj Chief Financial Officer ceases to be CFO w.e.f 11.8.2017	Not Applicable	8.60
11	Mr. K V Ganesh Chief Financial Officer	Not Applicable	Not Applicable

iii) The percentage increase in the median remuneration of employees in the financial year: 8.46%

iv) The number of permanent employees on the rolls of Company: More than 2860

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 2017-18 was 17.77%. Percentage increase in the managerial remuneration for the year was (12.98)%; and

vi) Affirmation that the remuneration is as per the remuneration policy of the Company:

The Board of Directors 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

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2018

[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, minute books, papers, 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 31.03.2018 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 31.03.2018 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;

(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 of India Limited and BSE 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	Signature	:	Sd-
Date : 22.5.2018	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.

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

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: 22.5.2018

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. 242 Nos of 250 Watts Mercury Vapour lamps were replaced by 118 Watts LED Lights in D12 & D3 plants and realized a saving of 420 units per day.

ii. New Energy Efficient Motors and VFD installed in various processes and realized 3% energy savings per month.

iii. Unwanted compressed air charged line pipes removed in Domestic plant-1 and achieved 0.2% energy saving in SC.45.

iv. New 25TPH Boiler installed and stopped 5 Nos small capacity Boilers and realized a savings of 170 units per day including additional Pollution controlling ESP installation.

v. Energy efficient pumps installed in Condensate pumps in D1 plant, and achieved energy saving 0.1% in Domestic plant-1

vi. Air leak correction team utilized, air leak correction Separate day to day leak correction activities followed, compressor running reduced, power saving achieved 0.5%.

2. Thermal

i. 70 Nos of Thermo dynamics Traps were replaced by Float Traps fixed in Tube press and 20 Tons/day of Steam Energy saving realized.

ii. 18 Nos of Thermo dynamics Traps were replaced by Float Traps fixed in Bladder press area and 3.5 Tons/day of Steam Energy saving realized

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 0.8 TPH.

v. By installing 25TPH Boiler, 2 Nos of Furness oil boilers stopped and realized a savings of Furness Oil 2100 Kgs per day.

vi. 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 201 Tyre curing presses in Domestic plant-1, 2 & 3 and overall savings of 800Kgs of steam per hour.

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

Company has generated 7091314 units through Wind energy during the year 2017-18.

c) Capital investments on energy conservation equipment's

The Company has invested Rs.3.50 Crore in the following:

i. Improved insulation sheet fixed in 201 Tyre Curing Press

ii. Energy Management System installed to monitor & control the energy consumption of equipments with a capacity of 50HP and above.

iii. Float traps provided in Tube Press

iv. Energy efficient Motors and VFD installed

v. Electrical & thermal audit done with private certified agency.

vi. 250 Watts Mercury Vapor Lamps were replaced by 118W LED Lamps.

vii. To maintain the Harmonics within the limit and power quality, Additional Harmonics filters installed in HTSC.45 & 126

viii. Detuned Fixed Capacitors are installed in M-10, M-15, M-70 and M-65 Plants to maintain the power Factor.

B. TECHNOLOGY ABSORPTION:

1. Efforts made towards technology absorption

   Development of products for premium motorcycles, development of new / alternate sources to improve cost efficiency, introduction of new processes for technically superior products and improving operating efficiencies.

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

   The R&D activities carried out by your Company have supported us in entering into original equipment with upgraded products. It has enhanced capabilities in processes and testing of products facilitating launching of new products for the Replacement 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	10.53
b)	Recurring	17.06
c)	Total	29.59
d)	Total R&D expenditure as a percentage of Total Turnover	1.33%

C. Foreign Exchange Earnings & Outgo Rs. in Crores

Earnings Exports	210.20
Outgo	281.61

ANNEXURE 7 TO DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

[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 600 017 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)	**Indian**									
a)	Individual / HUF	479017	0	479017	6.26	479017	0	479017	6.26	NIl
b)	Central Govt	-	0	-	-	-	0	-	-	
c)	State Govt(s)	-	0	-	-	-	0	-	-	
d)	Bodies Corporate	2994544	0	2994544	39.11	2994544	0	2994544	39.11	NIL
e)	Banks / FI	-	0	-	-	-	0	-	-	
f)	Any Other	-	0	-	-	-	0	-	-	
	Sub-total (A)(1)	3473561	0	3473561	45.36	3473561	0	3473561	45.36	Nil
(2)	**Foreign**									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	
b)	Other - Individuals	-	-	-	-	-	-	-	-	
c)	Bodies Corporate	-	-	-	-	-	-	-	-	
d)	Banks / FI	-	-	-	-	-	-	-	-	
e)	Any Other	-	-	-	-	-	-	-	-	
	Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)		3473561	0	3473561	45.36	3473561	0	3473561	45.36	Nil
B.	**PUBLIC SHAREHOLDING**									
(1)	**Institutions**									
a)	Mutual Funds	117653	650	118303	1.55	353389	650	354039	4.62	3.08
b)	Banks / FI	7419	800	8219	0.11	11911	700	12611	0.16	0.06
c)	Central Govt	94	0	94	0.00	94	0	94	0.00	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIIs	5179	1250	6429	0.08	150	0	150	0.00	-0.08
h)	Foreign Venture Capital Funds		0		0.00		0		0.00	-
i)	Others (specify)		0		0.00		0		0.00	-
	Sub-total (B)(1)	130345	2700	133045	1.74	365544	1350	366894	4.79	3.05
(2)	**Non-Institutions**									
a)	Bodies Corporate									
i)	Indian	591034	3496	594530	7.76	540831	3174	544005	7.10	-0.66
ii)	Overseas									
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto Rs.2 lakhs	1843308	769924	2613232	34.13	1877449	605095	2482544	32.42	-1.71
ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	495483	24775	520258	6.79	398294	24775	423069	5.53	-1.26
c)	Others (specify)	321974	450	322424	4.21	366577	400	366977	4.79	0.58
	Sub-Total B(2)	3251799	798645	4050444	52.90	3183151	633444	3816595	49.84	-3.05
	Total Public Shareholding B = B(1) + B(2)	3382144	801345	4183489	54.64	3548695	634794	4183489	54.64	0.00
C	**Shares held by Custodian for GDRs & ADRs**									
	Grand Total A + B + C	6855705	801345	7657050	100	7022256	634794	7657050	100	0.00

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	0.00	N.A.	45	0.00	N.A.	NIL
	TOTAL	**3473561**	**45.36**		**3473561**	**45.36**		**Nil**

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
NIL					

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 Credit Capital Pvt.Ltd	346770	4.53		
	Sale				
	5.5.2017	4422		342348	4.47
	12.5.2017	737		341611	4.46
	19.5.2017	2943		338668	4.42
	2.6.2017	1898		336770	4.40
2	L AND T Mutual Fund Trustee Ltd	29448	0.38		
	Purchase				
	28.4.2017	19362		48810	0.64
	19.5.2017	2358		51168	0.67
	2.6.2017	19604		70772	0.92
	9.6.2017	4572		75344	0.98

ANNEXURE 7 TO DIRECTORS' REPORT (Contd.)

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
	16.6.2017	14294		89638	1.17
	23.6.2017	5893		95531	1.25
	30.6.2017	2000		97531	1.27
	7.7.2017	3563		101094	1.32
	28.7.2017	1886		102980	1.34
	4.8.2017	6347		109327	1.43
	11.8.2017	2000		111327	1.45
	18.8.2017	5351		116678	1.52
	25.8.2017	3913		120591	1.57
	15.9.2017	3600		124191	1.62
	22.9.2017	11379		135570	1.77
	29.9.2017	13077		148647	1.94
	6.10.2017	2000		150647	1.97
	13.10.2017	3000		153647	2.01
	20.10.2017	12906		166553	2.18
	27.10.2017	5384		171937	2.25
	3.11.2017	9663		181600	2.37
	10.11.2017	1853		183453	2.40
	17.11.2017	8615		192068	2.51
	19.1.2018	1000		193068	2.52
	9.2.2018	4139		197207	2.58
	16.2.2018	7989		205196	2.68
	23.2.2018	14412		219608	2.87
	2.3.2018	8112		227720	2.97
	9.3.2018	15300		243020	3.17
	16.3.2018	5500		248520	3.25
	31.3.2018	2110		250630	3.27
3	Valuequest India Moat Fund Limited	114044	1.49		
	Purchase				
	1.12.2017	2276		116320	1.52
	8.12.2017	22749		139069	1.82
	15.12.2017	10721		149790	1.96
	22.12.2017	3204		152994	1.99
4	Nilesh Kishor Shah	127669	1.67		
	Purchase				
	21.4.2017	331		128000	1.67
	Sale				
	25.8.2017	1875		126125	1.65
	8.9.2017	375		125750	1.64
	9.2.2018	4500		121250	1.58

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
5	Canara Robeco Mutual Fund A/c	73395	0.96		
	Purchase				
	28.4.2017	4000		77395	1.01
	9.6.2017	4500		81895	1.07
	Sale				
	30.6.2017	1000		80895	1.06
	29.9.2017	300		80595	1.05
	6.10.2017	1200		79395	1.04
	13.10.2017	1500		77895	1.02
	20.10.2017	600		77295	1.01
	27.10.2017	1500		75795	0.99
	3.11.2017	300		75495	0.99
	10.11.2017	600		74895	0.98
	Purchase				
	29.12.2017	5168		80063	1.05
	23.2.2018	3301		83364	1.09
6	Paramjit Mann	86333	1.13		
	Sale				
	25.8.2017	300		86033	1.12
	29.9.2017	1763		84270	1.10
	6.10.2017	2100		82170	1.07
	Purchase				
	17.11.2017	10178		92348	1.21
	1.12.2017	2964		95312	1.24
	Sale				
	5.1.2018	69		95243	1.24
	16.2.2018	30		95213	1.24
	2.3.2018	4400		90813	1.19
	9.3.2018	4683		86130	1.12
	16.3.2018	4500		81630	1.07
7	Anvil Fintrade Pvt.Ltd	67585	0.88	67585	0.88
8	Uday Nandlal Shah	64530	0.84		
	Sale				
	25.8.2017	1250		63280	0.83
	8.9.2017	250		63030	0.82
	27.10.2017	2500		60530	0.79
	9.2.2018	3000		57530	0.75
	16.3.2018	550		56980	0.74

ANNEXURE 7 TO DIRECTORS' REPORT (Contd.)

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
9	Sharad Nandlal Shah	50000	0.65		
	Sale				
	25.8.2017	1250		48750	0.64
	8.9.2017	250		48500	0.63
	9.2.2018	3000		45500	0.59
10	Shantikumar Girdharlal Shah	31500	0.41		
	Sale				
	25.8.2017	625		30875	0.40
	8.9.2017	125		30750	0.40
	9.2.2018	1500		29250	0.38
	Purchase				
	23.3.2018	1000		30250	0.40

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 V Ganesh, 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
	Indebtedness at the beginning of the financial year				
i)	Principal Amount	306.6	-	-	306.6
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	0.65	-	-	0.65
	Total (i+ii+iii)	307.25	-	-	307.25
	Change in Indebtedness during the financial year				
	Addition	1.86	-	-	1.86
	Reduction	-0.32	-	-	-0.32
	Net Change	1.54	-	-	1.54
	Indebtedness at the end of the financial year				
i)	Principal Amount	308.46	-	-	308.46
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	0.33	-	-	0.33
	Total (i+ii+iii)	308.79	-	-	308.79

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	268.86	134.40	403.26
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	367.55	551.32	918.87
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others - Contribution to Provident and Superannuation Fund	43.13	-	43.13
	Total (A)	679.54	685.72	1365.26
	Ceiling as per the Act			1837.75

Ms SR - Ms Shobhana Ramachandhran - Managing Director, 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
	Independent Directors	**Mr M S V**	**Mr H J I**	**Mr R R D**	**Mr AA**	
1	Fee for attending Board Committee Meetings	1.30	0.80	1.50	0.60	4.20
2	Commission	15.00	15.00	15.00	10.00	55.00
3	Others, please specify	-	-	-	-	-
	Total (1)	16.30	15.80	16.50	10.60	59.20
	Other Non Executive Directors	**Mr P V**	**Mr V R**	**Total Amount**		
1	Fee for attending Board Committee Meetings	2.30	0.80	3.10		
2	Commission	15.00	10.00	25.00		
3	Others, please specify	-	-	-		
	Total (2)	17.30	10.80	28.10		
	Total (B)=(1+2)			87.30		
	Total Managerial Remuneration (A+B)	-	-	1431.83		
	Overall Ceiling as per the Act			2021.53		

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	77.55	33.83	111.38
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-Contribution to Provident/Superannuation Fund	4.58	3.61	8.19
	Total	**82.13**	**37.44**	**119.57**

VII. Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2018.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

GLOBAL TYRE INDUSTRY

Global economy witnessed marginal growth between 2012 & 2017 largely on account of Eurozone crisis, which in turn impacted the global automobile industry. As a sequential effect, these factors led to a weak demand for tyres across Europe, Africa and Middle-East restricting growth of global tyre market in the preceding five years.

Nevertheless, despite global economic headwind, tyre markets in the Asia-Pacific region showed steady growth during the same period particularly in developing economies. This period also witnessed increased inflow of Chinese tyre brands across markets and demand continues to be on the rise primarily due to lower prices than indigenous tyre brands.

However, on the back of increased per capita income, & anticipated rise in new vehicle launches, global tyre revenue is predicted to surpass $319 billion by FY’22. Given ample availability of Rubber production facilities, presence of nearly 60% of tyre manufacturing plants, low labour & favourable Government policies, Asia-Pacific region’s dominance in this segment will continue. Within the tyre industry, passenger car segment is expected to account for most of the tyre sales and the trend is likely to prevail until FY’22 across APAC, Americas, Europe and MEA (Source: TechSci Report).

INDIAN TYRE INDUSTRY

Last year(FY’18), domestic tyre industry grew at 7-8 per cent resulting in production of 18.05 crore tyres. This was despite the weak sales observed in the first and part of second quarter FY ’18 owing to Goods and Service Tax (GST) rollout. In tonnage terms, tyre volumes grew by 7 per cent during FY’18 on the back of Truck & Bus replacement demand which incidentally had seen sluggish growth in the preceding two years.

In FY’19, Unit and Tonnage growth are pegged at 8-8.5 per cent and 6.5-7 per cent respectively. On exports front, while business grew by 10% in FY’18, it is expected to grow by 8-10 per cent over the next three years led by stable demand and increased acceptance of Indian tyres’ quality & price in overseas markets. Capex infusion & related capacity addition is expected to continue for another five years given the favourable demand, strong accruals & large cash reserves.

TWO-WHEELER MARKET

Fuelled by a 11 per cent growth in H1 FY’18, & 22 per cent growth in H2 FY18, two-wheeler market segment grew by 16 per cent in FY18 (Source: SIAM). The overall industry growth exceeded expectations of industry analysts and production crossed 20 million mark during the course of the year. Export of two-wheeler business too saw healthy growth.

Improving road infrastructure across the country, increasing working women population and low penetration levels of two-wheelers in rural areas are still the main drivers.

OPPORTUNITIES AND THREATS:

OPPORTUNITIES

Two-wheeler sales have been continuously & consistently growing in India leading to increased vehicle parc (i.e. number of vehicles on road). Consequently, there has been a sizeable increase in aftermarket opportunity which too augurs well. This provides a huge opportunity for your company to grow in this segment. Government’s focus on electric vehicles offers yet another exciting opportunity to grow the segment.

Despite poor economic state in most of the countries where tyres are exported, base of Indian vehicle population being high, keeps the export opportunity interesting.

EXPANSION

Tyre Industry is expected to add capacity consistently over next five years given the large cash reserves, strong accruals and favourable demand scenario. Fresh infusion of Rs.25000 crores is likely to happen during this period. Most of these investments are expected to be self-funded from accruals & reserves (Source: ICRA).

THREAT

Increased capacities of existing players and new player entries are escalating competition apart from import of two-wheeler tyres which appeared to have stabilized in the last three years. Other perceived threats are increase in raw material prices due to either operational or environmental issues or exchange rate volatility. Your Company is reviewing these threats and devising appropriate mitigative actions appropriately.

COMPETITION

Competition still remains intense as new players keep entering the two-wheeler segment. The rising demand for two-wheelers has increased the competition at both global and local levels. These actions are expected to impact profitability of the segment.

SEGMENT-WISE PERFORMANCE

DOMESTIC OEM MARKET

Your Company's growth in the OEM segment was in line with the industry growth, thereby maintaining its market share and holding on to its leadership position.

AFTER MARKET

Although GST had a negative impact on after market growth, your Company managed to maintain its market share.

EXPORTS

Lower crude prices and international trade wars affected international economic conditions. Demand from the importing countries decreased due to lack of forex and lower economic growth. Despite this, your Company was able to increase exports at a sustainable growth rate.

INDUSTRY AND BUSINESS OUTLOOK

The Indian economy saw growth resistance due to GST. Although it created short-term resistance, it is expected to create a growth platform for the economy in the long term. The economy grew 7.2 per cent year-on-year in Q3FY18, well above an upwardly revised 6.5 per cent in the previous quarter. This was above market expectations of 6.9 per cent. A surge in gross capital formation and Government spending helped the GDP to grow rapidly. Advance estimates show that the FY18 GDP would grow by 6.6 per cent, revised upwards from an estimate of 6.5 per cent earlier. The two-wheeler industry, which ended last year on a high note with a 16 per cent growth rate, is expected to grow not as fast as last year but at a respectable double-digit growth rate. The macro economic factors like GDP growth rate, farm income and monsoon, all have a moderate to positive forecast this year. Inflation is under control and interest rates are expected to remain low. Governments focus on rural income enhancement will also aid two-wheeler growth rates. 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, is a positive sign for the tyre industry.

BUSINESS STRATEGY

The Company's effort in maintaining its leadership position in the OE, with a targeted growth in the AM will continue. The Company also plans to build its presence in the export markets given the growing opportunities with increasing numbers of Indian Made Two Wheelers on the roads. These revenue growth initiatives would be backed up by a strong focus on the actions around building the brand, with the future prospects in mind as well. With increasing competitive intensity, your Company will be striving to optimize its costs to attain a position of cost leadership in the industry. Asset utilization would be an important aspect of focus to improve efficiencies and reduce working capital requirements.

RISKS AND CONCERNS

Your Company operates most of its business in the two-wheeler tyre industry and hence it is important to attain leadership in all segments of the two-wheeler tyre market. Increasing market competition has encouraged your Company to target cost leadership, which will insulate it against the price wars that can be ensured due to competition enhancement. The robust R&D facility created by your Company will help us target technology leadership in the two-wheeler tyre segment. The strong internal systems developed by your Company will help mitigate the risk of raw material price volatility and foreign exchange volatility.

SUSTAINABLE DEVELOPMENT

Your Company continues to focus on growth without harming the ecosystem and all the stakeholders.

Your Company keeps a close eye on all technological developments and updates all the processes and material requirements in line with the same. With the implementation of BS-VI by 2020 and Government's focus on electrification of vehicles, India will be at par with developed country standards. Keeping these in view, your Company has taken concrete steps for technological advancements required in the tyre industry for BS-VI standards and vehicle electrification.

CERTIFICATIONS

The following certifications were obtained during the current year:

Madurai plant: ISO 14001:2004, IATF 16949:2016

UKD plant: ISO 9001:2008 & TS 16949.

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 Directors, who monitor systems and control finance and operations of the Company.

The effectiveness of internal controls is assured through continuous reviews and assessments, management reviews, continuous monitoring by key management personnel, as well as testing of the internal control systems by Internal Auditors, during the course of their audits, and annual risk control matrix assessment.

The control frameworks are reviewed regularly by Management, tested by the internal audit team and presented to the Audit Committee. Basis this periodical testing, the framework is strengthened, from time to time, to ensure the 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 are satisfied with the internal financial controls systems put in place by the Company.

RAW MATERIALS

While the year witnessed good growth in the two and three-wheeler industry, the raw materials saw a visible gap on the demand-supply side for a substantial period during the last year. A few key raw materials posed challenges in terms of availability for a major part of the year, which led to a considerable increase in prices during the second half of the fiscal. In a business where raw material costs account for more than half of the total revenue, there was an increasing need to adopt multiple sourcing strategies, considering the volatility in prices due to reasons beyond the Company's control.

While the first quarter of FY18 saw a softening of raw material prices due to subdued demand arising out of the transition from BS III to BS IV and GST, there was a turnaround soon after. The raw material prices rose sharply since then, with a surge in demand resulting in increased consumption as well as global shortages of raw materials arising from Chinese manufacturers shutting down production due to environmental issues. This period also saw an increase in the Oil Prices (Brent Crude) to $66/barrel in March '18 from its low of around $47/barrel in June '17. In addition, some structural changes in the duty structures of truck/bus radial tyre imports and import of nylon fabric also triggered these increases.

However, the only relief to the industry was the decline in natural rubber price during the year. The international rubber prices also softened due to a marginal drop in consumption and an increased global rubber output by about 6%.

To mitigate increasing raw material prices and availability, the Company took some actions such as long-term contracts with major suppliers, new and alternative sources. The Company also maintained additional inventories of certain raw materials that were in short supply for usage during crisis situations.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's revenues grew over the previous year, despite demonetization's impact, initial apprehensions and confusions and struggles in GST implementation and competitive pressures on pricing. Your Company increased its presence in the OEM segment with increased growth over the previous year. After Market (AM) segment faced significant pricing pressures and the Company had to churn out various new schemes/initiatives to remain competitive. Exports showed promise but were still reeling under the pressures of a weak global economic scenario and competitive pressures on pricing. Overall volume growth for the last year was 7% owing to increased pull in the OEM segment.

The Northerly movement in crude oil and commodity prices also affected the cost of raw materials used by your Company. The increase in raw material prices could not be fully passed on to customers, affecting the bottom line. Your Company undertook various initiatives in strategic purchases to minimize the direct impacts to the bottom line. Your Company also continues to focus on improving operational efficiencies and asset utilization.

During last year, the Company's working capital utilisation had slightly increased compared to the previous year on account of additional in flow due to GST. The company was able to negotiate lower interest rates to minimize the finance cost.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS

As of 31st March 2018, there are more than 2,860 employees (both direct and indirect) on the rolls of your Company. We also employ additional workers who are hired on a contract-labour basis.

The Company is focused on building a high-performance culture with a growth mindset, where employees are engaged and empowered to excel. To facilitate your Company's growth plan and boost efficiency, consultants were engaged for Organization restructuring.

Some of the initiatives taken were in the areas of learning and development, Employee Engagement Programs, Wellness, Rewards and Recognitions and continuing to invest in employees at all levels. In addition, external experts are also involved in the areas of presentation and communication skills, teamwork and other related areas.

OCCUPATIONAL HEALTH AND SAFETY (OH&S):

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, a) We are conducting S&Q (Safety & Quality) program to develop these aspects as a culture. b) We are conducting OPL (One Point Lesson) training for all employees and executives by trained team executives and team leader respectively. Your Company has also implemented increased visual controls for process do's and don'ts; strengthened the orientation and induction training for all new employees, including contract employees; organized and followed regular pep talks focusing on prevention of accidents that occur due to unsafe actions (USA). Unsafe conditions are tracked on a constant basis and safety measures are implemented to mitigate the risk. Workers are trained to check their individual machines on safety aspects before starting them. Your company has devised a framework for capturing and reporting 'Near Miss' incidents at the earliest. These incidents are reviewed on priority; corrective and preventive actions are taken immediately with horizontal deployment in similar workplaces. We are motivating our team members through incentives to report more near-miss incidents for accident prevention. A stringent work permit system for height work, hot work, confined space work etc., has been implemented for all employees, including contract labour, to prevent accidents. All new machines/layouts were certified by the safety team before commissioning. Your Company also inspected all plant machinery inside its factories, to ensure safety standards are met and maintained. Fire hydrant and fire extinguishers were installed across the entire factory to handle any eventualities. Required PPE (Personal Protective Equipment) were provided for accident prevention.

CAUTIONARY STATEMENT

Statements in the management discussion and analysis describing the Company's views, projections and expectations are 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 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, among others. This may influence the Company's operations or performance in the macroeconomic and geopolitical level.

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2018.

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 endeavour 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.

Composition and category of Directors

As at 31st March, 2018, 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.

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 2017-18, the Board met 6 times on 22.4.2017, 24.5.2017, 12.8.2017, 23.8.2017, 13.11.2017 and 12.2.2018 and the gap between two meetings did not exceed 120 days.

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 23rd August, 2017 and also the number of other Directorships and committee memberships / chairmanships as on 31st March 2018 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	3	-	-
Ms. Shobhana Ramachandhran	MD	6	Yes	-	7	-	2
Mr. M S Viraraghavan	NE-I	5	Yes	-	-	-	-
Mr. P Vijayaraghavan	NE	5	Yes	-	2	-	-
Mr. H Janardana Iyer	NE-I	3	No	-	2	-	4
Mr. V Ramakrishnan	NE	6	Yes	-	-	-	-
Mr. Rasesh R Doshi	NE-I	6	Yes	-	3	-	1
Mr. A Arumugam	NE-I	5	Yes	-	3	-	-

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. All the Board Members and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March, 2018. 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 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 / the Chief Financial Officer and the Secretary of the Company regarding compliance of all applicable laws on quarterly basis.

Separate meeting of Independent Directors

The Independent Directors met on 12th February, 2018, 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, 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 Auditor 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 Auditor / Internal Auditors

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

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 23rd August, 2017.

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)
22.4.2017	H Janardana Iyer and Rasesh R Doshi
23.5.2017	M S Viraraghavan, P Vijayaraghavan, H Janardana Iyer and Rasesh R Doshi,
11.8.2017	M S Viraraghavan, P Vijayaraghavan and Rasesh R Doshi,
12.11.2017	M S Viraraghavan, P Vijayaraghavan and Rasesh R Doshi,
11.2.2018	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 23rd August, 2017.

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)
23.5.2017	M S Viraraghavan, P Vijayaraghavan and H Janardana Iyer
11.8.2017	M S Viraraghavan and P Vijayaraghavan
23.8.2017	M S Viraraghavan and P Vijayaraghavan

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.

  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 components. 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-à-vis the annual budget achievement and individual performance vis-à-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 fulfills 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.

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:

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

(a) Mr M S Viraraghavan (b) 1.30 (c) 15.00 (d) 16.30 (e) 900, (a) Mr P Vijayaraghavan (b) 2.30 (c) 15.00 (d) 17.30 (e) 150, (a) Mr H Janardhana Iyer (b) 0.80 (c) 15.00 (d) 15.80 (e) Nil (a) Mr V Ramakrishnan (b) 0.80 (c) 10.00 (d) 10.80 (e) Nil (a) Mr. Rasesh R Doshi (b) 1.50 (c) 15.00 (d) 16.50 (e) Nil (a) Mr A Arumugam (b) 0.60 (c) 10.00 (d) 10.60 (e) Nil

Particulars of remuneration paid to Executive Vice Chairman and Managing Director during the financial year 2017-2018:

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

(a) Ms Shobhana Ramachandhran (b) Managing Director (c) 311.99* (d) 367.55 (e) Nil (f) 679.54; (a) Mr R Naresh (b) Executive Vice Chairman (c) 134.40 (d) 551.32 (e) Nil (f) 685.72

*Includes contribution to Provident & Superannuation Fund

5. Stakeholders Relationship Committee (SRC)

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

Date of the meeting	Members present
24.5.2017	Mr. P Vijayaraghavan, Ms. Shobhana Ramachandhran, and Mr. V Ramakrishnan
13.11.2017	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 four complaints and the same have been redressed satisfactorily

All the queries and complaints received during the financial year ended 31st March, 2018 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
23.5.2017	Mr. P Vijayaraghavan, Ms. Shobhana Ramachandhran, and Mr. Rasesh R Doshi
11.8.2017	Mr. P Vijayaraghavan, Ms. Shobhana Ramachandhran, and Mr. Rasesh R Doshi
11.2.2018	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 risks 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 Directors, employees, vendors and customers to report any suspected or confirmed incident of fraud / misconduct. The policy is posted on Company's website **(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.

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
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
2016-17	Lakshmi Sundaram Hall 15-A Gokhale Road, Madurai 625 002	23.8.2017	11.00 AM

Two special resolutions were put through in the year 2014-15
One special resolution was put through in the year 2015-16
One special resolution was put through in the year 2016-17

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 Accounting Standard 18 (AS18) issued by The Institute of Chartered Accountants of India and Company (Accounting Standards) Rule, 2006

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, 2018.

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 and also uploaded on the website of National Stock Exchange of India Ltd. and BSE Ltd.

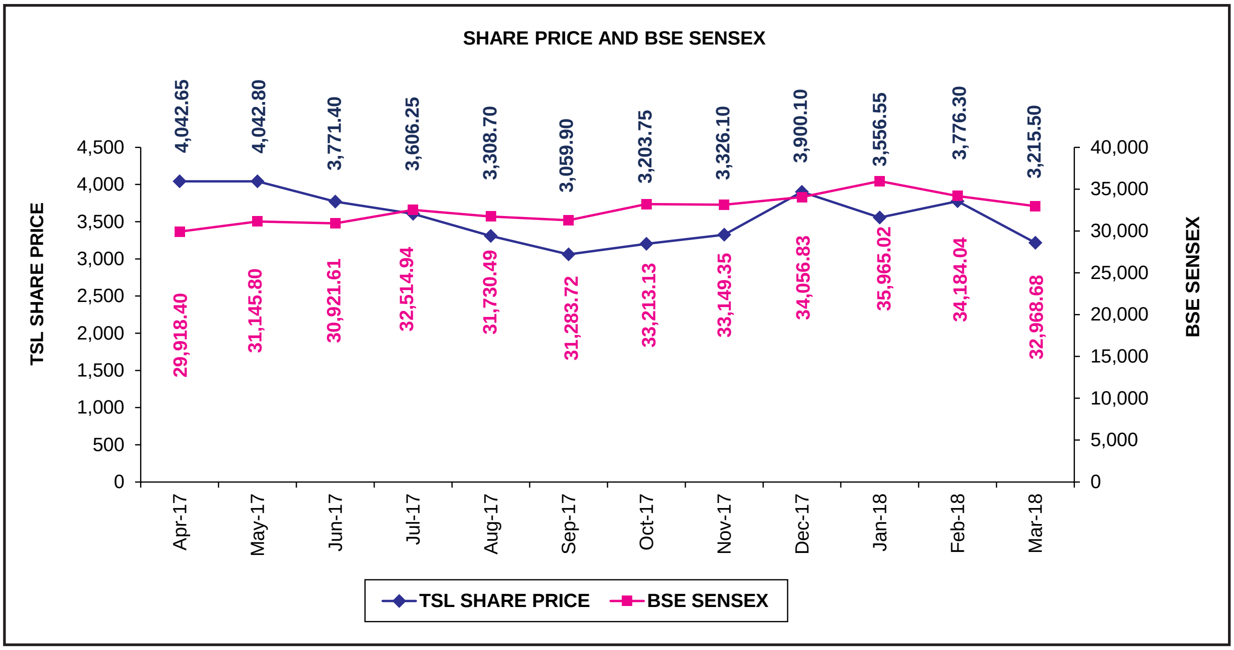
General shareholder information

(a)	Annual General Meeting, Date, Time and Venue	Date : 27.9.2018 Time : 10:30 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 2018-19 (tentative)	
	30th June 2018	Before 14th August, 2018	
	30th September, 2018	Before 14th November, 2018	
	31st December, 2018	Before 14th February, 2019	
	31st March, 2019	Before 30th May, 2019	
(c)	Dividend Payment date	From 5.10.2018	
(d) (e)	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)		
	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 2017-18 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

Month	BSE Ltd (BSE)		National Stock Exchange of India Ltd (NSE)	
	High	Low	High	Low
Apr-17	4280.00	3415.00	4280.00	3471.00
May-17	4304.05	3622.00	4340.00	3650.00
Jun-17	4268.00	3760.00	4280.00	3762.05
Jul-17	3999.80	3600.00	3988.00	3601.00
Aug-17	3870.00	3240.00	3819.00	3210.00
Sept-17	3338.00	3048.70	3362.00	3050.00
Oct-17	3240.00	2975.00	3249.00	2974.20
Nov-17	3622.75	2980.00	3626.00	2979.00
Dec-17	3938.00	3235.00	3975.00	3265.65
Jan-18	4020.00	3375.00	4018.00	3370.00
Feb-18	3832.20	3220.65	3810.00	3254.00
Mar-18	3759.50	3016.20	3780.00	3009.95

(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 corpserv@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.

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
1-500	26206	97.20	1715439	22.40
501-1000	462	1.71	336956	4.40
1001-2000	157	0.58	227496	2.97
2001-3000	45	0.17	115599	1.51
3001-4000	20	0.07	67796	0.89
4001-5000	12	0.04	52134	0.68
5001-10000	23	0.09	166726	2.18
10001 & above	38	0.14	4974904	64.97
Total	**26963**	**100.00**	**7657050**	**100.00**

(k) dematerialization of shares and liquidity

Out of 4183489 shares held by persons other than promoters, 3548695 shares have been dematerialized as on 31st March, 2018 accounting to 84.82%

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,
Pantnagar 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

Compliance Officer
Mr. P Srinivasan, Secretary
TVS Srichakra Limited,
10 Jawahar Road, Madurai 625 002
Phone : 0452 – 2443300 Fax : 0452 – 2443466
Email id – 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	-	-	4	130

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 to enable the Company to credit the dividend proceeds directly to their bank account with an intimation to the shareholder. 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	Proposed Date of transfer to IEPF
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
31.3.2017	23.8.2017	22.9.2017	19.8.2024

TRANSFER OF UNCLAIMED DIVIDEND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND AUTHOIRTY (IEPF Authority)

Pursuant to the provisions of IEPF Rules / Securities and Exchange Board of India (SEBI) notification, all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, the said shares shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account'). In this regard, the Company has sent letters to the shareholders concerned and also published notice in the newspapers as per the IEPF Rules. The Company, in compliance with the aforesaid provisions and the Rules, 90,195 shares belonging to 1286 shareholders, had been transferred to the IEPF Account on 30th November, 2017.

As per the Rules, the Company has also initiated the process for transferring the unclaimed / unpaid dividend shares for the financial year 2010-11, during the month of October, 2018. Members are requested to take note of the above, and claim their unclaimed dividends immediately to avoid transfer of the unclaimed dividend shares to the IEPF Account.

AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 ('the Company') for the year ended 31st March 2018, as per Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC 1), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

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

Restrictions on use

This Certificate is issued solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose.

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

T.V Balasubramanian
Partner
Membership No. 027251

Madurai
Date : 17.7.2018

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, 2018 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 V GANESH
PRESIDENT – FINANCE &
CHIEF FINANCIAL OFFICER
Madurai
17.7.2018

SHOBHANA RAMACHANDHRAN
MANAGING DIRECTOR

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, 2018.

Madurai
17.7.2018

SHOBHANA RAMACHANDHRAN
MANAGING DIRECTOR

BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2017 – 18

Introduction

TVS Srichakra Limited (TSL) is a Company listed in BSE 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	2017 – 18
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 and related products
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 625001 Admin Office : Madurai – 10 Jawahar Road, Madurai 625 002 Uttrakhand - Integrated Industrial Estate, SIDCUL, Pant Nagar, Ruddrapur 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 31.3.2018)

1.	Paid up Capital (INR)	Rs.7.66 Cr
2.	Total turnover (INR)	Rs. 2202.66 Cr
3.	Total Profit After Taxes (INR)	Rs. 117.61 Cr
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs.4.12 Cr (3.50%)
5.	List of activities in which expenditure in 4 above has been incurred	

CSR Projects

Sl. No.	CSR Project	Sector in which the project is covered
1.	Strengthening Village Level Organization	Children and Women Development
2.	Intellectual Development	Education Enhancement for School and Palwadi Children, Tamil Nadu
3.	Health	Anemia Management and Preventive Health Care, Tamil Nadu
4.	Livelihood Enhancement	Entrepreneurship Development for women and Youth, Tamil Nadu
5.	Environmental Development	Water and Sanitation and Rural Development, 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 Sports, 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

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 – www.tvstyres.com								
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.

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

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, through the prescribed e-mail id.

In the year 2017-18, 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.

The role of the CSR is, inter alia, 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 2017-18
Stakeholders	4
Customers	460

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 such as Group medical insurance and personnel accident policy for employees, 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 – 3625
2. Please indicate the Number of permanent women employees - 19
3. Please indicate the Number of permanent employees with disabilities – Nil
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
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 3.12 mandays for the financial year 2017-18

   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 1.53 mandays for the financial year 2017-18

   D. **Employees with disabilities - NA**

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 four (4) complaints and the same have been redressed satisfactorily

All the queries and complaints received during the financial year ended 31st March, 2018 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

The Company has adopted policies like Prevention of Sexual Harassment at work place, CSR Policy etc.,

There were no complaints on violation of human rights in 2017-18.

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, a) We are conducting S&Q (Safety & Quality) program to develop safety and quality as a culture to all our employees. b) We are conducting OPL (One Point Lesson) training to all our employees and executives by trained team executives and team leader respectively. In addition to the above, your Company has also implemented increased visual controls for process dos & don’ts, strengthened the orientation and induction training for all new employees, including contract employees. Organized and followed regular pep talks focusing on prevention of accidents that occur due to unsafe actions (USA). Unsafe conditions are tracked on a perpetual basis and safety measures implemented to mitigate their risk. Workers are trained to check their individual machines on safety aspects before starting of machines. Your Company has devised a framework for capturing and reporting 'Near Miss' incidents at the earliest. These incidents are reviewed on priority and corrective and preventive actions taken immediately with horizontal deployment in similar workplaces. We are motivating our team members by providing gift to collect more near miss for accident prevention. A Stringent work permit system for height work, hot work, confined space work etc., has been implemented for all employees, including contract labor, to prevent accidents during operations. All new machines/layouts were certified by the safety team before commissioning. Your Company also conducted regular inspection of all plant machineries inside its factories, including contractors, to ensure safety standards are met and maintained. Fire hydrant and fire extinguishers installed across the entire factory to handle any eventualities. Required PPEs (Personal Protective Equipment) provided to team members for accident prevention.

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

Feel the Change - To Bring Togetherness, Build Team spirit among Senior Executives & to see Big picture and to align with Business Plans, Feel the Change initiative workshops were conducted in three phases covering around 60 executives across the organization.

Capability Development : Core Tools – As part of Safety & Quality initiative, exclusive workshops on “Core Tools” was organized with focus on improving the Product quality. Around 350 Executives have attended this workshop.

OBTI for improving Sales force Effectiveness: As part of improving the Sales force effectiveness, a structured two days OBT cum experiential learning sessions are planned for all members of Sales Team across regions. With specific focus for improving the skills on Application of technology - mobility solution, updating current sales trends and Improving the will, better cohesiveness, team work, Stress tolerance etc. Around 358 Executives participated in the session.

Mega Trend Program by McKinsey: As part of Amrith initiative, exclusive One day workshop on “Mega Trend” was organized. Around 17 Executives from After Market have attended this workshop. This training was anchored Mckinsey Team. This is to understand the top big trends in the Industry and also to understand the future business initiatives of Senior Management team.

Amrith Initiatives: As part of Amrith Initiatives to improve the awareness of Safety & quality Culture around 2500 OPL’s (One Point Lessons) were made and training is being imparted to all the employees & Executives. To create a conducive working atmosphere focused initiatives were taken through Employee comfort Projects at both Madurai and UKD plants.

Supervisory Development Program: G to G (Gateway to Grow)’ - As part of Leadership initiative, exclusive Two-day workshop on “Gateway to Grow” was organized. Around 27 Executives from various functions have attended this workshop with special focus to Shop Floor Executives / Managers on their role & responsibility and resources management.

UDAAN: UDAAN (Fly High): UDAAN (Inducting the Campus hired GET's) was launched successfully. Around 21 GET's were inducted under this scheme across the group companies. This is to create a Talent Pipe line for future requirements.

Employee Engagement & Wellbeing Programs:

"Celebrated Sheroes": On International Women's Day, it was celebrated with a theme of health / Awareness. The day was filled with colorful moments of Work station décor, Rangoli competition, Quiz programme, Motivational Speech, Health awareness session, Fun games. Gifts were distributed to the women employees who have participated in various competitions.

"Awareness on Child Labour Abolish Day": - As part of Legal and Compliance, Awareness Session on "Child Labour abolish" was organized. Around 100 Non- management staff including Contractors were covered under this session.

"Self-Motivational Speech by Swami Sukhabodhananda" - An exclusive motivational talk session has been organized for the executives. This session was anchored by Swami Sukhabodhananda. Two sessions were organized with the theme of "Achieving Goal in Personal and Official Life & Self-motivation. 140 executives have attended this workshop.

"Art of Living": - As part of Well-being & Stress Management, Art of Living program has organized. Around 25 members participated in this program and expressed that it was very useful and gave a refreshing feeling.

"Mega Event on "Zero Food Wastage Reduction" organized at Madurai and UKD Plant, covering 4500 employees. Events like Signature Campaign and Pep Talk on Zero Food wastage, Mini Marathon, Waste free Dining /Plate, Waste Free Kitchen were organized involving all the employees to create awareness on Zero Food wastage across the organization.

"National Safety Week Celebration": As a step towards ensuring Safety, Quality & Environment both at workplace and at home, National Safety Week was celebrated on 1st Week of March at Factory. Several competitions viz..Drawing, Slogan, Oratory, Essay Writing on safety themes were conducted. Around 400 employees have participated.

TPM Program at UKD: "TPM" - TPM Session was organized for the executives at UKD Plant. Around 20 Management Staff, participated from Production and maintenance function.

Culture Building Programs for UKD:

Induction Cum Team Building" - As part of Culture Building Program and also to educate on the ethics and values of TVS Group, a two days induction program was organized for the 15 committee members of UKD team.

Communication Meetings: Suggestion communication meetings, Executives Communication Meetings & Employee communication meetings held periodically at Madurai / UKD.

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

TVS Srichakra Ltd., from its genesis has been operating with ethical practices and devoted towards enhancing customer and consumer offerings. Your organization develops all products keeping in view the expectation of consumers and customers in terms of current technology and market trend, your company puts in extra efforts to ensure that we source the best quality material at competitive prices so as to ensure that our products are available at market prevailing prices and quality as per consumer expectation, state of art manufacturing facility ensures that your company maintains cost leadership in conversion costs, channel development so that product availability is ensured till the last mile and each and every consumer can be serviced. Lastly whenever through any compliance and regulatory method if there is an opportunity to pass on cost benefits to our customers and consumers your company ensure that it reaches to each of them.

INDEPENDENT AUDITOR'S REPORT

To the members of **TVS Srichakra Limited**

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **TVS Srichakra Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 financial statements to 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 Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder including 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 and the Order issued under Section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 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 the Company's Directors, as well as evaluating the overall presentation of the standalone 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2018, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended March 31st, 2017 prepared in accordance with Ind AS included in this Statement has been audited by the predecessor auditor. The report of the predecessor auditor on this comparative financial information dated May 24th, 2017 expressed an unmodified opinion.

Our report is not modified in respect of this matter.

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 terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

   (e) On the basis of the written representations received from the Directors as on 31st March, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (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 given to us:

      i. The Company has disclosed the impact of pending litigations as at March 31, 2018 on its financial position in its standalone financial statements at Note No. 41.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2018.

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

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

T V Balasubramanian
Partner
Membership No.027251

Place of Signature: Madurai
Date: 22nd May 2018

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of TVS Srichakra Limited on the financial statements as of and for the year ended March 31, 2018

i. In respect of its fixed assets:

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

   b. The Company has a program of verification of fixed assets in a three-year period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Fixed assets have been physically verified by the management during the year as per the said program. As informed, discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

   c. According to the information and explanations given to us and based on the examination of the relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the Balance Sheet date.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.

iii. Based on our audit procedures and according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to any companies, firms or other parties, covered in the register maintained under Section 189 and accordingly, subclauses a, b and c of clause iii of paragraph 3 of the Order are not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act, with respect to the investments made and loans given. The Company has not provided any guarantees or security. The Company has not granted any loans under Section 185.

v. Based on our audit procedures and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the provisions of Section 73 of the Act and Rules made thereunder and hence reporting under clause (v) is not applicable.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government for the maintenance of cost records under Section 148 (1) (d) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been maintained.

vii. According to the information and explanations given to us, in respect of statutory dues:

   a. The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales-Tax, Service-Tax, duty of Customs, Excise Duty, Value Added Tax, Goods and Services Tax and cess with the appropriate authorities during the year and that there are no arrears of statutory dues outstanding as at 31 March, 2018 for a period of more than six months from the date they became payable.

   b. Dues relating to Income Tax / Sales Tax / Service Tax, which have not been deposited with the appropriate authorities on account of any dispute, are stated in the table below:

Name of the statute	Period	Amount (Rs. in crores)*	Forum where the dispute is pending
Income Tax	2008-09 to 2015-16	1.30	Income Tax Office CPC (TDS)
Sales Tax	Various years	11.02	Asst. Commissioner
Sales Tax	2009-10 & 2010-11	0.08	Dy. Commissioner
Sales Tax	2012-13	0.02	Dy. Commissioner (Appeals)
Sales Tax	Various years	0.60	Jt. Commissioner

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Name of the statute	Period	Amount (Rs. in crores)*	Forum where the dispute is pending
Excise Duty & Service Tax	Apr 06 to Sep 07	0.10	High Court
Excise Duty & Service Tax	Various periods	0.92	CESTAT
Excise Duty & Service Tax	Various periods	10.48	Commissioner
Excise Duty & Service Tax	Various periods	0.18	Asst. Commissioner
Excise Duty & Service Tax	Various periods	0.04	Dy. Commissioner
Excise Duty & Service Tax	Various periods	1.72	Joint Commissioner

* net of amounts paid under protest.

viii. Based on our audit procedures and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.

ix. Based on our audit procedures and according to the information and explanations given to us, no term loans were raised during the year. The Company did not raise any money by way of initial/ further public offer. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

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

xi. Based on our audit procedures and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. Based on our audit procedures and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment/ private placement of shares/ fully/ partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

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

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

T V Balasubramanian
Partner
Membership No.027251

Place of Signature: Madurai
Date: 22nd May 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2(f) of the Independent Auditors' Report of even date to the members of TVS Srichakra Limited on the Standalone financial statements for the year ended March 31, 2018

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** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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 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 were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system 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 standalone 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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 maintained, 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, 2018, 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.

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

T V Balasubramanian
Partner
Membership No.027251

Place of Signature: Madurai
Date: 22nd May 2018

STANDALONE BALANCE SHEET AS ON MARCH 31, 2018

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

Rs. in Crores

	Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
I.	**ASSETS**			
1	**Non-current assets**			
	(a) Property, Plant and Equipment	3	**586.99**	497.49
	(b) Capital work-in-progress		**26.16**	62.57
	(c) Other Intangible assets	4	**7.96**	8.60
	(d) Intangible assets under development		**0.12**	-
	(e) Financial Assets			
	(i) Investments	5	**67.96**	46.81
	(ii) Loans	6	**44.85**	44.50
	(iii) Others	7	**15.36**	17.33
	(f) Current tax assets (net)	25	**5.51**	4.79
	(g) Other non-current assets	8	**30.81**	35.43
2	**Current assets**			
	(a) Inventories	9	**331.53**	411.78
	(b) Financial Assets			
	(i) Trade receivables	10	**243.70**	203.57
	(ii) Cash and cash equivalents	11	**6.63**	1.68
	(iii) Bank balances other than (ii) above	11	**8.84**	7.69
	(iv) Others	12	**29.90**	5.00
	(c) Other Current Assets	13	**34.11**	57.36
	TOTAL ASSETS		**1,440.43**	1,404.60
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity Share capital	14	**7.66**	7.66
	(b) Other Equity	15	**646.60**	567.32
	Liabilities			
1	**Non-current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	16(a)	**7.65**	23.75
	(ii) Other financial liabilities (other than those specified above)	17	**84.54**	83.57
	(b) Provisions	18	**7.37**	5.88
	(c) Deferred tax liabilities (Net)	19	**43.35**	36.78
	(d) Other Non-current liabilities	20	**5.47**	6.07
2	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	21	**293.22**	276.14
	(ii) Trade payables	22	**174.49**	201.00
	(iii) Other financial liabilities (other than those specified above)	23	**152.53**	188.66
	(b) Other current liabilities	24	**14.14**	4.96
	(c) Provisions	18	**3.41**	2.81
	TOTAL EQUITY AND LIABILITIES		**1,440.43**	1,404.60
	Significant Accounting Policies & Notes to Financial Statement	2		

SHOBHANA RAMACHANDHRAN
Managing Director
DIN : 00273837

R NARESH
Executive Vice Chairman
DIN : 00273609

As per our report attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No.003990S/S200018

T V BALASUBRAMANIAN
Partner
Membership No. : 027251

Place : Madurai
Date : 22.05.2018

K V GANESH
Chief Financial Officer

P SRINIVASAN
Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018.

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

Rs. in Crores

	Particulars	Note	**Year ended 31.03.2018**	Year ended 31.03.2017
I.	Revenue from operations	26	**2,202.66**	2,130.84
II.	Other income	27	**15.37**	9.81
III.	**Total Income (I + II)**		**2,218.03**	2,140.65
IV.	**Expenses:**			
	Cost of materials consumed	28	**1,229.91**	1,141.16
	Purchase of Stock-in-trade		**1.55**	1.77
	Changes in inventories of finished goods, Stock-in-Trade and Work-in-progress	29	**38.81**	(54.14)
	Excise duty		**50.41**	170.42
	Employee benefits expense	30	**247.32**	222.36
	Finance costs	31	**29.70**	20.13
	Depreciation and amortization expense	3&4	**68.21**	55.67
	Other expenses	32	**382.87**	366.57
	Total expenses		**2,048.78**	1,923.94
V.	Profit before exceptional items and tax (III-IV)		**169.25**	216.71
VI.	Exceptional items		**-**	-
VII.	Profit before tax (V - VI)		**169.25**	216.71
VIII.	Tax Expenses:			
	(1) Current Tax		**46.94**	52.50
	(2) Deferred Tax		**4.70**	8.88
IX.	Profit for the year from continuing operations (VII-VIII)		**117.61**	155.33
X.	Profit from discontinued operations		**-**	-
XI.	Tax expense of discontinued operations		**-**	-
XII.	Profit from discontinued operations (after tax) (X-XI)		**-**	-
XIII	Profit for the year (IX+XII)		**117.61**	155.33
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		**10.27**	1.65
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(1.87)**	(0.30)
	B (i) Items that will be reclassified to profit or loss and income tax thereon		**-**	-
XV.	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit and Other Comprehensive Income for the year)		**126.01**	156.68
XVI.	Earnings per equity share (for continuing operations):			
	- Basic & Diluted (in Rs.)	34	**153.60**	202.86
XVII.	Earnings per equity share (for discontinued operations):			
	- Basic & Diluted (in Rs.)		**-**	-
XVIII.	Earnings per equity share(for discontinued & continuing operations)			
	- Basic & Diluted (in Rs.)	34	**153.60**	202.86

SHOBHANA RAMACHANDHRAN
Managing Director
DIN : 00273837

R NARESH
Executive Vice Chairman
DIN : 00273609

As per our report attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No.003990S/S200018

T V BALASUBRAMANIAN
Partner
Membership No. : 027251

Place : Madurai
Date : 22.05.2018

K V GANESH
Chief Financial Officer

P SRINIVASAN
Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

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

Rs. in Crores

	Particulars	31.03.2018		31.03.2017	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit before tax		**169.25**		216.71
	Adjustments for :				
	Depreciation	**68.21**		55.67	
	Interest paid	**29.70**		20.13	
	Interest received	**(15.37)**		(9.07)	
	Loss / (Gain) due to Exchange rate Fluctuations	**2.34**		1.30	
	Advances Written off	**-**		0.86	
	(Profit) / loss on Sale of Assets	**-**		0.01	
	Deferred Government Grant	**(0.02)**		(0.02)	
	Bad Debts	**-**		0.01	
	Changes in Fair Value of Financial Assets	**-**		4.41	
	Assets Condemned	**0.05**		-	
	Non operating income	**-**		(0.74)	
	Fair value changes in employee benefits	**0.82**		-	
			85.73		72.56
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**254.98**		289.27
	Adjustments for :				
	Trade Receivables	**(40.12)**		(29.67)	
	Other Receivables	**(8.95)**		(33.45)	
	Inventories	**80.25**		(203.85)	
	Trade and other payables	**(52.67)**		96.50	
			(21.49)		(170.47)
	Cash Generated From Operations		**233.49**		118.80
	Direct taxes paid		**(47.66)**		56.13
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**185.83**		62.67
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Fixed Assets	**(104.80)**		(220.19)	
	Proceeds from disposal of assets	**-**		0.03	
	Investments Purchased	**(11.71)**		-	
	Other Equity	**-**		(0.01)	
	Non operating income	**-**		0.74	
	Interest received	**15.37**		5.25	
	Bank deposits	**(1.15)**		1.35	
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**(102.29)**		(212.83)
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Interest paid	**(30.02)**		(20.47)	
	Proceeds / (Repayment) from short term borrowings	**17.08**		189.57	
	Proceeds / (Repayment) of long term borrowings	**(19.78)**		(20.52)	
	Dividend & Dividend tax paid	**(45.87)**		-	
	NET CASH FLOW FROM FINANCING ACTIVITIES: (C)		**(78.59)**		148.58
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**4.95**		(1.58)
	CASH AND CASH EQUIVALENTS - OPENING BALANCE		**1.68**		3.26
	CASH AND CASH EQUIVALENTS - CLOSING BALANCE		**6.63**		1.68

Refer Note 16(b) for Net Debt Reconciliation

SHOBHANA RAMACHANDHRAN
Managing Director
DIN : 00273837

R NARESH
Executive Vice Chairman
DIN : 00273609

As per our report attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No.003990S/S200018

T V BALASUBRAMANIAN
Partner
Membership No. : 027251

Place : Madurai
Date : 22.05.2018

K V GANESH
Chief Financial Officer

P SRINIVASAN
Secretary

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

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

Particulars	Equity Share Capital Paid-up	Reserves and Surplus					FVOCI - Equity Instruments	Total
		Capital Reserve	Securities Premium	General Reserve	Amalgamation Reserve	Retained Earnings		
Balance as at March 31, 2016	7.66	0.01	0.93	31.01	0.46	378.23	-	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)	-	-	-	-	-	-	1.50	-
Remeasurements of post employment benefit obligation (net of tax)	-	-	-	-	-	(0.15)	-	1.35
Dividends	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	**7.66**	**0.01**	**0.93**	**31.01**	**0.46**	**533.41**	**1.50**	**574.98**
Profit for the year ended March 31, 2018	-	-	-	-	-	117.61	-	117.61
Other Comprehensive Income for the year ended March 31, 2018, net of taxes, (excluding actuarial gain/ losses, given below)	-	-	-	-	-	-	7.85	7.85
Remeasurements of post employment benefit obligation (net of tax)	-	-	-	-	-	0.55	-	0.55
Dividends	-	-	-	-	-	(46.73)	-	(46.73)
Balance as at March 31, 2018	**7.66**	**0.01**	**0.93**	**31.01**	**0.46**	**604.84**	**9.35**	**654.26**

SHOBHANA RAMACHANDHRAN
Managing Director
DIN : 00273837

R NARESH
Executive Vice Chairman
DIN : 00273609

As per our report attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No.003990S/S200018

T V BALASUBRAMANIAN
Partner
Membership No. : 027251

Place : Madurai
Date : 22.05.2018

K V GANESH
Chief Financial Officer

P SRINIVASAN
Secretary

1. 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.

2. Significant Accounting Policies

a) Basis of preparation

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for items in Statement of Cash Flow and certain items of Assets and Liabilities that have been measured on fair value basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. GAAP comprises 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 a 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 2(y). Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

b) Statement of Compliance with Ind AS

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity, Statement of Cash Flow together with notes for the year ended March 31, 2018 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on 22.05.2018.

c) Changes in Accounting Standards

There were certain amendments to the Accounting Standards which were applicable from this financial year, namely a) amendment to Ind AS 7 requiring the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement, which have been addressed in the current financials and b) amendment to Ind AS 102 providing specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes, which does not have any impact on this company.

d) Changes in Accounting Standards that may affect the Company / Group after 31st March 2018

Ind AS 115 – Revenue from Customers

This standard combine enhances and replaces specific guidance on recognizing revenue with a single standard. It defines a new five-step model to recognize revenue from customer contracts.

The Company is in the process of reviewing the main types of commercial arrangements used with customers under this model and on a very broad, preliminary analysis and pending a detailed review determines that the application of Ind AS 115 may not have a material impact on the results or the financial position.

This standard is mandatory for accounting periods beginning on or after 1st April 2018. The Company is planning to apply the standard retrospectively, utilising the practical expedient to not restate contracts that begin and end within the same annual accounting period.

e) Improvements and other amendments to Accounting Standards applicable after 31st March 2018

A number of standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognize deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital, mutual fund and other similar organizations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).

None of these amendments are expected to have any material effect on the Company’s financial statements.

f) 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.

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

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

Critical Judgments in applying accounting policies

i. **Classification of investment in TVS Automobile Solutions Private Limited**

The Company holds investments in equity 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 their shares have been designated as investment at FVTOCI.

ii. **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

i. **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 2(w).

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

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

iii. **Employee Benefits - Defined Benefit Obligations (DBO)**

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

h) Financial Instruments

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

Initial recognition:

All financial assets are recognized initially at Fair value plus transaction costs that are attributable to the Acquisition of the financial asset (In case of financial assets not recorded at FVTPL, transaction costs are recognized immediately in statement of profit and loss). Purchase or sales of financial assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized 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 amortized cost using Effective Interest Rate (EIR) method. The EIR amortization is recognized as finance income in the Statement of Profit and Loss.

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

a) Trade receivable

b) Other financial assets

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 recognized in other comprehensive income

Equity instruments held for trading are classified as FVTPL. 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 recognized in other comprehensive income (OCI).

iii. **Financial asset at FVTPL**

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

Derecognition of financial asset

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

a) **Trade receivable**

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

b) **Other financial assets**

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

iii. Financial liabilities

Initial recognition and measurement

Financial liabilities are initially recognized at fair value plus any transaction cost that are attributable to the acquisition of financial liability except financial liabilities at Fair Value Through Profit and Loss which are initially measured at fair value.

Subsequent measurement

The financial liabilities are classified for subsequent measurement into following categories

- at amortized cost

- at fair value through the Statement of Profit and Loss

Financial liabilities at amortized cost

The Company is classifying the following under amortized cost;

a) Borrowings from banks

b) Borrowings from others

c) Finance lease liabilities

d) Trade payables

e) Other Financial Liabilities

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

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

iv. 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 recognized in the Statement of Profit and Loss.

v. 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.

vi. Offsetting of financial assets and liabilities

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

vii. Reclassification of financial assets

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

i) Share Capital and Dividend to Shareholders

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

Dividend distribution to equity shareholders is distribution to owners of capital in statement of changes in equity, in the period in which it was paid.

j) Property, Plant and Equipment

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

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

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

Subsequent costs

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

Depreciation

Depreciation is recognized in the Statement of Profit and Loss under straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. 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 has been considered in line with Schedule II except in the following cases which are based on technical estimates.

Estimated useful life in years

Particulars	Useful life
Plant and Machinery 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.

k) Intangible assets

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

Subsequent expenditure

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

Amortization of Intangible Assets with finite useful lives

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

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

l) Impairment of Non-financial assets

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

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use and its fair value less cost to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to asset. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows into continuing use that are largely independent of cash inflows of other assets or group of assets (the cash generating unit).

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

Reversal of impairment loss

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

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

m) 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 recognized 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 recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

Assets given on operating lease:

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

Deposits provided to lessors:

Any lease deposits 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 recognized 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 upto 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.

n) 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.

o) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

p) 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 recognized 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. Amount disclosed as revenue are inclusive of excise duty, net of returns, trade allowance, rebates and GST.

Subsidies on export and other incentives

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

q) Employee benefits

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

i. Defined Contribution Plan (Provident Fund)

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

ii. Defined Benefit Plan (Gratuity)

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

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

iii. 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.

iv. 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.

r) 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 recognized using effective interest method. Dividend income is recognized in Statement of Profit and Loss on date when the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial asset through FVTPL that are recognized in the statement of profit and loss.

s) Borrowing Costs

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

t) Income Taxes

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

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

(i) The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss

(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 arising on the initial recognition of goodwill, as the same is not deductible for tax purposes.

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

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

Deferred taxation arising on investments in subsidiaries and associates is recognized except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation on temporary differences arising out of undistributed earnings of the equity-method accounted investee is recorded based on the management's intention. If the intention is to realize the undistributed earnings through sale, deferred tax is measured at the capital gains tax rates that are expected to be applied to temporary differences when they reverse. However, when the intention is to realize the undistributed earnings through dividend, the Company's share of the income and expenses of the equity-method accounted investee is recorded in the statement of profit and loss after considering any taxes on dividend payable by equity-method accounted investee and no deferred tax is set up in the books as the tax liability is not with the Company.

u) Foreign Currency Transactions and Balances

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

v) 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.

w) Fair Value Measurements

Ind AS requires the determination of fair value for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

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

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

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

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

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

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

Level 3 - Unobservable outputs for the assets and liabilities.

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

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

Fair values have been determined for measurement and/or 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.

(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 deposits 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 reflects the credit risk of the instrument and includes 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.

x) Current and Non-current Classification

An asset is classified as current if:

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

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

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

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

All other assets are classified as non-current.

A liability is classified as current if:

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

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

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

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

All other liabilities are classified as non-current.

y) Statement of Cash Flow

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

z) Segment Reporting

Operating segments are identified and reported taking into account the different risks and returns, the organiza tion 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, 2018

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

3. Property, plant and equipment

The following table presents the changes in PPE during the year 31st March, 2018

Particulars	Original cost				Depreciation				Net book value	
	As at 1st April, 2017	Additions during the year	Deletions during the year	**As at 31st March 2018**	As at 1st April, 2017	Additions during the year	Deletions during the year	**As at 31st March 2018**	**As at Mar 31, 2018**	As at 31st March 2017
Freehold Land	37.08	1.77	-	**38.85**	-	-	-	**-**	**38.85**	37.08
Building	144.24	27.62	-	**171.86**	8.78	5.71	-	**14.49**	**157.37**	135.46
Plant and Machinery	287.16	80.57	0.01	**367.72**	56.58	38.82	-	**95.40**	**272.32**	230.58
Furniture and Fittings	6.47	1.61	-	**8.08**	1.03	0.83	-	**1.86**	**6.22**	5.44
Vehicles	1.28	0.09	0.05	**1.32**	0.31	0.16	0.01	**0.46**	**0.86**	0.97
Office equipment	7.59	4.77	-	**12.36**	3.24	2.09	-	**5.33**	**7.03**	4.35
Others (electrical)	108.39	38.68	-	**147.07**	24.78	17.95	-	**42.73**	**104.34**	83.61
Total Gross Block	**592.21**	**155.11**	**0.06**	**747.26**	**94.72**	**65.56**	**0.01**	**160.27**	**586.99**	**497.49**

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

Particulars	Original cost				Depreciation				Net book value	
	As at 1st April, 2016	Additions during the year	Deletions during the year	As at 31st March 2017	As at 1st April, 2016	Additions during the year	Deletions during the year	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Freehold Land	1.96	35.12	-	37.08	-	-	-	-	37.08	1.96
Building	99.07	45.17	-	144.24	3.88	4.90	-	8.78	135.46	95.19
Plant and Machinery	209.75	77.41	-	287.16	23.82	32.76	-	56.58	230.58	185.93
Furniture and Fittings	3.19	3.28	-	6.47	0.45	0.58	-	1.03	5.44	2.74
Vehicles	1.13	0.19	0.04	1.28	0.15	0.16	-	0.31	0.97	0.98
Office equipment	4.28	3.31	-	7.59	1.41	1.83	-	3.24	4.35	2.87
Others (electrical)	77.66	30.73	-	108.39	10.93	13.85	-	24.78	83.61	66.73
Total Gross Block	**397.04**	**195.21**	**0.04**	**592.21**	**40.64**	**54.08**	**-**	**94.72**	**497.49**	**356.40**

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

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018 (Contd.)

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

Particulars	**Gross block as on 1st April, 2015**	**Accumulated depreciation as on 1st April, 2015**	**Net block as on 1st April, 2015**
Freehold Land	1.96	-	1.96
Building	87.82	16.06	71.76
Plant and Machinery	265.02	133.57	131.45
Furniture and Fittings	4.80	2.68	2.12
Vehicles	1.55	0.57	0.98
Office equipment	6.92	3.83	3.09
Others (electrical)	66.35	16.25	50.10
Total	**434.42**	**172.96**	**261.46**

4. Intangible assets

The following table presents the changes in PPE during the year 31st March, 2018

Particulars	Original cost				Amortisation				Net book value	
	As at 1st April, 2017	Additions during the year	Deletions during the year	**As at 31st March 2018**	As at 1st April, 2017	Additions during the year	Deletions during the year	**As at 31st March 2018**	**As at 31st March 2018**	As at 31st March 2017
Computer software	11.87	2.01	-	**13.88**	3.27	2.65	-	**5.92**	**7.96**	8.60
Total	**11.87**	**2.01**	**-**	**13.88**	**3.27**	**2.65**	**-**	**5.92**	**7.96**	**8.60**

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

Particulars	Original cost				Amortisation				Net book value	
	As at 1st April, 2016	Additions during the year	Deletions during the year	As at 31st March 2017	As at 1st April, 2016	Additions during the year	Deletions during the year	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Computer software	4.44	7.43	-	11.87	1.68	1.59	-	3.27	8.60	2.76
Total	**4.44**	**7.43**	**-**	**11.87**	**1.68**	**1.59**	**-**	**3.27**	**8.60**	**2.76**

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

Particulars	**Gross block as on 1st April, 2015**	**Accumulated depreciation as on 1st April, 2015**	**Net block as on 1st April, 2015**
Computer software	7.36	4.38	2.98
License	1.81	1.81	-
Total	**9.17**	**6.19**	**2.98**

Rs. in Crores

	Particulars	As at 31st March, 2018	As at 31st March, 2017
5.	**Investments (Non-current Financial Assets)**		
	Investment in equity of Group Companies accounted on Cost Basis - Unquoted		
	Subsidiary:		
	TVS Srichakra Investments Ltd (Equity Shares - 20,50,000)	**2.05**	2.05
	Associate:		
	Van leeuwen Tyres and Wheels BV (Equity Shares - 15,000)	**0.09**	0.09
	Others: Equity instruments at FVTOCI - Unquoted		
	Sai Regency Power Corporation Private Limited (Equity shares - 1,50,000)	**0.15**	0.15
	Myrtah Vayu Manijra Private Limited (Equity shares - 4,49,840)	**0.45**	0.45
	Coromandel Electricity Private Limited (Equity shares - 10,000)	**0.01**	0.01
	Investment in shares - Unquoted		
	Others:		
	TVS Automobile Solutions Private Limited (CY - Equity shares - 9,11,741, PY - Nil)*	**63.04**	-
	TVS Automobile Solutions Private Limited (CY-Nil, PY-Compulsory Convertible Preference Shares - 15,89,699)*	**-**	41.89
	Other Investments - Deemed Equity		
	Fair valuation of equity option in convertible debentures issued by TVS Srichakra Investments Ltd.	**2.26**	2.26
	Total	**68.05**	46.90
	Less: Provision for diminution in value of investments	**(0.09)**	(0.09)
	Total	**67.96**	46.81
	*CCPS Converted into Equity shares and rights issue Subscribed in Current year		
	Aggregate amount of Unquoted Investments	65.79	44.64
	Aggregate amount of Impairment in the value of investments	(0.09)	(0.09)
6.	**Loans - Non-current Financial Assets (Unsecured Considered Good)**		
	11% optional convertible debentures in Subsidiary (4,45,900 nos.)	**42.61**	42.61
	Employee advances	**2.24**	1.89
	Total	**44.85**	44.50
7.	**Other financial asset - Non-current Financial Assets**		
	Derivative Asset on Loan Swap	**3.48**	8.05
	Security Deposits	**11.88**	9.28
	Total	**15.36**	17.33
8.	**Other non current assets (Unsecured, Considered good)**		
	Capital advances	1.14	14.68
	Prepaid expenses	25.68	16.38
	Lease prepayments	3.99	4.37
	Total	**30.81**	35.43

Rs. in Crores

	Particulars		As at 31st March, 2018	As at 31st March, 2017
9.	**Inventories**			
	Raw material and components		**213.90**	255.55
	Work in progress		**15.53**	22.39
	Finished goods		**93.15**	125.18
	Stock in trade		**0.23**	0.15
	Stores and spares		**8.72**	8.51
	Total		**331.53**	411.78
10.	**Trade receivables**			
	Trade Debtors - Unsecured, Considered good		**243.70**	203.57
	Less:Allowance for doubtful receivables		-	-
	Total		**243.70**	203.57
	Age of Receivable:			
	Within the credit period		**202.24**	166.16
	1-30 days past due		**30.84**	25.61
	31-90 days past due		**9.22**	9.94
	More than 90 days past due		**1.40**	1.86
	Total		**243.70**	203.57
11.	**Cash and bank balances**			
	Cash & Cash Equivalents			
	a) Balance with banks			
	(i) in current accounts		**6.01**	1.27
	(ii) Deposit		**-**	0.01
	b) Cash on hand		**0.62**	0.40
		(a)	**6.63**	1.68
	Other bank balances			
	(i) Bank deposits*		**4.43**	4.42
	(ii) Unpaid dividend		**4.11**	3.26
	(iii) Margin money deposit		**0.30**	0.01
		(b)	**8.84**	7.69

*Balances in deposits accounts subject to lien in favour of banks for obtaining bank guarantees / letter of credits

	Particulars		As at 31st March, 2018	As at 31st March, 2017
12.	**Other financial assets**			
	Interest accrued on debentures		**5.00**	5.00
	Accrued Income		**24.90**	-
	Total		**29.90**	5.00

Rs. in Crores

	Particulars		As at 31st March, 2018	As at 31st March, 2017
13.	**Other current assets (Unsecured, Considered good)**			
	Balance with service tax and sales tax authorities		**-**	25.69
	Prepaid expenses		**2.34**	1.88
	Lease prepayments		**0.37**	0.39
		(a)	**2.70**	27.96
	Advances recoverable in cash or in kind for value to be received		**31.40**	29.40
	less: provision for doubtful advances		**-**	-
		(b)	**31.40**	29.40
	Total (a) + (b)		**34.11**	57.36
14.	**Equity share capital**			
	Authorised (1,00,00,000 equity shares at Rs.10 each)		**10.00**	10.00
	Subscribed and fully paid up (76,57,050 equity shares at Rs.10 each)		**7.66**	7.66
	Total		**7.66**	7.66

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

	UOM	Outstanding at the end of the Year
As at March 31, 2018		
- Number of Shares	Nos in '000	7,657.05
- Amount of Shares	Rs. In Crores	7.66
As at March 31, 2017		
- Number of Shares	Nos in '000	7,657.05
- Amount of Shares	Rs. In Crores	7.66
As at March 31, 2016		
- Number of Shares	Nos in '000	7,657.05
- Amount of Shares	Rs. In Crores	7.66

Shareholding more than 5 % of the shares of the company

Name of the Company	**As at 31st March,, 2018**	As at 31st March, 2017
T.V. Sundram Iyengar & Sons Private Limited (CY - 28%, PY - 28%)	**2,123,115**	2,123,115
Sundaram Industries Private Limited (CY - 10%, PY - 10%)	**750,000**	750,000

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.

Rs. in Crores

	Particulars	**As at 31st March, 2018**	As at 31st March, 2017
15.	**Other equity**		
	a) Securities premium	**0.93**	0.93
	b) General reserve	**31.01**	31.01
	c) Capital reserve	**0.01**	0.01
	d) Amalgamation Reserve	**0.46**	0.46
	e) Retained Earnings		
	Opening balance	**533.41**	378.23
	Profit for the year	**117.61**	155.33
	Remeasurement of DBO from OCI	**0.55**	(0.15)
	Final Dividends paid	**(38.82)**	-
	Dividend distribution tax paid	**(7.91)**	-
	Closing Balance	**604.84**	533.41
	f) FVOCI - Equity Instruments		
	Opening Balance	**1.50**	-
	Fair Valuation of Investments	**7.85**	1.50
	Closing Balance	**9.35**	1.50
	Total (a+b+c+d+e+f)	**646.60**	567.32
16	**(a) Borrowings**		
	Term loans		
	Secured		
	From banks	**7.65**	23.75
	Total	**7.65**	23.75

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.

Refer Note 23 for Current Maturities of Long term debt.

16(b) NET DEBT RECONCILIATION

Particulars	**31st March, 2018**	31st March, 2017
Cash and Cash Equivalents	15.47	9.37
ECB Swap Derivative	3.48	8.05
Current Borrowing (Working Capital Loan)	(293.22)	(276.14)
Non - Current Borrowing plus Current maturities of long term debt*	(19.05)	(39.16)
Total	**(293.32)**	(297.88)

*Includes accrued interest

Rs. in Crores

Particulars	Other Assets		Borrowings		Total Net borrowings
	Cash and cash equivalents	ECB Swap Derivative	Current Borrowing (Working Capital Loan)	Non - Current Borrowing plus current maturity of long term debt*	
Net (debt)/ Cash & Cash Equivalents as at 1st April 2017**	**9.37**	**8.05**	**(276.14)**	**(39.16)**	**(297.88)**
Cash Flows					
Increase/(Decrease) in cash and cash equivalents	6.10	-	-	-	**6.10**
Borrowings	-	-	(17.08)	-	**(17.08)**
Repayment	-	(4.57)	-	19.79	**15.22**
Interest expense	-	-	(20.16)	(2.06)	**(22.22)**
Interest paid	-	-	20.16	2.38	**22.54**
(Net debt)/ Cash & Cash Equivalents as at 31 March 2018	**15.47**	**3.48**	**(293.22)**	**(19.05)**	**(293.32)**

*Includes accrued interest

** In the first year of adoption of net debt reconciliation it is optional for the company to provide comparative information. Hence ignored.

	Particulars		As at 31st March, 2018	As at 31st March, 2017
17.	**Other Financial Liabilities**			
	Security deposit		**84.54**	83.57
	Total		**84.54**	83.57
18.	**Provisions**			
	Short term provisions for employee benefits			
	Gratuity		**2.91**	1.78
	Compensated absences		**0.50**	1.03
		(a)	**3.41**	2.81
	Long term provisions for employee benefits			
	Gratuity		**-**	-
	Compensated absences		**7.37**	5.88
		(b)	**7.37**	5.88
19.	**Deferred Tax Liability**			
	i) Deferred Tax Liability			
	a) On Account of Depreciation on Fixed Assets		**45.19**	40.15
	b) On account of timing Differences in Recognition of Expenditure		**(3.76)**	(3.42)
	c) On account of Ind AS fair value adjustments		**1.92**	0.05
	Total		**43.35**	36.78

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

Rs. in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
20. Other non current liabilities		
Deferred Government Grant (Capital Subsidy)	**0.25**	0.27
Deferred Income	**5.22**	5.80
Total	**5.47**	6.07
21. Borrowings (short term)		
Secured		
Loans repayable on demand from banks	**293.22**	276.14
Total	**293.22**	276.14

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, Therkutheru, Melur Taluk, Madurai District belonging to the company.

Particulars	As at 31st March, 2018	As at 31st March, 2017
22. Trade payables		
Towards purchase of goods and services		
i) To Micro and Small Enterprises	**-**	-
ii) Others	**174.49**	201.00
Total	**174.49**	201.00
23. Other financial liabilities		
Capital creditors	**17.83**	15.34
Current maturities of long term debt	**11.07**	14.76
Interest accrued but not due on borrowings	**0.33**	0.65
Unpaid dividends	**4.11**	3.26
Other creditors	**119.19**	154.65
Total	**152.53**	188.66
24. Other current liabilities		
Advances from customers	**0.41**	3.86
Statutory payables	**13.73**	1.10
Total	**14.14**	4.96
25. Current Tax Asset (Net)		
Current Tax (Net of Provision)	**5.51**	4.79
Total	**5.51**	4.79
26. Revenue from operations		
Sale of products	**2,183.32**	2,116.00
Other Operating Revenue	**19.34**	14.84
Total	**2,202.66**	2,130.84

Rs. in Crores

	Particulars		As at 31st March, 2018	As at 31st March, 2017
27.	**Other income**			
	Interest income from subsidiary		-	5.22
	Interest Income from bank deposits		1.33	1.09
	Interest income from others		3.16	2.76
	Provision for liability no longer required		10.88	-
		(a)	**15.37**	9.07
	Other non-operating income (net of expenses directly attributable to such income)		-	0.74
		(b)	**-**	0.74
	Total (a) + (b)		**15.37**	9.81
28.	**Cost of materials consumed**			
	Opening Stock		**255.55**	108.22
	Add : Purchase (includes processing charges Rs.72.06 Cr) (Previous year Rs 62.53 Cr)		**1,188.26**	1,288.49
	Total		**1,443.81**	1,396.71
	Less Closing Stock		**213.90**	255.55
	Cost of Materials consumed		**1,229.91**	1,141.16
29.	**Changes in inventories of finished goods work-in-progress and Stock-in-Trade**			
	Opening Stock of Finished goods &Traded goods		**125.33**	79.52
	Opening Stock of Work in progress		**22.39**	14.06
	Closing Stock of Finished goods & Traded Goods		**93.38**	125.33
	Closing Stock of Work in progress		**15.53**	22.39
	(Increase) / Decrease in Finished goods & Traded Goods		**31.95**	(45.81)
	(Increase) / Decrease in Work in progress		**6.86**	(8.33)
	Total (Increase) / Decrease in Stock		**38.81**	(54.14)
30.	**Employee benefit**			
	(a) Salaries and wages		**197.33**	174.81
	(b) Contributions to -			
	(i) Superannuation Fund		**0.92**	0.89
	(ii) Gratuity fund contributions *		**2.29**	2.48
	(iii) Provident Fund and other funds		**12.76**	10.45
	(c) Remuneration to Whole time directors		**13.65**	15.52
	(d) Staff welfare expenses		**20.37**	18.21
	Total		**247.32**	222.36

*Excludes Actuarial Gain/Loss on account of Gratuity.

	Particulars		As at 31st March, 2018	As at 31st March, 2017
31.	**Finance costs**			
	Interest expense		**29.34**	19.81
	Other borrowing cost (inlcuding letter of credit and bill discounting charges)		**0.36**	0.32
	Total		**29.70**	20.13

Rs. in Crores

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
32. Other expenses		
Consumption of Stores & Spares	**49.69**	57.02
Power & Fuel	**86.44**	83.13
Repairs to building	**5.87**	2.04
Repairs to machinery	**10.61**	6.51
Repairs Others	**2.48**	0.37
Insurance	**5.25**	3.60
Rates & taxes	**4.33**	6.93
Telephone & Internet Charges	**1.44**	1.48
Travelling Expense	**15.31**	11.70
Exchange Rate Fluctuation Loss (Net)	**2.34**	1.30
Bank charges	**1.55**	1.60
Advertisement and sales Promotion	**43.07**	42.83
CSR Activities (Refer Note 43)	**4.12**	3.12
Freight Out	**80.23**	72.73
Advance written off	**-**	0.86
Bad Debts	**-**	0.01
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	**24.64**	22.68
Audit Fees (Refer Note 45)		
a) Remuneration	**0.18**	0.21
b) Expenses	**0.05**	0.02
Donation	**0.02**	0.04
Consultancy	**26.92**	26.06
Warranty Claims	**13.74**	16.51
Other expenses	**3.67**	4.94
Total	**382.87**	366.57
33. 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 before taxes is summarised below:		
Profit before taxes	**169.25**	216.71
Enacted tax rates in India	**34.61%**	34.61%
Expected tax expense/(benefit)	**58.57**	75.00
Effect of Income tax exemption benefit u/s.80IC of the Income Tax Act with respect to Uttarakhand Plant	**(5.19)**	(12.00)
Additional tax benefit on account of Research & Development (Income & Expenditure)	**(6.04)**	(6.17)
Other items	**4.30**	4.55
Tax Expense as per P&L	**51.64**	61.38

Rs. in Crores

	Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
34.	**Details of Earnings Per Share**		
	Profits for the Year	**117.61**	155.33
	Number of Equity Shares (Nos.)	**76,57,050**	76,57,050
	Face Value of Shares (In Rupees)	**10.00**	10.00
	Basic and Diluted Earnings per Share (In Rupees) *	**153.60**	202.86

*There are no potential dilutive equity shares

35.	**Employee benefits - Leave Encashment**		
	Service cost	**1.97**	1.88
	Interest cost	**0.53**	0.32
	Actuarial (gain)/loss	**(1.54)**	0.58
	Defined benefit cost included in P&L	**0.96**	2.78

Present Value of Defined Benefits - Gratuity	**24.64**	21.20
Service cost	**2.22**	2.04
Interest cost	**1.84**	1.64
Actuarial (gain)/loss	**0.40**	0.26
Benefits paid	**(1.10)**	(0.50)
Project benefit obligation at the end of the year	**28.00**	24.64
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	**22.86**	18.89
Interest income	**1.78**	1.55
Employers contribution	**1.87**	2.31
Benefits paid	**(1.10)**	(0.50)
Actuarial gain/(loss)	**(0.32)**	0.61
Fair value of plan assets at the end of the year	**25.09**	22.86
Amount recognised in Balance Sheet		
Present value of projected benefit obligaiton at the end of the year	**28.00**	24.64
Fair value of plan assets at the end of year	**25.09**	22.86
Funded status amount of liablity recognised in Balance Sheet	**2.91**	1.78

Expense recognised in Statement of Profit or Loss - Gratuity		
Service cost	**2.22**	2.04
Interest cost	**1.84**	1.64
Interest income	**(1.78)**	(1.55)
Net gratutity cost	**2.28**	2.13
Actual return on plan asset	**1.45**	2.15
Summary of actuarial assumptions		
Discount rate	**7.63%**	7.17%
Expected rate of plan assets	**7.63%**	7.17%
Salary escalation rate	**6.00%**	6.00%
Average future working life time	**5.00%**	5.00%

Discount rate - based on prevailing market yeilds of Indian governement securitires as at the balance sheet date for estimated term of obligations expected rate of return on plan assets - expectation of the average long term rate of return expected on investment of the funds during the estimated terms of the obligations salary escalation rate - estimates of future salary increases considered taken into account the inflation, seniority, promotion and other relevant factors contributions - the company expects to contribute Rs. 3.00 Crores to its gratuity fund during the year ending Mar 31, 2018. The expected cash flows over the next few years are as follows:

Rs. in Crores

Particulars - Gratuity	**31st March, 2018**	31st March, 2017
1 year	**2.05**	1.65
2 to 5 years	**8.30**	6.68
6 to 10 years	**7.44**	7.06

Sensitivity analysis of significant actuarial assumption

Particulars - Gratuity	**31st March, 2018**	
	% Increase in DBO	Liability (Rs in Crores)
Discount Rate + 100 basis points	**-7.41%**	25.92
Discount Rate - 100 basis points	**8.49%**	30.37
Salary growth rate + 100 basis points	**8.18%**	30.29
Salary growth rate - 100 basis points	**-7.26%**	25.96
Attrition Rate + 100 basis points	**0.60%**	28.16
Attrition Rate - 100 basis points	**-0.67%**	27.81
Mortality Rate 10% Up	**0.04%**	28.01

Particulars - Gratuity	31st March, 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

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.

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

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.

36. 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.

Geographical Breakup of Revenue through sale of products is as under:

Particulars	**31st March, 2018**	31st March, 2017
Exports	**210.20**	200.51
Domestic	**1,973.12**	1,915.49
	2,183.32	2,116.00

37. Related party and transactions

a) Related parties and their relationship

The related party where control/joint control/significant influence exists are subsidiaries, joint ventures and associates. Key managerial personnel are those persons having authority and responsibility in planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel include the board of directors and other senior management executives. The other related parties are those with whom the company has had transactions during the years 2017-18 and 2016-17 which are as follows:

Entity with significant influence and its subsidiaries, associates and joint venture

T V Sundram Iyengar & Sons Private Limited
TVS Logistics Services Private Limited
TVS Dynamic Global Freight Services Ltd
TVS Auto Bangladesh
Sundaram Industries Private Limited
SI Air Spring Private Limited (formerly Firestone TVS Private Limited)

Subsidiary
TVS Srichakra Investments Ltd.,

Associate
VanLeeuwen Tyres & Wheels B.V.Holland

Joint venture
ZF Electronics TVS (India) P Ltd

Key Management Personnel
Sri R Naresh, Executive Vice Chairman
Ms Shobhana Ramachandhran, CEO & Managing Director

Non-Executive Directors
Sri P Vijayaraghavan
Sri V Ramakrishnan

Independent and Non-Executive Directors
Sri M S Viraraghavan
Sri H Janardana Iyer
Sri Rasesh R Doshi
Sri A Arumugam

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

b) Related party transaction and balance

Transactions for the year and balance as at Mar 31, 2018 were as follows:

Particulars	Entity with significant influence and its subsidiaries, associates and joint venture	Subsidiary	Joint venture	Key Management Personnel	Independent and Non-Executive Directors
Purchase of Goods	3.79	-	-	-	-
Sale of goods	13.44	-	-	-	-
Receipt of Services	16.58	-	0.02	-	-
Lease rent paid	-	0.20	-	0.04	-
Salaries and other benefits	-	-	-	4.46	-
Sitting fees	-	-	-	-	0.07
Commission	-	-	-	9.19	0.80
Canteen recovery from JV	-	-	0.22	-	-
Amount Receivable	**4.88**	-	**0.22**	-	-
Amount Payable	**2.43**	**0.14**	-	**9.19**	**0.80**
OCD due from Subsidiary (including interest due)	-	**49.87**	-	-	-

Note: Investment in Associate has been fully provided for in the books

Transactions for the year and balance as at Mar 31, 2017 were as follows:

Particulars	Entity with significant influence and its subsidiaries, associates and joint venture	Subsidiary	Joint venture	Key Management Personnel	Independent and Non-Executive Directors
Purchase of Goods	2.53	-	-	-	-
Sale of goods	12.39	-	-	-	-
Receipt of Services	11.47	-	-	-	-
Rendering of services	0.88	-	0.01	-	-
Interest received	-	5.22	-	-	-
Lease rent paid	-	0.12	-	0.04	-
Salaries and other benefits	-	-	-	3.87	-
Sitting fees	-	-	-	-	0.07
Commission	-	-	-	11.65	0.80
Amount Receivable	**5.03**	**5.25**	**-**	**-**	**-**
Amount Payable	**6.78**	**0.12**	**-**	**11.65**	**0.80**
OCD due from Subsidiary (including interest due)	-	**49.87**	-	-	-

Note: Investment in Associate has been fully provided for in the books

38. 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 recognie d at fair value on the date of contract is entered and subsquently remeasured at fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognie d immediately in profit or loss. The counterparties for these contracts are generally banks or financial instutions. The details of outstanding forward contracts as at March 31, 2018 and March 31, 2017 are given below:

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

Particulars	Currency	**As at 31st March, 2018**	As at 31st March, 2017
Forward contracts (Sell)	USD	**8,026,496**	2,384,802
	Euro	**337,153**	2,352,208
Forward contracts (Buy)	USD	**3,328,268**	6,109,120
	Euro	**1,630,201**	20,800
	JPY	**-**	236,250
	GBP	**-**	-
Gain/(loss) mark to market in respect of forward contracts outstanding	Rupees	**(0.06)**	(0.11)

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/ (Loss) INR
Position as at Mar 31, 2018	11.07	2,250,000	(0.18)
Position as at Mar 31, 2017	25.83	5,250,000	(0.63)

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at Mar 31, 2018 were as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
Asset			
Investment in Others	-	-	63.65
Investment in Optionally Convertible Debentures	44.87	-	-
Investment in Subsidiary and Associate	2.05	-	-
Employee advances	2.24	-	-
Derivative Asset on ECB Loan Swap	-	3.48	-
Trade Receivables	243.70	-	-
Cash and Bank Balances	15.47	-	-
Interest Accrued on Debentures	5.00	-	-
Accrued Income	24.90	-	-
Security Deposits	11.88	-	-

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

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
Liabilities			
Loans from Banks	308.62	-	-
ECB Loan Derivative	3.66	-	-
Trade Payables	174.49	-	-
Capital Creditors	17.83	-	-
Unpaid Dividend	4.11	-	-
Other creditors	119.19	-	-
Security Deposits	84.54	-	-

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

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
Asset			
Investment in Others	-	-	42.50
Investment in Optionally Convertible Debentures	44.87	-	-
Investment in Subsidiary and Associate	2.05	-	-
Employee advances	1.89	-	-
Derivative Asset on ECB Loan Swap	-	8.05	-
Trade Receivables	203.57	-	-
Cash and Bank Balances	9.37	-	-
Interest Accrued on Debentures	5.00	-	-
Accrued Income	-	-	-
Security Deposits	9.28	-	-
Liabilities	-	-	-
Loans from Banks	306.62	-	-
ECB Loan Derivative	8.68	-	-
Trade Payables	201.00	-	-
Capital Creditors	15.34	-	-
Unpaid Dividend	3.26	-	-
Other creditors	154.65	-	-
Security Deposits	83.57	-	-

Details of financial assets pledged as collateral:

Carrying amount of financial assets as at Mar 31, 2018 and 2017 that the Company has provided as a collateral for obtaining borrowing and other facilities from the bankers are as follows:

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Fixed Deposits	**4.43**	4.42

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

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

Particulars	**As at 31st March, 2018**		
	Level 1	**Level 2**	**Level 3**
Assets			
Investment in Others	**-**	**63.04**	0.61
Derivative Asset on ECB Loan Swap	**-**	**3.48**	-

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

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 liabilites

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
(a) Financial assets at amortised cost		
Interest income on bank deposits	**1.33**	1.09
interest income on other financial asset	**3.16**	7.98
(b) Financial asset at FVTPL		
Net gain/(losses) on fair valuation on derivative financial instruments	**(4.57)**	(6.54)
(c) Financial liabilities at amortised cost		
Interest expenses on borrowings from banks, others and overdrafts	**29.70**	20.13

39. Financial risk management

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

39.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties 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.

39.2 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.

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

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Long term borrowings		
- Upto 1 Year	**11.40**	15.41
- 1 to 3 Years	**7.65**	23.75
Short term borrowings		
- Upto 1 Year	**293.22**	276.14
Trade Payable		
- Upto 1 Year	**174.49**	201.00
Security Deposits from Customer		
- 1 to 3 Years	**17.12**	17.12
- More than 3 Years	**67.42**	66.45
Capital creditors		
- Upto 1 Year	**17.83**	15.34
Other Financial Liabilities		
- Upto 1 Year	**123.30**	157.91
Total	**712.43**	**773.12**

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 31st March,2018**	As at 31st March, 2017
Fixed Deposits with Banks		
-Upto 1 Year	**4.73**	4.43
Trade Receivables		
- Upto 1 Year	**243.70**	203.57
Unpaid Dividend		
- Upto 1 Year	**4.11**	3.26
Cash and Cash Equivalents		
- Upto 1 Year	**6.63**	1.68
Other Financial Assets		
- Upto 1 Year	**24.90**	-
Loan to Employees		
- 1 to 3 Years	**2.24**	1.89
Security Deposits		
- 1 to 3 Years	**11.88**	9.28
Investment in Unquoted Shares		
- 1 to 3 Years	**63.65**	42.50
- More than 3 Years	**2.05**	2.05
Loans to Subsidiary (Debentures)		
- More than 3 Years	**49.87**	49.87
Total	**413.76**	318.53

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

The Company has access to committed credit facilities as described below, of which Rs. 26.76 cr were unused at the end of the reporting period (as at March 31, 2017 Rs.43.86 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 31st March, 2018**	As at 31st March, 2017
Amount used	**293.22**	276.14
Amount unused	**26.78**	43.86

39.3 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.

39.3.1 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.

39.3.2 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.

39.3.2.1 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	GBP
As at March 31, 2018				
- Liabilities	1,689,457	19,507	4,906,694	1,535
- Assets	3,539,560	2,416,525	-	-
As at March 31, 2017				
- Liabilities	1,228,275	718	-	-
- Assets	2,572,699	2,559,453	-	-

39.3.2.2 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	
	2017-2018	2016-2017
Receivables:		
Weakening of INR by 5%	**1.14**	0.82
Strengthening of INR by 5%	**(1.14)**	(0.82)
Payable		
Weakening of INR by 5%	**(0.55)**	(0.40)
Strengthening of INR by 5%	**0.55**	0.40

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

Sensitivity at year end	EURO	
	2017-2018	2016-2017
Receivables:		
Weakening of INR by 5%	**0.96**	0.87
Strengthening of INR by 5%	**(0.96)**	(0.87)
Payable		
Weakening of INR by 5%	**(0.01)**	-
Strengthening of INR by 5%	**0.01**	-

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.

39.3.2.3 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.

39.3.3 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, 2018 would decrease/increase by Rs.1.21 Cr (for the year ended March 31, 2017: decrease/increase by Rs.1.49 Cr)

40. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium, general reserve and all other equity reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of borrowings and related covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by fund attributable to Equity Shares Holders. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits, excluding discontinued operations.

Particulars	**31st March, 2018**	31st March, 2017
Interest-bearing loans and borrowings	**312.27**	315.30
Less: cash and short-term deposits	**15.47**	9.37
Net debt	**296.80**	305.93
Equity Capital	**7.66**	7.66
Other Equity	**646.60**	567.32
Total capital	**654.26**	574.98
Gearing ratio	**0.45**	0.53

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it provided for a strong financial strength to meet the Company's growth needs and meet borrowing related capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2018 and 31st March, 2017.

41. Commitments and Contingencies **Rs. in Crores**

Particulars	**As at 31st March, 2018**	As at 31st March,2017
a) Estimated amount of contract remaining to be executed on capital account	**40.28**	31.89
b) Letter of Credit opened by Company's Bankers	**30.96**	48.99
c) Excise duty and service tax under dispute	**12.04**	10.20
d) Sales Tax under dispute	**1.17**	13.81
e) Income Tax under dispute	**1.30**	1.30
f) Customs duty on goods lying at Bonded warehouse	**1.10**	2.35

42. 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.

43. Contribution to corporate social responsibilities

Sec 135 of Companies Act 2013, requires the company to spend towards corporate social responsibility. The company is expected to spend Rs.4.16 crores (PY - Rs. 3.12 Crores) in compliance to this requirement. A sum of Rs.4.12 crores (PY - Rs 3.12 Crores) has been spent during the current year towards CSR acitivities as explained below. Balance amount to be spent is Rs.0.04 Crores (PY - Nil)

Rs. in Crores

Organisation	**31st March, 2018**	31st March, 2017
Arogya Welfare Trust, Madurai	**3.68**	2.61
Sastra University, Thanjavur	**0.35**	0.33
Partnering Hope into Action Foundation	**0.05**	0.08
Various trusts for protection of national heritage, art and culture	**0.04**	0.1
Total	**4.12**	3.12

44. Research and Development **Rs. in Crores**

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Capital expenditure		
Plant & Machinery	**7.45**	4.41
Electrical Installations	**0.01**	0.71
Vehicles	**0.07**	0.12
Computers	**0.02**	0.12
Furniture	**0.01**	0.34
Buildings	**0.15**	0.42
Intangible Assets	**0.03**	0.41
Capital Work in Progress	**2.79**	2.41
Total	**10.53**	**8.94**

Rs. in Crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
Revenue Expenditure		
Raw Materials consumed	**1.35**	1.65
Stores & Spares consumed	**0.20**	0.21
Allowances	**5.57**	5.00
Rent including lease rentals	**-**	0.04
Rates & Taxes	**0.78**	0.22
Insurance	**0.05**	0.02
Travelling expenses	**1.62**	1.65
Repairs & Maintenance	**1.22**	1.63
Consultancy-Foreign	**3.96**	3.28
Consultancy-Domestic	**0.29**	0.53
Freight	**-**	0.12
Power	**0.67**	-
Others	**1.35**	1.89
Total	**17.06**	16.24
Total Research and Development Expenditure	**29.59**	25.18

45. Details of Audit Fees

a) For audit fees	**0.15**	0.15
b) For Taxation matters,	**-**	0.03
c) For Certification*	**0.03**	0.03
d) Towards reimbursement of expenses	**0.05**	0.02

*Inclusive in Current year Rs 0.03 Crores towards the erstwhile auditor

46. 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 Mar 31 2018 and at Mar 31 2017 are as follows:

Payable not later than one year	**17.78**	17.71
Payable later than one year and not later than 5 years	**1.00**	18.70
Payable later than 5 years	**-**	-
Total	**18.78**	36.41

47. Dividend

An amount of Rs. 40 per share (400 %) [PY - 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 **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No.003990S/S200018

T V BALASUBRAMANIAN
Partner
Membership No. : 027251

Place : Madurai
Date : 22.05.2018

K V GANESH
Chief Financial Officer

P SRINIVASAN
Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of TVS Srichakra Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **TVS Srichakra Limited**, (hereinafter referred to as "the Holding Company") and its subsidiary and its joint venture (the Holding Company its subsidiary and Joint Venture together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Cash Flows, the Consolidated statement of changes in equity, for the year then ended, 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 preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the 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 the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit obtained by the other auditor in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the group for the year ended March 31, 2017 prepared in accordance with Ind AS included in this Statement has been audited by the predecessor auditor. The report of the predecessor auditor on this comparative financial information dated May 24th, 2017 expressed an unmodified opinion.

The consolidated financial statements also include the group' share of loss of Rs.1.20 crores for the year ended 31st March 2018, as considered in the consolidated financial statement, in respect of its Joint Venture company, whose financial statements have been audited by another auditor and our opinion on the consolidated financial statements 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 joint venture company, is based solely on such other auditor's report.

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 with regard to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

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

1. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other comprehensive income, the Consolidated Cash Flow Statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
4. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
5. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
6. With respect to the adequacy of the internal financial controls over financial reporting of the Group excluding the Joint Venture, which does not exceed the threshold limit prescribed under Section 143(3)(i), and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

7. With respect to the other matters to be included in the Auditor’s Report on Consolidated Financial Statements in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i) The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements – Please refer Note No. 42 to the consolidated financial statements.

   ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2018.

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

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

T V Balasubramanian
Partner
Membership No.027251

Place of Signature: Madurai
Date: 22nd May 2018

Annexure A

Referred to in paragraph 6 on 'Report on Other Legal and Regulatory Requirements' of our 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")

In conjunction with our audit of the consolidated financial statements of TVS Srichakra Limited ("the Company") (herein after referred to as "The Holding Company") as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of TVS Srichakra Limited (hereinafter referred to as "the Holding Company") and its subsidiary, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary, 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 (herein after referred to as "the Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by Institute of Chartered Accountants of India 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. 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 were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 consolidated 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 Holding Company's and its subsidiary'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 consolidated 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Owing to 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 and its subsidiary, which are companies incorporated in India, has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

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

T V Balasubramanian
Partner
Membership No.027251

Place of Signature: Madurai
Date: 22nd May 2018

CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 2018

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

Rs. in crores

		Particulars	Note	**As at 31st March, 2018**	As at 31st March, 2017
I.	**ASSETS**				
1	**Non-current assets**				
	(a)	Property, Plant and Equipment	3	**586.99**	497.49
	(b)	Capital work-in-progress		**26.16**	62.57
	(c)	Investment Property	5	**25.23**	25.58
	(d)	Other Intangible assets	4	**7.97**	8.61
	(e)	Intangible assets under development		**0.12**	-
	(f)	Investment in Joint Venture accounted using equity method	6(a)	**4.82**	6.02
	(g)	**Financial Assets**			
		(i) Investments	6(b)	**63.65**	42.50
		(ii) Loans	7	**2.23**	1.89
		(iii) Others	8	**15.36**	17.33
	(h)	Current tax assets (net)	26	**5.51**	4.58
	(i)	Other non-current assets	9	**30.89**	35.43
2	**Current assets**				
	(a)	Inventories	10	**331.52**	411.78
	(b)	Financial Assets			
		(i) Trade receivables	11	**243.74**	203.66
		(ii) Cash and cash equivalents	12	**13.04**	8.47
		(iii) Bank balances other than (ii) above	12	**8.84**	7.69
		(iv) Others	13	**24.89**	-
	(c)	Other Current Assets	14	**34.11**	57.36
		TOTAL ASSETS		**1,425.07**	1,390.96
II.	**EQUITY AND LIABILITIES**				
1	**Equity**				
	(a)	Equity Share capital	15	**7.66**	7.66
	(b)	Other Equity	16	**631.24**	553.43
2	**Liabilities**				
	Non-current liabilities				
	(a)	Financial Liabilities			
		(i) Borrowings	17(a)	**7.65**	23.75
		(ii) Other financial liabilities (other than those specified above)	18	**84.54**	83.57
	(b)	Provisions	19(b)	**7.37**	5.88
	(c)	Deferred tax liabilities (Net)	20	**43.35**	36.78
	(d)	Other Non-current liabilities	21	**5.47**	6.07
	Current liabilities				
	(a)	Financial Liabilities			
		(i) Borrowings	22	**293.22**	276.14
		(ii) Trade payables	23	**174.49**	201.00
		(iii) Other financial liabilities (other than those specified above)	24	**152.53**	188.66
	(b)	Other current liabilities	25	**14.14**	5.21
	(c)	Provisions	19(a)	**3.41**	2.81
		TOTAL EQUITY AND LIABILITIES		**1,425.07**	1,390.96
Significant Accounting Policies & Notes to Financial Statement			2		

SHOBHANA RAMACHANDHRAN
Managing Director
DIN : 00273837

R NARESH
Executive Vice Chairman
DIN : 00273609

As per our report attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No.003990S/S200018

T V BALASUBRAMANIAN
Partner
Membership No. : 027251

Place : Madurai
Date : 22.05.2018

K V GANESH
Chief Financial Officer

P SRINIVASAN
Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

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

Rs. in crores

	Particulars	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
I	Revenue from operations	27	**2,202.76**	2,130.94
II	Other income	28	**15.37**	4.59
III	Total Income (I + II)		**2,218.13**	2,135.53
IV	Expenses:			
	Cost of materials consumed	29	**1,229.91**	1,141.16
	Purchase of Stock-in-trade		**1.55**	1.77
	Changes in inventories of finished goods, Stock-in-Trade and Work-in-progress	30	**38.81**	(54.14)
	Excise Duty		**50.41**	170.42
	Employee benefits expenses	31	**247.32**	222.36
	Finance costs	32	**29.70**	20.13
	Depreciation and amortiza tion expenses	3&4	**68.57**	56.02
	Other expenses	33	**382.88**	366.74
	Total expenses		**2,049.15**	1,924.46
V	Profit before exceptional items and tax (III-IV)		**168.98**	211.07
VI	Exceptional items		**-**	-
VII	Profit before tax (V - VI)		**168.98**	211.07
VIII	Tax Expense:			
	(1) Current Tax		**46.94**	52.50
	(2) Deferred Tax		**4.70**	8.88
IX	Profit for the year from continuing operations (VII-VIII)		**117.34**	149.69
X	Profit from discontinued operations		**-**	-
XI	Tax expense of discontinued operations		**-**	-
XII	Profit from discontinued operations (after tax) (X-XI)		**-**	-
XIII	Profit for the year (IX+XII)		**117.34**	149.69
XIV	Minority Interest		**-**	-
XV	Share of Profits from Joint Venture		**(1.20)**	(2.07)
XVI	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		**10.27**	1.65
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**(1.87)**	(0.30)
	B (i) Items that will be reclassified to Profit or loss and income tax theron		**-**	-
	Share of Other Comprehensive Income of Joint venture		**-**	-
XVII	Total Comprehensive Income for the period (XIII+XIV+XV+XVI) (Comprising Profit and Other Comprehensive Income for the year)		**124.54**	148.97
XVIII	Earnings per equity share (for continuing operations): (in Rupees)			
	- Basic & Diluted		**151.67**	192.78
XIX	Earnings per equity share (for discontinued operations): (in Rupees)			
	- Basic & Diluted		-	-
XX	Earnings per equity share (for discontinued & continuing operations) (in Rupees)			
	- Basic & Diluted		**151.67**	192.78

SHOBHANA RAMACHANDHRAN
Managing Director
DIN : 00273837

R NARESH
Executive Vice Chairman
DIN : 00273609

As per our report attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No.003990S/S200018

T V BALASUBRAMANIAN
Partner
Membership No. : 027251

Place : Madurai
Date : 22.05.2018

K V GANESH
Chief Financial Officer

P SRINIVASAN
Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018

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

Rs. in crores

		31st March, 2018		31st March, 2017	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit before tax		**168.98**		211.07
	Adjustments for :				
	Depreciation	**68.57**		56.02	
	Finance Costs	**29.70**		20.13	
	Loss/(Gain) due to Exchange rate fluctuations	**2.34**		1.30	
	Interest received	**(15.37)**		(3.85)	
	(Profit)/loss on Sale of Assets	**-**		0.01	
	Bad Debts	**-**		0.01	
	Advances Written off	**-**		0.86	
	Deferred Government Grant	**(0.02)**		(0.02)	
	Changes in Fair Value of Financial Assets	**-**		4.67	
	Assets Condemned	**0.05**		-	
	Non-operating income	**-**		(0.74)	
	Fair value change in employee benefits	**0.82**		-	
			86.09		78.39
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**255.07**		289.46
	Adjustments for :				
	Trade Receivables	**(40.08)**		(29.75)	
	Other Receivables	**(9.02)**		(33.43)	
	Inventories	**80.26**		(203.85)	
	Trade and other payables	**(52.92)**		96.65	
			(21.76)		(170.38)
	Cash Generated From Operations		**233.31**		119.08
	Less: Direct taxes paid		**47.86**		55.37
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)		**185.45**		63.71
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Fixed Assets	**(104.80)**		(221.09)	
	Proceeds from disposal of assets	**-**		0.03	
	Investments Purchased	**(11.71)**		(0.01)	
	Bank deposits	**(1.15)**		1.35	
	Non-operating Income	**-**		0.74	
	Interest received	**15.37**		3.85	
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)		**(102.29)**		(215.13)
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Interest paid	**(30.02)**		(20.33)	
	Proceeds/(Repayment) from short term borrowings	**17.08**		189.57	
	Proceeds/(Repayment) of long term borrowings	**(19.78)**		(20.52)	
	Dividend & Dividend tax paid	**(45.87)**		-	
	NET CASH FLOW FROM FINANCING ACTIVITIES: (C)		**(78.59)**		148.72
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**4.57**		(2.70)
	CASH AND CASH EQUIVALENTS - OPENING BALANCE		**8.47**		11.17
	CASH AND CASH EQUIVALENTS - CLOSING BALANCE		**13.04**		8.47

Refer note 17(b) for Net debt reconciliation

SHOBHANA RAMACHANDHRAN	**R NARESH**		As per our report attached
Managing Director	Executive Vice Chairman		For **PKF Sridhar & Santhanam LLP**
DIN : 00273837	DIN : 00273609		Chartered Accountants
			Firm Registration No.003990S/S200018
			T V BALASUBRAMANIAN
Place : Madurai	**K V GANESH**	**P SRINIVASAN**	Partner
Date : 22.05.2018	Chief Financial Officer	Secretary	Membership No. : 027251

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

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

Particulars	Equity Share Capital Paid-up	Reserves and Surplus						FVTOCI - Equity Instruments	Total
		Capital Reserve	Securities Premium	General Reserve	Amalgamation Reserve	Retained Earnings	Share of Net Worth in Joint venture		
Balance as at March 31, 2016	7.66	0.01	0.93	31.01	0.46	375.98	(3.93)	-	412.12
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)	-	-	-	-	-	-	-	1.50	1.50
Remeasurements of post employment benefit obligation & Fair Valuation of Investments (net of tax)	-	-	-	-	-	(0.15)		-	(0.15)
Dividends	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	**7.66**	**0.01**	**0.93**	**31.01**	**0.46**	**525.52**	**(6.00)**	**1.50**	**561.09**
Profit for the year ended March 31, 2018	-	-	-	-	-	117.34	(1.20)	-	116.14
Other Comprehensive Income for the year ended March 31, 2018 (net of taxes) (excluding actuarial gain/ losses, given below)	-	-	-	-	-	-	-	7.85	7.85
Remeasurements of post employment benefit obligation & Fair Valuation of Investments (net of tax)	-	-	-	-	-	0.55	-	-	0.55
Dividends	-	-	-	-	-	(46.73)	-	-	(46.73)
Balance as at March 31,2018	**7.66**	**0.01**	**0.93**	**31.01**	**0.46**	**596.68**	**(7.20)**	**9.35**	**638.90**

SHOBHANA RAMACHANDHRAN
Managing Director
DIN : 00273837

R NARESH
Executive Vice Chairman
DIN : 00273609

As per our report attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No.003990S/S200018

T V BALASUBRAMANIAN
Partner
Membership No. : 027251

Place : Madurai
Date : 22.05.2018

K V GANESH
Chief Financial Officer

P SRINIVASAN
Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

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

1. 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.

2. Significant Accounting Policies

a) Basis of Preparation and Consolidation

The consolidated financial statements 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 certain financial instruments and long term employee benefit plans that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. GAAP comprises of Indian Accounting standards (as amended and to the extent applicable) as specified in section 133 of the Companies Act 2013, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on a going concern basis.

The Consolidated financial statements comprise the financial statements of TVS Srichakra Limited (the holding company), its subsidiary company TVS Srichakra Investments Limited and its Joint Venture Company "ZF Electronics TVS (India) Private Limited" (the holding company, its subsidiary and joint venture is referred to as "Group")

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Note 2(y). Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Group 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 Invesments Limited (100% holding - wholly owned subsidiary) and ZF Electronics TVS (India) Private Limited (Joint Venture of TVS Srichakra Investments Limited which holds 50% in the company).

b) Statement of Compliance with Ind AS

The Consolidated 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, 2018 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on 22.05.2018.

c) Changes in Accounting Standards

There were certain amendments to the Accounting Standards which were applicable from this financial year, namely a) amendment to Ind AS 7 requiring the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement, which have been addressed in the current financials and b) amendment to Ind AS 102 providing specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes, which does not have any impact on this Company.

d) Changes in Accounting Standards that may affect the Company / Group after 31st March 2018

Ind AS 115 – Revenue from Customers

This standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard. It defines a new five-step model to recognize revenue from customer contracts.

The Company is in the process of reviewing the main types of commercial arrangements used with customers under this model and on a very broad, preliminary analysis and pending a detailed review determines that the application of Ind AS 115 may not have a material impact on the results or the financial position.

This standard is mandatory for accounting periods beginning on or after 1st April 2018. The Company is planning to apply the standard retrospectively, utilising the practical expedient to not restate contracts that begin and end within the same annual accounting period.

e) Improvements and other amendments to Accounting Standards applicable after 31st March 2018

A number of standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognize deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital, mutual fund and other similar organizations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).

None of these amendments are expected to have any material effect on the group's financial statements.

f) Functional and Presentation Currency

Items included in financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). Indian rupee is the functional currency of the Group. The Financial Statements are presented in Indian Rupees which is the Group'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.

g) 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

i. Classification of investment in TVS Automobile Solutions Private Limited

The Company holds investments in equity 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 their shares have been designated as investment at FVTOCI.

ii. 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

i. 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 2(x).

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

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

iii. Employee Benefits - Defined Benefit Obligations (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, 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.

h) Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

i) Financial Instruments

i. Financial Assets - Investments

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

Initial recognition:

All financial assets are recognized initially at Fair value plus, in case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset. Purchase or sales of financial assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized 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 amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of profit and loss.

The Group while applying above criteria has classified the following at amortized 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 recognized in other comprehensive income

Equity instruments held for trading are classified as FVTPL. 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 recognized in other comprehensive income (OCI).

iii. Financial Asset at FVTPL

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

Derecognition on Financial Asset

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

a) Trade Receivable

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

b) Other Financial Assets

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

ii. Financial Liabilities

Initial Recognition and Measurement

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

Subsequent Measurement

The financial liabilities are classified for subsequent measurement into following categories

- at amortized cost

- at fair value through the statement of profit and loss

Financial Liabilities at Amortized Cost

The Company is classifying the following under amortized cost;

a) Borrowings from banks

b) Borrowings from others

c) Finance lease liabilities

d) Trade payables

e) Other Financial Liabilities

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

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

iii. 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 Group 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 recognized in the Statement of Profit and Loss.

iv. Hedge Accounting

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

v. 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 Group has a legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

vi. Reclassification of Financial Assets

In case of any reclassification, the Group applies the reclassification prospectively and does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

j) Share Capital and Dividend to Shareholders

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

Dividend distribution to equity shareholders is distribution to owners of capital in statement of changes in equity, in the period in which it was paid.

k) Property, Plant and Equipment

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

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

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment and are recognized net within “other income/other expenses” in the Statement of Profit and Loss.

Subsequent Costs

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The cost of day to day servicing of property, plant and equipment are recognized in 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 has been considered in line with schedule II except in the following cases which are based on technical estimates.

Estimated Useful Life in Years

Particulars	Useful life
Plant and Machinery 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.

l) 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.

Subsequent Expenditure

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

Amortization of Intangible Asset with Finite Useful Lives

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

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

m) 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 impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows into continuing use that are largely independent of cash inflows of other assets or group of assets (the cash generating unit).

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

Reversal of Impairment Loss

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

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

n) 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 recognized 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 Balance Sheet. Payments made under operating leases are recognized 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 recognized in statement of profit and loss under straight line basis over the lease term.

Deposits Provided to Lessors:

Any lease deposit paid by the Group to the lessors is discounted to its fair value and the difference between the fair value and the deposit amount is recognized 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 upto 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.

o) 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.

p) 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.

q) 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 recognized 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. Amount disclosed as revenue are inclusive of excise duty, net of returns, trade allowance, rebates and GST

Subsidies on Export and Other Incentives

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

r) Employee Benefits

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

i. Defined Contribution Plan (Provident Fund)

In accordance with Indian law, eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specific percentage of employee's basic salary. The 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 recognized as an employee benefit expense in the statement of profit and loss when incurred.

ii. Defined Benefit Plan (Gratuity)

In accordance with applicable Indian laws, the Group 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 Group'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 Group'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 Group, 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 Group recognizes all remeasurements of net defined benefit liability/asset directly in other comprehensive income and presented within equity.

iii. 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 Group 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.

iv. Compensated Absences

The employees of the Group 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 Group recognizes an obligation for compensated absences in the period in which the employee renders the services. The Group provides for the expected cost of compensated absence in statement of profit or loss as additional amount that the Group 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.

s) Finance Income and Expense

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

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 recognized in the statement of profit and loss.

t) Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the 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 respective Company in 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.

u) Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when a Company in the Group is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when a Company in the Group 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 realized.

Deferred taxation arising on investments in subsidiaries and associates is recognized except where the investor 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 investor 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 investor company.

v) Foreign Currency Transactions and Balances

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

w) Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) data for the ordinary shares of the parent company. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares of the parent company 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 consolidated profit or loss attributable to ordinary shareholders of the parent company and the weighted average number of shares outstanding for the effects of all potential ordinary shares of the parent company, 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.

x) Fair Value Measurement

Ind AS requires the determination of fair value for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

Level 3 - Unobservable outputs for the assets and liabilities

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

For the purpose of fair value disclosures, the 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.

(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 deposits 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 reflects the credit risk of the instrument and includes 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.

y) Current and Non-Current Classification

An asset is classified as current if:

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

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

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

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

All other assets are classified as non-current.

A liability is classified as current if:

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

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

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

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

All other liabilities are classified as non-current.

z) Statement of Cash Flow

Cash flows are reported using the indirect method, whereby, consolidated 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.

aa) 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 STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

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

3. Property, plant and equipment

The following table presents the changes in PPE during the year Mar 31, 2018

Particulars	Original cost				Depreciation				Net book value	
	As at 1st April, 2017	Additions during the year	Deletions during the year	**As at 31st March, 2018**	As at 1st April, 2017	Additions during the year	Deletions during the year	**As at 31st March, 2018**	**As at 31st March, 2018**	As at 31st March, 2017
Freehold Land	37.08	1.77	-	**38.85**	-	-	-	**-**	**38.85**	37.08
Building	144.24	27.62	-	**171.86**	8.78	5.71	-	**14.49**	**157.37**	135.46
Plant and Machinery	287.16	80.57	0.01	**367.72**	56.58	38.82	-	**95.40**	**272.32**	230.58
Furniture and Fittings	6.47	1.61	-	**8.08**	1.03	0.83	-	**1.86**	**6.22**	5.44
Vehicles	1.28	0.09	0.05	**1.32**	0.31	0.16	0.01	**0.46**	**0.86**	0.97
Office equipment	7.59	4.77	-	**12.36**	3.24	2.09	-	**5.33**	**7.03**	4.35
Others (electrical)	108.39	38.68	-	**147.07**	24.78	17.95	-	**42.73**	**104.34**	83.61
Total Gross Block	**592.21**	**155.11**	**0.06**	**747.26**	**94.72**	**65.56**	**0.01**	**160.27**	**586.99**	**497.49**

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

Particulars	Original cost				Depreciation				Net book value	
	As at 1st April, 2016	Additions during the year	Deletions during the year	As at 31st March, 2017	As at 1st April, 2016	Additions during the year	Deletions during the year	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
Freehold Land	1.96	35.12	-	37.08	-	-	-	-	37.08	1.96
Building	99.07	45.17	-	144.24	3.88	4.90	-	8.78	135.46	95.19
Plant and Machinery	209.75	77.41	-	287.16	23.82	32.76	-	56.58	230.58	185.93
Furniture and Fittings	3.19	3.28	-	6.47	0.45	0.58	-	1.03	5.44	2.74
Vehicles	1.13	0.19	0.04	1.28	0.15	0.16	-	0.31	0.97	0.98
Office equipment	4.28	3.31	-	7.59	1.41	1.83	-	3.24	4.35	2.87
Others (electrical)	77.66	30.73	-	108.39	10.93	13.85	-	24.78	83.61	66.73
Total Gross Block	**397.04**	**195.21**	**0.04**	**592.21**	**40.64**	**54.08**	**-**	**94.72**	**497.49**	**356.40**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

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

Particulars	**Gross block as on 1st April, 2015**	**Accumulated depreciation as on 1st April, 2015**	**Net block as on 1st April, 2015**
Freehold Land	1.96	-	1.96
Building	87.82	16.06	71.76
Plant and Machinery	265.94	134.01	131.93
Furniture and Fittings	7.33	5.03	2.30
Vehicles	1.97	0.81	1.15
Office equipment	9.71	6.15	3.56
Others (electrical)	66.35	16.25	50.10
Total	**441.08**	**178.31**	**262.76**

4. Intangible assets

The following table presents the changes in PPE during the year Mar 31, 2018

Particulars	Original cost				Amortisation				Net book value	
	As at 1st April, 2017	Additions during the year	Deletions during the year	**As at 31st March, 2018**	As at 1st April, 2017	Additions during the year	Deletions during the year	**As at 31st March, 2018**	**As at 31st March, 2018**	As at 31st March, 2017
Computer software	11.88	2.01	-	13.89	3.27	2.65	-	**5.92**	**7.97**	8.61
Total	**11.88**	**2.01**	**-**	**13.89**	**3.27**	**2.65**	**-**	**5.92**	**7.97**	8.61

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

Particulars	Original cost				Amortisation				Net book value	
	As at 1st April, 2016	Additions during the year	Deletions during the year	As at 31st March, 2017	As at 1st April, 2016	Additions during the year	Deletions during the year	As at 31st March, 2017	As at 31st March, 2017	As at 31st March, 2016
Computer software	4.45	7.43	-	11.88	1.68	1.59	-	3.27	8.61	2.77
Total	**4.45**	**7.43**	**-**	**11.88**	**1.68**	**1.59**	**-**	**3.27**	**8.61**	**2.77**

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

Particulars	**Gross block as on 1st April, 2015**	**Accumulated depreciation as on 1st April, 2015**	**Net block as on 1st April, 2015**
Computer software	7.38	4.39	2.99
License	1.81	1.81	-
Total	**9.19**	**6.20**	**2.99**

Note 5 : Investment Properties

(i) Carrying Amount of Investment Properties **Rs. in crores**

Gross Carrying Amount	**31st March, 2018**	31st March, 2017
Opening Gross Carrying Amount / Deemed Cost		
- Freehold Land	**17.13**	15.82
- Buildings	**9.14**	9.14
	26.27	24.96
Additions	**0.01**	1.31
Disposals	**-**	-
Closing Gross Carrying Amount	**26.28**	26.27
Accumulated Depreciation		
Opening Accumulated Depreciation	**0.69**	0.34
Depreciation Charge (Buildings+Borewell)	**0.36**	0.35
Closing Accumulated Depreciation	**1.05**	0.69
Net Carrrying Amount	**25.23**	25.58

(ii) Fair Valuation of investment properties

Investment properties	**29.48**	25.40

(iii) Estimation of Fair value

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.

6 (a). Investment in Joint Venture accounted using equity method

ZF Electronics TVS (India) Private Limited*	**4.82**	6.02
Total	**4.82**	6.02

* Includes goodwill of Rs 0.04 Crores

6 (b). Investments (Non-current Financial Assets)

Investment in equity of Group Companies accounted on Cost Basis - Unquoted		
Associate:		
Van Leeuwen Tyres and Wheels BV (Equity Shares - 15,000)	**0.09**	0.09
Others: Equity instruments at FVTOCI - Unquoted		
Sai Regency Power Corporation Private Limited (Equity shares - 1,50,000)	**0.15**	0.15
Myrtah Vayu Manijra Private Limited (Equity shares - 4,49,840)	**0.45**	0.45
Coromandel Electricity Private Limited (Equity shares - 10,000)	**0.01**	0.01
TVS Automobile Solutions Private Limited (CY - Equity shares - 9,11,741, PY - Nil)	**63.04**	-
TVS Automobile Solutions Private Limited (CY-Nil, PY-Compulsory Convertible Preference Shares - 15,89,699)	**-**	41.89
Total	**63.74**	42.59
Less: Provision for diminution in value of investments	**(0.09)**	(0.09)
Total	**63.65**	42.50

Rs. in crores

	Particulars	As at 31st March, 2018	As at 31st March, 2017
7.	**Loans - Non-current Financial Assets (Unsecured Considered Good)**		
	Employee advances	**2.23**	1.89
	Total	**2.23**	1.89
8.	**Other financial asset - Non-current Financial Assets**		
	Derivative Asset on ECB Loan Swap	**3.48**	8.05
	Security Deposits	**11.88**	9.28
	Total	**15.36**	17.33
9.	**Other non current assets (Unsecured, Considered good)**		
	Advance Tax (Net of Provisions)		
	Capital advance	**1.14**	14.68
	Others		
	Prepaid expenses	**25.68**	16.38
	Non current tax assets	**0.08**	-
	Lease prepayments	**3.99**	4.37
	Total	**30.89**	35.43
10.	**Inventories**		
	Raw material and components	**213.90**	255.55
	Work in progress	**15.53**	22.39
	Finished goods	**93.15**	125.18
	Stock in trade	**0.23**	0.15
	Stores and spares	**8.71**	8.51
	Total	**331.52**	411.78
11.	**Trade receivables**		
	Trade Debtors - Unsecured, Considered good	**243.70**	0.02
	Other Debts - Considered good	**0.04**	203.64
	Total	**243.74**	203.66
Age of Receivable:			
	Within the credit period	**202.25**	166.25
	1-30 days past due	**30.86**	25.61
	31-90 days past due	**9.23**	9.94
	More than 90 days past due	**1.40**	1.86
	Total	**243.74**	203.66
12.	**Cash and bank balances**		
	Cash & Cash Equivalents		
	a) Balance with banks		
	(i) in current accounts	**12.42**	8.05
	(ii) deposit	**-**	0.01
	b) Cash on hand	**0.62**	0.41
	(a)	**13.04**	8.47

Rs. in crores

	Particulars		As at 31st March, 2018	As at 31st March, 2017
	Other bank balances			
	(i) Bank deposits*		**4.43**	4.42
	(ii) Unpaid dividend		**4.11**	3.26
	(iii) Margin money deposit		**0.30**	0.01
		(b)	**8.84**	7.69
	* Balances in deposits accounts subject to lien in favour of banks for obtaining bank guarantees / Letter of Credits			
13.	**Other financial assets**			
	Accrued Income		**24.89**	-
	Total		**24.89**	-
14.	**Other current assets (Unsecured, Considered good)**			
	Balance with Service Tax and Sales Tax Authorities		**-**	25.69
	Prepaid expeses		**2.34**	1.88
	Lease prepayments		**0.37**	0.39
	Others		**-**	-
		(a)	**2.71**	27.96
	Advances recoverable in cash or in kind for value to be received		**31.40**	29.40
	less: provision for doubtful advances		**-**	-
		(b)	**31.40**	29.40
	Total (a) + (b)		**34.11**	57.36
15.	**Equity share capital**			
	Authorised (1,00,00,000 equity shares at Rs.10 each)		**10.00**	10.00
	Subscribed and fully paid up (76,57,050 equity shares at Rs.10 each)		**7.66**	7.66
	Total		**7.66**	7.66

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

Particulars	UOM	Outstanding at the end of the Year
As at March 31, 2018		
- Number of Shares	Nos in '000	7,657.05
- Value of Shares	Rs. In Crores	7.66
As at March 31, 2017		
- Number of Shares	Nos in '000	7,657.05
- Value of Shares	Rs. In Crores	7.66
As at March 31, 2016		
- Number of Shares	Nos in '000	7,657.05
- Value of Shares	Rs. In Crores	7.66

Shareholding more than 5 % of the shares of the Company

Rs. in crores

Name of the Company	As at 31st March, 2018	As at 31st March, 2017
T.V. Sundram Iyengar & Sons Private Limited (CY - 28%, PY - 28%)	**21,23,115**	21,23,115
Sundaram Industries Private Limited (CY - 10%, PY - 10%)	**7,50,000**	7,50,000

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.

16. Other equity

Reserves and surplus

(a)	Securities premium	**0.93**	0.93
(b)	General reserve	**31.01**	31.01
(c)	Capital reserve	**0.01**	0.01
(d)	Amalgamation Reserve	**0.46**	0.46
(e)	**Share in Net worth of Joint Venture**		
	Opening Balance	**(6.00)**	(3.93)
	Profit for the Year	**(1.20)**	(2.07)
	Other Comprehensive Income - Employees Benefit	**-**	-
	Closing Balance	**(7.20)**	(6.00)
(f)	**Retained Earnings**		
	Opening balance	**525.52**	375.98
	Profit for the year	**117.34**	149.69
	Remeasurement of DBO from OCI	**0.55**	(0.15)
	Final Dividends paid	**(38.82)**	-
	Dividend distribution tax paid	**(7.91)**	-
	Closing balance	**596.68**	525.52
(g)	**FVOCI - Equity Instruments**		
	Opening Balance	**1.50**	-
	Fair Valuation of Investments	**7.85**	1.50
	Closing Balance	**9.35**	1.50
	Total (a+b+c+d+e+f+g)	**631.24**	553.43

17 (a). Borrowings

Term loans		
Secured		
From banks	**7.65**	23.75
Total	**7.65**	23.75

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.

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

B) Term Loan from DBS Bank is secured by hypothecation of Specific Plant & Machinery located at Vellaripatti Village, Madurai.

17(b):NET DEBT RECONCILIATION

Particulars	31st March, 2018	31st March, 2017
Cash and Cash Equivalents	**21.88**	16.16
ECB Swap Derivative	**3.48**	8.05
Current Borrowing (Working Capital Loan)	**(293.22)**	(276.14)
Non - Current Borrowing plus Current maturities of long term debt*	**(19.05)**	(39.16)
Total	**(286.91)**	(291.09)

*Includes accrued interest

Particulars	Other Assets		Borrowings		Total Net borrowings
	Cash and cash equivalents	ECB Swap Derivative	Current Borrowing (Working Capital Loan)	Non - Current Borrowing plus current maturity of long term debt*	
Net (debt)/ Cash & Cash Equivalents as at 1st April 2017	**16.16**	**8.05**	**(276.14)**	**(39.16)**	**(291.09)**
Cash Flows					
Increase/(Decrease) in cash and cash equivalents	5.72	-	-	-	**5.72**
Borrowings	-	-	(17.08)	-	**(17.08)**
Repayment	-	(4.57)	-	19.79	**15.22**
Interest expense	-	-	(20.16)	(2.06)	**(22.22)**
Interest paid	-	-	20.16	2.38	**22.54**
(Net debt) / Cash & Cash Equivalents as at 31 March 2018	**21.88**	**3.48**	**(293.22)**	**(19.05)**	**(286.91)**

*Includes accrued interest

		31st March, 2018	31st March, 2017
18.	**Other Financial Liabilities**		
	Security deposit	**84.54**	83.57
	Total	**84.54**	83.57
19.	**Provisions**		
	Short term provisions for employee benefits		
	Gratuity	**2.91**	1.78
	Compensated absence	**0.50**	1.03
	(a)	**3.41**	2.81
	Long term provisions for employee benefits		
	Compensated absence	**7.37**	5.88
	(b)	**7.37**	5.88

Rs. in crores

Particulars	As at 31st March, 2018	As at 31st March, 2017
20. Deferred Tax Liability		
a) On Account of Depreciation on Fixed Assets	**45.19**	40.15
b) On account of timing Differences in Recognition of Expenditure	**(3.76)**	(3.42)
c) On account of Ind AS fair value adjustments	**1.92**	0.05
Total	**43.35**	36.78
21. Other non current liabilities		
Deferred Government Grant (Capital Subsidy)	**0.25**	0.27
Deferred Income	**5.22**	5.80
Total	**5.47**	6.07
22. Borrowings (short term)		
Secured		
Loans repayable on demand from banks	**293.22**	276.14
Total	**293.22**	276.14

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, Uttarkhand and buildings thereon, belonging to the company and (2) EM over Land [1.90 acres] and Buildings at S No. 519 / 1B 2 Narasingampatti Village, Therkutheru, Melur Taluk, Madurai District belonging to the company.

Particulars	As at 31st March, 2018	As at 31st March, 2017
23. Trade payables		
Towards purchase of goods and services		
i) To Micro and Small Enterprises	**-**	-
ii) Others	**174.49**	201.00
Total	**174.49**	201.00
24. Other financial liabilities		
Capital creditors	**17.83**	15.34
Current maturities of long term debt	**11.07**	14.76
Interest accrued but not due on borrowings	**0.33**	0.65
Unpaid dividends	**4.11**	3.26
Other creditors	**119.19**	154.65
Total	**152.53**	188.66
25. Other current liabilites		
Advances from customers	**0.41**	3.86
Statutory payables	**13.73**	1.35
Total	**14.14**	5.21

Rs. in crores

	Particulars		As at 31st March, 2018	As at 31st March, 2017
26.	**Current tax assets (net)**			
	Provision for Income Tax (Net of Advances)		**5.51**	4.58
	Total		**5.51**	4.58
27.	**Revenue from operations**			
	Sale of products		**2,183.42**	2,116.10
	Other Operating Revenue		**19.34**	14.84
	Total		**2,202.76**	2,130.94
28.	**Other income**			
	Interest Income from bank deposits		**1.33**	1.09
	Interest income from others		**3.16**	2.76
	Provision for liability no longer required		**10.88**	-
		(a)	**15.37**	3.85
	Other non-operating income (net of expenses directly attributable to such income)		**-**	0.74
		(b)	**-**	0.74
	Total (a) + (b)		**15.37**	4.59
29.	**Cost of materials consumed**			
	Opening Stock		**255.55**	108.22
	Add : Purchase (includes processing charges Rs 72.06 Cr) (Previous year Rs 62.53 Cr)		**1,188.26**	1,288.49
	Total		**1,443.81**	1,396.71
	Less Closing Stock		**213.90**	255.55
	Cost of Materials consumed		**1,229.91**	1,141.16
30.	**Changes in inventories of finished goods, work-in-progress and Stock-in-Trade**			
	Opening Stock of Finished goods &Traded goods		**125.33**	79.52
	Opening Stock of Work in progress		**22.39**	14.06
	Closing Stock of Finished goods & Traded Goods		**93.38**	125.33
	Closing Stock of Work in progress		**15.53**	22.39
	(Increase) / Decrease in Finished goods & Traded Goods		**31.95**	(45.81)
	(Increase) / Decrease in Work in progress		**6.86**	(8.33)
	Total (Increase) / Decrease in Stock		**38.81**	(54.14)
31.	**Employee benefit**			
	(a) Salaries and wages		**197.33**	174.81
	(b) Contributions to -			
	(i) Superannuation Fund		**0.92**	0.89
	(ii) Gratuity fund contributions		**2.29**	2.48
	(iii) Provident Fund and other funds		**12.76**	10.45
	(c) Remuneration to Whole time directors		**13.65**	15.52
	(d) Staff welfare expenses		**20.37**	18.21
	Total		**247.32**	222.36

Rs. in crores

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
32. Finance costs		
Interest expense	**29.34**	19.81
Other borrowing cost (inlcuding letter of credit and bill discounting charges)	**0.36**	0.32
Total	**29.70**	20.13
33. Other expenses		
Consumption of Stores & Spares	**49.69**	57.02
Power & Fuel	**86.44**	83.20
Repairs to building	**5.87**	2.04
Repairs to machinery	**10.61**	6.52
Repairs Others	**2.48**	0.37
Insurance	**5.25**	3.60
Rates & taxes	**4.37**	6.99
Telephone & Internet Charges	**1.44**	1.48
Travelling Expense	**15.31**	11.70
Exchange Rate Fluctuation Loss (Net)	**2.34**	1.30
Bank charges	**1.55**	1.60
Advertisement and Sales Promotion	**43.07**	42.83
CSR Activities (Refer note 44)	**4.12**	3.11
Freight Out	**80.23**	72.73
Advances written off	**-**	0.86
Bad debts	**-**	0.01
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	**24.47**	22.56
Audit Fees (Refer note 46)		
a) Remuneration	**0.18**	0.22
b) Expenses	**0.05**	0.02
Donation	**0.02**	0.04
Consultancy	**26.92**	26.06
Warranty Claims	**13.74**	16.51
Other expenses	**3.81**	5.09
Total	**382.88**	366.74

34. Reconciliation of effective tax rates **Rs. in crores**

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

Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Profit before taxes	**168.98**	211.07
Enacted tax rates in India	**34.61%**	34.61%
Expected tax expense/(benefit)	**58.48**	73.05
Effect of Income tax exemption benefit u/s.80IC of the Income Tax Act with respect to Uttarakhand Plant	**(5.19)**	(8.62)
Additional tax benefit on account of Research & Development (Income & Expenditure)	**(6.04)**	(11.75)
Other items	**4.40**	8.70
Tax Expense as per P&L	**51.64**	61.38

35. Details of Earnings Per Share

Profits for the Year (Includes share of profits from Joint Venture)	**116.14**	147.62
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) *	**151.67**	192.78

* There are no potential dilutive equity shares

36. Employee benefits

Particulars - Leave Encashment	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Service cost	**1.97**	1.88
Interest cost	**0.53**	0.32
Actuarial (gain)/loss	**(1.54)**	0.58
Project benefit obligation at the end of the year	**0.96**	2.78

Particulars - Gratuity	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Present Value of Defined Benefits	**24.64**	21.20
Service cost	**2.22**	2.04
Interest cost	**1.84**	1.64
Actuarial (gain)/loss	**0.40**	0.26
Benefits paid	**(1.10)**	(0.50)
Project benefit obligation at the end of the year	**28.00**	24.64
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	**22.86**	18.89
Interest income	**1.78**	1.55
Employer’s contribution	**1.87**	2.31
Benefits paid	**(1.10)**	(0.50)
Actuarial gain/(loss)	**(0.32)**	0.61
Fair value of plan assets at the end of the year	**25.09**	22.86
Amount recognised in balance sheet		
Present value of projected benefit obligaiton at the end of the year	**28.00**	24.64
Fair value of plan assets at the end of year	**25.09**	22.86
Funded status amount of liability recognised in balance sheet	**2.91**	1.78

Rs. in crores

Particulars - Gratuity	**Year ended 31st March, 2018**	Year ended 31st March, 2017
Expense recognised in statement of profit or loss		
Service cost	**2.22**	2.04
Interest cost	**1.84**	1.64
Interest income	**(1.78)**	(1.55)
Net gratutity cost	**2.28**	2.13
Actual return on plan asset	**1.45**	2.15
Summary of actuarial assumptions		
Discount rate	**7.63%**	7.17%
Expected rate of plan assets	**7.63%**	7.17%
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 rerun 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. 3.00 Crores to its gratuity fund during the year ending Mar 31, 2018. The expected cash flows over the next few years are as follows:

Particulars - Gratuity	**31st March, 2018**	31st March, 2017
1 year	**2.05**	1.65
2 to 5 years	**8.30**	6.68
6 to 10 years	**7.44**	7.06

Sensitivity analysis of significant actuarial assumption

Particulars - Gratuity	**31st March, 2018**	
	% increase in DBO	**Liability (Rs in Crores)**
Discount Rate + 100 basis points	**-7.41%**	**25.92**
Discount Rate - 100 basis points	**8.49%**	**30.37**
Salary growth rate + 100 basis points	**8.18%**	**30.29**
Salary growth rate - 100 basis points	**-7.26%**	**25.96**
Attrition Rate + 100 basis points	**0.60%**	**28.16**
Attrition Rate - 100 basis points	**-0.67%**	**27.81**
Mortality Rate 10% Up	**0.04%**	**28.01**

Rs. in crores

Particulars - Gratuity	31st March, 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

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.

37. 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 organiza tion structure and the internal reporting systems. Accordingly disclosure of segment-wise information is not applicable under Ind AS 108 - Operating Segments.

Geographical Breakup of Revenue through sale of products is as under:

	31st March, 18	31st March, 2017
Exports	**210.20**	200.51
Domestic	**1,973.22**	1,915.59
Total	**2,183.42**	2,116.10

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

38. Related party and transactions

a) Related parties and their relationship

The related party where control/joint control/significant influence exists are subsidiaries, joint ventures and associates. Key managerial personnel are those persons having authority and responsibility in planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel include the Board of Directors and other senior management executives. The other related parties are those with whom the Company has had transactions during the years 2017-18 and 2016-17 as follows:

Entity with significant influence and its subsidiaries, associates and joint venture

T V Sundram Iyengar & Sons Private Limited

TVS Logistics Services Private Limited

TVS Dynamic Global Freight Services Limited

TVS Auto Bangladesh

Sundaram Industries Private Limited

SI Air Springs Private Limited (Formerly Firestone TVS Private Limited)

Associate

VanLeeuwen Tyres & Wheels B.V.Holland

Key Management Personnel

Sri R Naresh, Executive Vice Chairman

Ms Shobhana Ramachandhran, CEO & Managing Director

Non-Executive Directors

Sri P Vijayaraghavan

Sri V Ramakrishnan

Independent and Non-Executive Directors

Sri M S Viraraghavan

Sri H Janardana Iyer

Sri Rasesh R Doshi

Sri A Arumugam

b) Related party transaction and balance

Transactions for the year and balance as at Mar 31, 2018 were as follows:

Particulars	Entity with significant influence and its subsidiaries, associates and joint venture	Joint venture	Key Management Personnel	Independent and Non-Executive Directors
Purchase of Goods	3.79	-	-	-
Sale of goods	13.44	-	-	-
Receipt of Services	16.58	0.02	-	-
Lease rent paid	-	-	0.04	-
Salaries and other benefits	-	-	4.46	-
Sitting fees	-	-	-	0.07
Commission	-	-	9.19	0.80
Canteen recovery from JV	-	0.22	-	-
Amount Receivable	**4.88**	**0.22**	-	-
Amount Payable	**2.43**	-	**9.19**	**0.80**

Note: Investment in Associate has been fully provided for in the books

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

Transactions for the year and balance as at Mar 31, 2017 were as follows:

Particulars	Entity with significant influence and its subsidiaries, associates and joint venture	Joint venture	Key Management Personnel	Independent and Non-Executive Directors
Purchase of Goods	2.53	-	-	-
Sale of goods	12.39	-	-	-
Receipt of Services	11.47	-	-	-
Rendering of services	0.88	0.01	-	-
Lease rent paid	-	-	0.04	-
Salaries and other benefits	-	-	3.87	-
Sitting fees	-	-	-	0.07
Commission	-	-	11.65	0.80
Amount Receivable	**5.03**	-	**-**	**-**
Amount Payable	**6.78**	-	**11.65**	**0.80**

Note: Investment in Associate has been fully provided for in the books

39. 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 recogniz d at fair value on the date of contract is entered and subsquently remeasured 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 counterparties for these contracts are generally banks or financial instutions. The details of outstanding forward contracts as at March 31, 2018 and March 31, 2017 are given below:

Particulars	Currency	**As at 31st March, 2018**	As at 31st March, 2017
Forward contracts (Sell)	USD	**8,026,496**	2,384,802
	Euro	**337,153**	2,352,208
Forward contracts (Buy)	USD	**3,328,268**	6,109,120
	Euro	**1,630,201**	20,800
	JPY	**-**	236,250
	GBP	**-**	-
Gain/(loss) mark to market in respect of forward contracts outstanding	Rupees	**(0.06)**	(0.11)

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 oustanding INR term loan	Value of outstanding US principal in crores	Mark to market Gain/ (Loss) INR
Position as at Mar 31, 2018	11.07	0.23	(0.18)
Position as at Mar 31, 2017	25.83	0.53	(0.63)

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at Mar 31, 2018 were as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
Asset			
Investment in Others	-	-	63.65
Employee advances	2.23	-	-
Derivative Asset on ECB Loan Swap		3.48	-
Trade Receivables	243.74	-	-
Cash and Bank Balances	21.88	-	-
Accrued Income	24.89	-	-
Security Deposits	11.88	-	-
Liabilities			
Loans from Banks	308.62	-	-
ECB Loan Derivative	3.66	-	-
Trade Payables	174.49	-	-
Capital Creditors	17.83	-	-
Unpaid Dividend	4.11	-	-
Other creditors	119.19	-	-
Security Deposits	84.54	-	-

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

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
Asset			
Investment in Others	-	-	42.50
Employee advances	1.89	-	-
Derivative Asset on ECB Loan Swap	-	8.05	-
Trade Receivables	203.66	-	-
Cash and Bank Balances	16.16	-	-
Security Deposits	9.28	-	-

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

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
Liabilities			
Loans from Banks	306.62	-	-
ECB Loan Derivative	8.68	-	-
Trade Payables	201.00	-	-
Capital Creditors	15.34	-	-
Unpaid Dividend	3.26	-	-
Other creditors	154.65	-	-
Security Deposits	83.57	-	-

Details of financial assets pledged as collateral:

Carrying amount of financial assets as at Mar 31, 2018 and 2017 that the Company has provided as a collateral for obtaining borrowing and other facilities from the bankers are as follows :

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Fixed Deposits	**4.43**	4.42

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

Particulars	**As at 31st March, 2018**		
	Level 1	**Level 2**	**Level 3**
Assets			
Investment in Others	**-**	**63.04**	0.61
Derivative Asset on ECB Loan Swap	**-**	**3.48**	-

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

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 31st March, 2018**	Year ended 31st March, 2017
(a) Financial assets at amortised cost		
Interest income on bank deposits	**1.33**	1.09
Interest income on other financial asset	**3.16**	7.98
(b) Financial asset at FVTPL		
Net gain/(losses) on fair valuation on derivative financial Instruments	**(4.57)**	(6.54)
(c) Financial liabilities at amortised cost		
Interest expenses on borrowings from banks, others and overdrafts	**29.70**	20.13

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

40. Financial risk management

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

40.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties 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.

40.2 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 has 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 31st March, 2018	As at 31st March, 2017
Long term borrowings		
- Upto 1 Year	**11.40**	15.41
- 1 to 3 Years	**7.65**	23.75
Short term borrowings		
- Upto 1 Year	**293.22**	276.14
- 1 to 3 Years		
Trade Payable		
- Upto 1 Year	**174.49**	201.00
Security Deposits from Customer		
- 1 to 3 Years	**17.12**	17.12
- More than 3 Years	**67.42**	66.45
Capital Creditors		
- Upto 1 Year	**17.83**	15.34
Other Financial Liabilities		
- Upto 1 Year	**123.31**	157.91
Total	**712.44**	773.12

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

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 31st March, 2018**	As at 31st March, 2017
Fixed Deposits with Banks		
-Upto 1 Year	**4.73**	4.43
Trade Receivables		
- Upto 1 Year	**243.74**	203.66
Unpaid Dividend		
- Upto 1 Year	**4.11**	3.26
Cash and Cash Equivalents		
- Upto 1 Year	**13.04**	8.47
Other Financial Assets		
- Upto 1 Year	**24.89**	-
Loan to Employees		
- 1 to 3 Years	**2.23**	1.89
Security Deposits		
- 1 to 3 Years	**11.88**	9.28
Investment in Unquoted Shares		
- 1 to 3 Years	**63.65**	42.50
Total	**368.28**	273.49

The Company has access to committed credit facilities as described below, of which Rs.26.76 Cr were unused at the end of the reporting period (as at March 31, 2017 Rs.43.86 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 31st March, 2018**	As at 31st March, 2017
Amount used	**293.22**	276.10
Amount unused	**26.78**	43.86

40.3 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.

40.3.1 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.

40.3.2 Foreign currency risk management - The Company imports raw materials from outside India as well as makes export sales to countries outside India. The Company is, therefore, exposed to foreign currency risk principally arsing 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.

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

40.3.2.1 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	GBP
As at March 31, 2018				
- Liabilities	16,89,457	19,507	49,06,694	1,535
- Assets	35,39,560	24,16,525	-	-
As at March 31, 2017				
- Liabilities	12,28,275	718	-	-
- Assets	25,72,699	25,59,453	-	-

40.3.2.2 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	
	2017-2018	2016-2017
Receivables:		
Weakening of INR by 5%	**1.14**	0.82
Strengthening of INR by 5%	**(1.14)**	(0.82)
Payable		
Weakening of INR by 5%	**(0.55)**	(0.40)
Strengthening of INR by 5%	**0.55**	0.40

Sensitivity at year end	EURO	
	2017-2018	2016-2017
Receivables:		
Weakening of INR by 5%	**0.96**	0.87
Strengthening of INR by 5%	**(0.96)**	(0.87)
Payable		
Weakening of INR by 5%	**(0.01)**	NA
Strengthening of INR by 5%	**0.01**	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.

40.3.3 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 liquidy 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, 2018 would decrease/increase by Rs.1.21 Cr (for the year ended March 31, 2017: decrease/increase by Rs.1.49 Cr)

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

41. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium, general reserve and all other equity reserves attributable to the equity holders of the company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of borrowings and related covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by fund attributable to Equity Shares Holders. The company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits, excluding discontinued operations.

Particulars	**31st March, 2018**	31st March, 2017
Interest-bearing loans and borrowings	**312.27**	315.30
Less: cash and short-term deposits	**21.88**	16.16
Net debt	**290.39**	299.14
Equity Capital	**7.66**	7.66
Other Equity	**631.24**	553.43
Total capital	**638.90**	561.09
Gearing ratio	**0.45**	0.53

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it provide for a strong financial strength to meet the Company's growth needs and meet borrowing related capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

42. Commitments and Contingencies

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
a) Estimated amount of contract remaining to be executed on capital account	**40.28**	31.89
b) Letter of Credit opened by Company's Bankers	**30.96**	48.99
c) Excise duty and service tax under dispute	**12.04**	10.20
d) Sales Tax under dispute	**1.17**	13.81
e) Income Tax under dispute	**1.30**	1.30
f) Customs duty on goods lying at Bonded warehouse	**1.10**	2.35

Commitments and Contingencies of Joint Venture

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
a) Estimated amount of contract remaining to be executed on capital account	**-**	0.11
b) Sales Tax under dispute	**0.06**	0.06
c) Income tax under dispute	**0.01**	0.01

43. 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.

44. 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.4.16 crores (PY - Rs. 3.12 Crores) in compliance to this requirement. A sum of Rs.4.12 crores (PY - Rs 3.12 Crores) has been spent during the current year towards CSR acitivities as explained below. Balance amount to be spent is Rs.0.04 Crores (PY - Nil)

Organisation	**31st March, 2018**	31st March, 2017
Arogya Welfare Trust, Madurai	**3.68**	2.61
Sastra University, Thanjavur	**0.35**	0.33
Partnering Hope into Action Foundation	**0.05**	0.08
Various trusts for protection of National Heritage, Art and Culture	**0.04**	0.10
Total	**4.12**	3.12

45. Research and Development

Particulars	**31st March, 2018**	31st March, 2017
Capital expenditure		
Plant & Machinery	**7.45**	4.41
Electrical Installations	**0.01**	0.71
Vehicles	**0.07**	0.12
Computers	**0.02**	0.12
Furniture	**0.01**	0.34
Buildings	**0.15**	0.42
Intangible Assets	**0.03**	0.41
Capital Work in Progress	**2.79**	2.41
Total	**10.53**	8.94
Revenue Expenditure		
Raw Materials consumed	**1.35**	1.65
Stores & Spares consumed	**0.20**	0.21
Allowances	**5.57**	5.00
Rent including lease rentals	**-**	0.04
Rates & Taxes	**0.78**	0.22
Insurance	**0.05**	0.02
Travelling expenses	**1.62**	1.65
Repairs & Maintenance	**1.22**	1.63
Consultancy-Foreign	**3.96**	3.28
Consultancy-Domestic	**0.29**	0.53
Freight	**-**	0.92
Power	**0.67**	-
Others	**1.35**	1.89
Total	**17.06**	16.24
Total Research and Development Expenditure	**27.59**	25.18

46. Details of Audit Fees

	Particulars	**31st March, 2018**	31st March, 2017
a)	For audit fees	**0.15**	0.16
b)	For taxation matters	**-**	0.03
c)	For Certification*	**0.03**	0.03
d)	Towards reimbursement of expenses	**0.05**	0.02

*Inclusive in Current year Rs. 0.03 Crores towards the erstwhile auditor

47. 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 31st March, 2018 and as at 31st March, 2017 are as follows:

Particulars	**As at 31st March, 2018**	As at 31st March, 2017
Payable not later than one year	**17.78**	17.71
Payable later than one year and not later than 5 years	**1.00**	18.70
Payable later than 5 years	**-**	-
Total	**18.78**	36.41

48. 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	654.25	(3.85)	4.95
Net Asset as a % of Consolidated Net Asset	102.40%	-0.60%	0.78%
Share in Profit or Loss	117.61	(0.27)	(1.20)
Share in Profit or Loss as a % of Consolidated Profit or Loss	101.27%	-0.23%	-1.03%
Share in Other Comprehensive Income	8.40	-	-
Share in Other Comprehensive Income as a % of Consolidated Other Comprehensive Income	100.02%	0.00%	0.00%
Share in Total Comprehensive Income	126.01	(0.27)	(1.20)
Share in Total Comprehensive Income as a % of Consolidated Total Comprehensive Income	101.18%	-0.22%	-0.96%

49. Dividend

An amount of Rs. 40 per share (400%) [PY - Rs 50.70 per share (507%)] has been recommended by the Board of Directors towards final dividend.

SHOBHANA RAMACHANDHRAN
Managing Director
DIN : 00273837

R NARESH
Executive Vice Chairman
DIN : 00273609

As per our report attached
For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm Registration No.003990S/S200018

T V BALASUBRAMANIAN
Partner
Membership No. : 027251

Place : Madurai
Date : 22.05.2018

K V GANESH
Chief Financial Officer

P SRINIVASAN
Secretary

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

Interest in Joint Venture

Name of the entity	Place of Business	% of ownership	Accounting Method	Carrying Amount	
				31st March, 2018	31st March, 2017
ZF Electronics TVS (India) Private Limited	India	50%	Equity	4.82	6.02

ZF Electronics TVS (India) Private Limited is a manufacturer of electronic components focused on Automotive Sector.

Summarized Financial Information of Joint Venture

Current Assets	31st March, 2018	31st March, 2017
a) Inventories	10.49	6.63
b) Financial Assets	10.91	9.07
c) Other Current Assets	2.63	2.09
Total Current Assets	**24.03**	**17.79**
Non-Current Assets	**15.51**	**16.80**
Total Assets (a)	**39.54**	**34.58**
Current Liabilities		
Financial Liabilities	20.71	18.17
Provisions	0.53	0.12
Government grants	0.04	0.04
Other current liabilities	1.14	1.37
Total Current Liabilities	**22.42**	**19.69**
Non-Current Liabilities	**7.21**	**2.58**
Total Liabilities (b)	**29.64**	**22.27**
Net worth (a-b)	9.91	12.31
Group's Share	50%	50%
Group's Share in Rs.	4.95	6.16

TVS Srichakra Limited

Regd. Office: TVS Building, 7-B West Veli Street, Madurai - 625 001. 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.

Printed at Nagaraj and Company Private Limited www.ncplprint.com