



**STEADFAST AND SURE  
AT EVERY TURN**



## 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  
V Anantha Nageswaran  
S.V. Mathangi (w.e.f. 1.4.2020)

### 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  
Email : [secretarial@tvstyres.com](mailto:secretarial@tvstyres.com)  
[sec.investorgrievances@tvstyres.com](mailto:sec.investorgrievances@tvstyres.com)  
Website : [www.tvseurogrip.com](http://www.tvseurogrip.com)

### Subsidiary Companies

TVS Srichakra Investments Limited (TSIL)  
TVS Sensing Solutions Private Limited (TSSPL) (Subsidiary of TSIL)  
Fiber Optic Sensing Solutions Private Limited (Subsidiary of TSSPL)

### 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  
HDFC Bank Limited

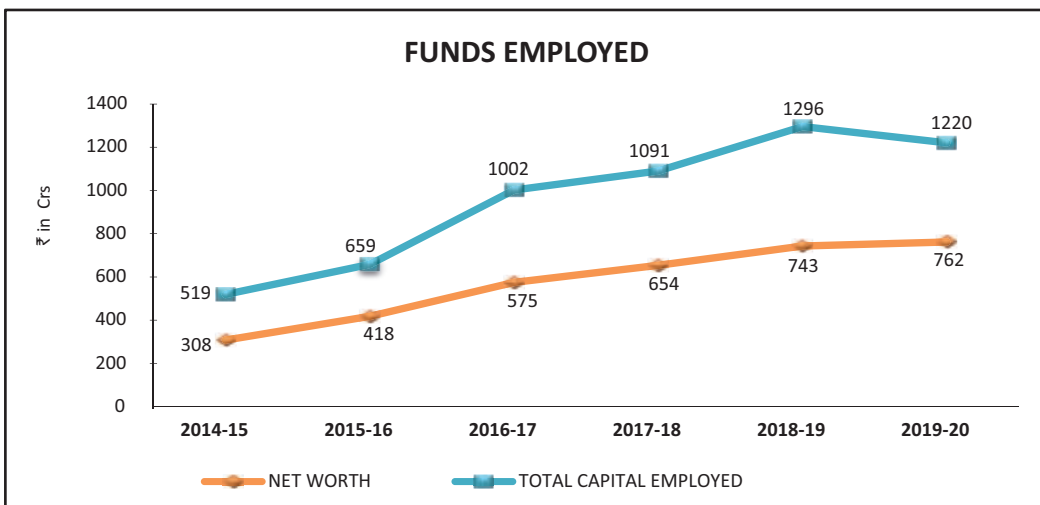
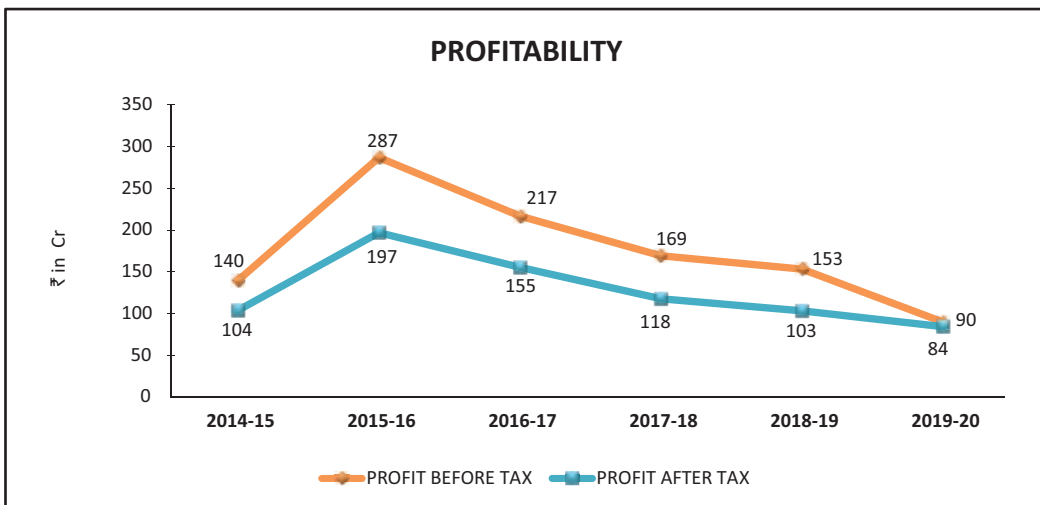
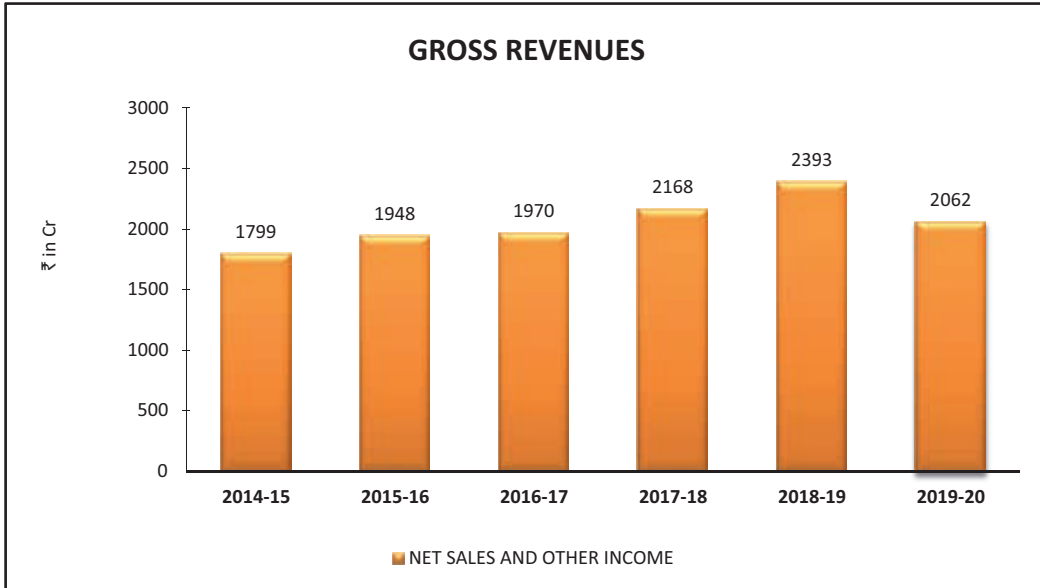
### Registrar and Share Transfer Agent

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 28140802  
e-mail : [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

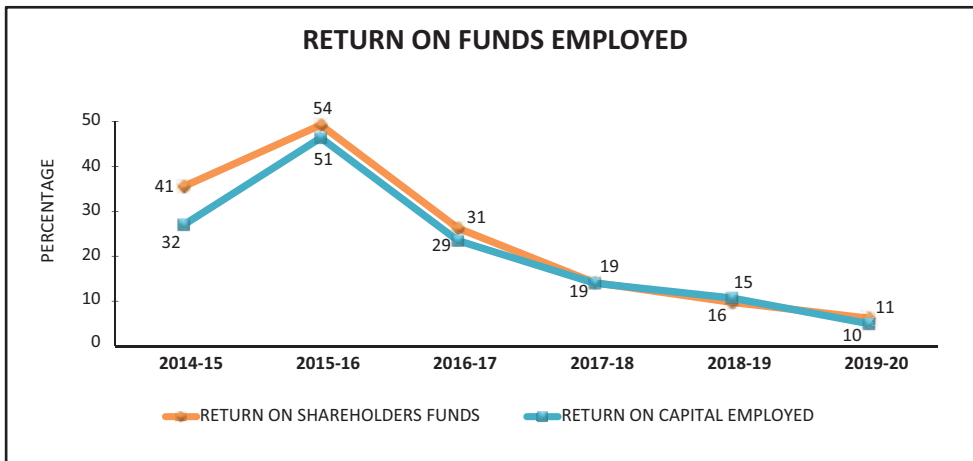
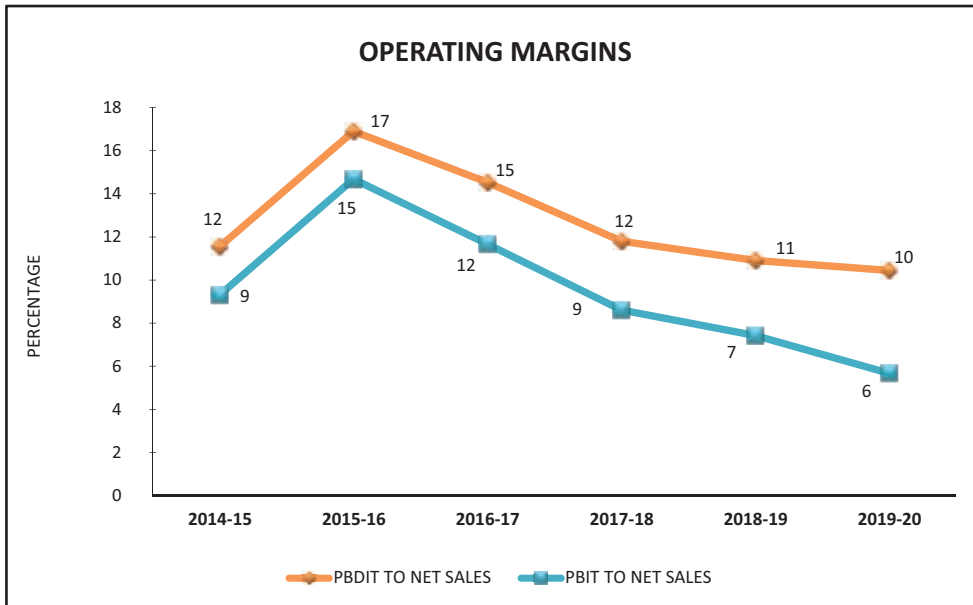
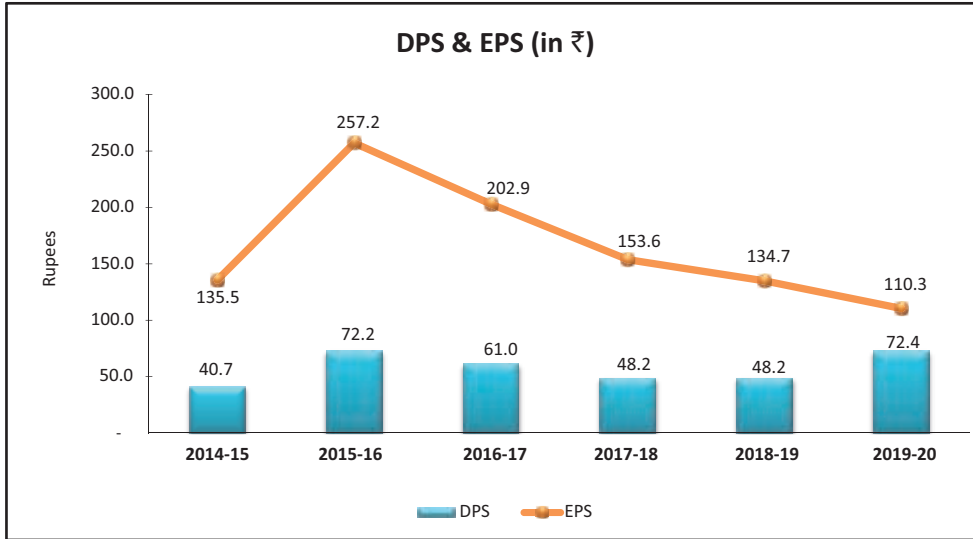
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## FINANCIAL HIGHLIGHTS - STANDALONE



## FINANCIAL HIGHLIGHTS - STANDALONE



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

Rs. In Crs

PARTICULARS	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>A. OPERATING RESULTS</b>						
NET INCOME (Excluding ED and Discounts) &&	1,799.17	1,947.75	1,970.23	2,167.62	2,393.18	2,061.72
PROFIT BEFORE DEPN. INT. & TAX	209.34	345.06	292.51	267.16	270.63	223.36
PROFIT BEFORE INT. & TAX	169.46	302.74	236.84	198.95	187.80	125.70
PROFIT BEFORE TAX (PBT)	139.57	286.99	216.71	169.25	153.30	89.77
PROFIT AFTER TAX (PAT)	103.79	196.95	155.33	117.61	103.17	84.42
DIVIDENDS \$	25.88	45.94	38.82	30.63	30.63	46.01
DIVIDEND TAX \$	5.27	9.35	7.90	6.30	6.30	9.46
PROFIT AFTER DIVIDEND	72.64	141.66	108.61	80.68	66.24	28.95
<b>B. FINANCIAL STATUS</b>						
GROSS FIXED ASSETS	443.59	580.59	782.60	939.66	1,046.73	1,145.15
NET FIXED ASSETS	282.84	403.10	568.66	621.24	656.07	694.83
INVESTMENTS	32.01	87.28	89.42	110.57	150.33	153.08
NET CURRENT ASSETS	212.92	86.23	260.28	274.26	404.99	371.79
SHARE CAPITAL	7.66	7.66	7.66	7.66	7.66	7.66
RESERVES AND SURPLUS	300.32	410.64	567.32	646.60	735.49	754.33
NET WORTH	307.98	418.30	574.98	654.26	743.15	761.99
LOAN FUNDS	204.33	130.71	306.60	308.47	412.69	336.27
DEFERRED TAX LIABILITY (NET)	15.46	27.60	36.78	43.35	55.54	32.99
TOTAL CAPITAL EMPLOYED #	519.21	658.63	1,001.93	1,090.61	1,295.73	1,219.70
<b>C. KEY RATIOS</b>						
PBDIT TO NET SALES (%) *	11.55	16.90	14.53	11.81	10.91	10.45
PBIT TO NET SALES (%) *	9.31	14.68	11.67	8.61	7.43	5.68
PBT TO NET SALES (%) *	7.63	13.86	10.63	7.21	5.97	3.92
PBIT TO AV. CAPITAL EMPLOYED (%) *	32.04	51.41	28.53	19.01	15.74	9.99
RETURN ON AVERAGE NET WORTH (%)	40.57	54.24	31.28	19.13	14.77	11.22
EARNINGS PER SHARE (Rs.)	135.55	257.21	202.86	153.60	134.74	110.26
DIVIDEND PER SHARE (Rs.) #	40.68	72.21	61.02	48.22	48.22	72.44
DIVIDEND PAY OUT (%) #	30.01	28.07	30.08	31.40	35.79	65.71
BOOK VALUE PER SHARE (Rs.)	402.22	546.29	750.92	854.46	970.55	995.15
DEBT EQUITY RATIO (NO. OF TIMES)	0.66	0.31	0.53	0.47	0.56	0.44

\*Excluding other income

#Including dividend tax

\$ to be Approved by Shareholders in AGM

&& Figures from 2014-15 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

Your Directors take pleasure in presenting the 37th Annual Report of the Company together with the audited financial statements (standalone and consolidated) for the year ended 31st March, 2020.

### FINANCIAL HIGHLIGHTS (Standalone)

(Rupees in Crores)

Details	Year ended 31st March, 2020	Year ended 31st March, 2019
Sales & Other Income	2061.72	2393.18
Profit before finance cost and depreciation	223.36	270.63
Less : Finance Cost	35.93	34.50
Depreciation	97.66	82.83
Profit after finance cost and depreciation	89.77	153.30
Less : Provision for		
Income tax	27.75	46.00
Deferred tax	(22.40)	4.13
Profit after tax	84.42	103.17
Surplus brought forward from Previous Year	668.07	604.84
Re-measurement of post-employment benefit obligation (net of tax)	(0.46)	(3.00)
Dividend paid	(46.01)	(30.63)
Dividend Tax paid	(9.46)	(6.30)
Impact of IND AS 116 - Lease Rentals	(9.65)	-
Balance carried to Balance Sheet	686.91	668.07

### PERFORMANCE OVERVIEW

During the year under review on standalone basis, your Company recorded a net revenue from operations of ₹ 2,052.24 crores, a decrease of 13.84 % over last year. The Company achieved a net profit of ₹ 84.42 crores during the current year, representing a decrease of 18.17 % compared to last year.

### CONSOLIDATED PERFORMANCE

On a consolidated basis, your Company registered a turnover of ₹ 2,103.74 crores a decrease of 13.46%. The Company's consolidated net profit stood at ₹ 82.27 crores as against the previous year's net profit of ₹ 103.27 crores, a reduction of 20.34%.

### HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY

TVS Srichakra Investments Limited (TSIL), wholly owned subsidiary of your Company recorded a net loss of ₹ 135.12 lakhs (previous year net loss of ₹ 141.48 lakhs). Interest on Optionally Convertible Debentures (OCDs) was waived during the year ended 31st March, 2020.

TVS Sensing Solutions Private Limited (TSSPL) which is a wholly owned subsidiary of TSIL recorded a net operational turnover of ₹ 51.68 Crores during the year under review showing a decrease of ₹ 5.07 crores compared to the previous year. TSSPL made an EBITDA of ₹ 3.53 crores as against ₹ 4.06 crores for the year ended 31st March, 2019.

During the year under review, TSSPL has set-up a subsidiary with a name and style, Fiber Optic Sensing Solutions Private Limited (FOSSPL) and accordingly the accounts of FOSSPL has been consolidated with that of TVS Srichakra Limited

### STATE OF COMPANY'S AFFAIRS

During the year under review, your Company's focus was on developing the aftermarket, consolidating and increasing its presence with OEMs - particularly in the premium segments, and building its presence in the export markets. With this in mind, numerous branding activities were initiated, including a grand re-launch of TVS Eurogrip brand. Your Company also showcased its R&D capabilities with OEMs and other customer segments, in order to expand and fulfill its objectives

Your Company has successfully developed, produced and tested tyres for vehicles used in races. Your Company continues to stress the importance of application of contemporary technology in its new product development program

Various modernization initiatives were commenced and are being implemented in the Company's manufacturing facilities, targeted at enhancing agility and flexibility, to meet dynamic and evolving market requirements.

## **DIRECTORS' REPORT**

Towards the end of the year, your Company, like others, was affected by the COVID 19 pandemic. Timely efforts taken by the Company, backed by consistent and continuous review of the various measures announced by the Government, helped the Company to tide over the situation as best as possible and restart the operations in a safe and phased manner.

### **DIVIDEND**

The Company has a consistent track record of rewarding its shareholders with a generous dividend pay-out. The Board of Directors declared an interim dividend of ₹ 20.10/- per equity share (201%) which resulted in a total payout of ₹ 18.54 crores, (inclusive of dividend distribution tax of ₹ 3.16 crores) and this shall be treated as Final Dividend for the year.

The Dividend Distribution Policy of the Company is available on the Company's website:

<https://www.tvseurogrip.com/wp-content/uploads/2020/05/DIVIDEND-DISTRIBUTION-POLICY.pdf>

### **FINANCE**

Cash and cash equivalent as at 31st March, 2020 was ₹ 1.61 Crores.

Your Company has a robust working capital management process that facilitates continuous monitoring and control over receivables, payables and other parameters.

### **INDUSTRIAL RELATIONS**

Overall, the Industrial Relations in all our manufacturing units have been harmonious and cordial. Both production and productivity were maintained at desired and satisfactory levels throughout the year in all plants.

### **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.

Details 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 2011-12 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 ₹ 24,25,666/- remained unclaimed and the same was transferred to IEPF Account on 15.11.2019.

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

As per Section 124 and other applicable provisions of the Companies Act, 2013, pursuant to the provisions of IEPF Rules / Securities and Exchange Board of India (SEBI) notification, shareholders who have not encashed dividend for seven consecutive years, such shares have to be transferred to the Investor Education and Protection Fund Authority (IEPF Authority). Accordingly, 11,166 equity shares had been transferred by the Company to the IEPF Authority on 5.12.2019. Details of shares transferred to IEPF Authority had been uploaded on the website of IEPF as well as on the Company's website.

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

Corporate Social Responsibility (CSR) initiatives of the Company are aimed at inclusive development of the community through a range of social interventions, enhancing skills and building social infrastructure to improve the livelihood of the beneficiaries

Your Company has constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013 and has developed and implemented the policy on Corporate Social Responsibility. The CSR Committee comprises of Ms. Shobhana Ramachandran, Mr. P Vijayaraghavan and Mr. Rasesh R Doshi. The Committee, inter alia, monitors the CSR activities.

The Company was required to spend an amount of ₹ 360 lakhs and ensured that the same was fully spent during the year.

The CSR policy of the Company is posted on the Company's website at

<https://www.tvseurogrip.com/wp-content/uploads/2020/05/CSR-POLICY.pdf> and the "Annual Report on CSR Activities" is annexed to the Board's Report as Annexure 1. The Company also undertakes other need based initiatives in compliance with Schedule VII to the Act.

### **ADEQUACY OF INTERNAL FINANCIAL CONTROL**

The Company has adequate internal financial control with reference to the financial statements commensurate with its size and nature of business. These controls include well documented procedures, covering financial and operational functions. The internal financial controls of the Company are adequate to ensure the accuracy and completeness of accounting records, timely preparation of reliable financial information, prevention and detection of frauds and errors and safeguard against any losses or unauthorized use or disposal of assets. These controls are assessed on a regular basis by Internal Audit.



## **DIRECTORS' REPORT**

### **BUSINESS RISK MANAGEMENT**

The risk in the current business environment is changing dynamically, including the dimensions of cyber security, information security, business continuity, data privacy and large deal execution. We have deployed a risk management framework, which helps proactively identify, prioritize and mitigate risks.

### **VIGIL MECHANISM**

Your Company has over the years established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behaviour. "Whistle Blower Policy" (WBP) is the vigilance mechanism instituted by the Company to report concerns about unethical behaviour in compliance with the requirements of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and provides adequate safeguard against victimization of persons who use such mechanism. The whistle-blower policy is put on the Company's website and can be accessed at:

<https://www.tvseurogrip.com/wp-content/uploads/2020/02/WHISTLE-BLOWER-POLICY.pdf>

No instances were reported under this mechanism and detail about this policy are available in the Corporate Governance Report.

### **AWARDS RECEIVED DURING THE YEAR**

Your Company was certified for Occupational Health & Safety Standard ISO 45001 in 2020. This is in addition to the Certification of Quality (IATF 16949) & Environmental (ISO 14001) Management Standards.

### **SUBSIDIARY COMPANIES**

The audited accounts of the following subsidiary companies have been consolidated with the Company as on 31st March, 2020

- a) TVS Srichakra Investments Limited (TSIL)
- b) TVS Sensing Solutions Private Limited (TSSPL) (formerly known as ZF Electronics TVS (India) Private Limited) – subsidiary of TSIL
- c) Fiber Optic Sensing Solutions Private Limited - subsidiary of TSSPL

### **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements of the Company for the year ended 31st March, 2020 are prepared in compliance with the applicable provisions of the Act, Indian Accounting Standards and SEBI LODR. The audited consolidated financial statements along with all relevant documents and the Auditor's Report thereon form part of Annual Report and may be accessed on the Company's website [www.tvseurogrip.com](http://www.tvseurogrip.com).

Pursuant to Section 129(3) of the Act, a statement containing salient features of the financial statement of the subsidiaries in the prescribed Form AOC1 is attached as Annexure 2.

The Financial Statements of the subsidiary companies are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Act. The Company shall provide free of cost, a copy of the financial statement of its subsidiary companies to the Members upon their request. The financial statements of the subsidiary companies are also available on the website of the Company at [www.tvseurogrip.com](http://www.tvseurogrip.com).

### **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**

#### **Retirement by rotation**

Mr. R. Naresh (DIN:00273609), will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

## **DIRECTORS' REPORT**

The brief resume of the aforesaid Director and other information have been detailed in the notice convening the 37th Annual General Meeting of the Company. Appropriate resolution for his re-appointment is being placed for approval of the members at the ensuing Annual General Meeting. Your Directors recommend his re-appointment as Director of the Company.

### **Declaration of Independence**

The Company has received necessary declarations under Section 149(7) of the Companies Act, 2013 as well as SEBI LODR (including statutory re-enactment(s) thereof for the time being in force) from the Independent Directors stating that they meet the prescribed criteria for independence. In the opinion of the Board, all the Independent Directors satisfy the criteria of independence as defined under the Companies Act, 2013, and the Listing Regulations.

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

Periodic presentations are made at the Board and Committee meetings on business strategy with updates on the performance of the Company. The Company has run various programmes to familiarize Independent Directors with the Company, their responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters.

Details of the familiarization programme for Independent Directors are explained in the Corporate Governance Report.

### **Board Evaluation**

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

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.

## **DIRECTORS / KEY MANAGERIAL PERSONNEL APPOINTED OR RESIGNED DURING THE YEAR**

### **Directors**

The Board of Directors have re-appointed Mr R Naresh (DIN 00273609), as Managing Director (designated as Executive Vice Chairman) for a period of 3 years (three) with effect from 16.6.2020 and Ms. Shobhana Ramachandhran (DIN 00273837), as Managing Director of the Company for a period of 5 years (five) with effect from 25.8.2020 subject to the approval of the shareholders. The approval of shareholders is sought through Postal Ballot by e-voting.

### **Independent Directors**

The shareholders of the Company at its Annual General Meeting held on 11th September, 2019 have approved appointment of Dr. Anantha Nageswaran (DIN: 00760377) as an Independent Director of the Company, for a term of 5 (five) consecutive years.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee appointed Ms S V Mathangi (DIN: 02596421), as an Additional Director in the category of Non-Executive Independent Director. Her appointment is subject to the approval of shareholders which is sought through Postal Ballot by e-voting.

### **Key Managerial Personnel**

Mr. K V Ganesh, CFO resigned on 23.10.2019. Consequently Mr. B Rajagopalan was appointed as CFO in the Board meeting held on 13.11.2019.

## **APPOINTMENT AND REMUNERATION POLICY**

On the recommendation of the Nomination and Remuneration Committee (NRC), the Board has adopted and framed a policy on Director's appointment and remuneration including remuneration for Senior Management covering Key Managerial Personnel and other employees pursuant to the provisions of the Act and SEBI LODR. The remuneration determined for Executive/ Independent Directors is subject to the recommendation of the NRC and approval of the Board of Directors. The Non-Executive Directors are compensated by way of profit-sharing commission and sitting fees for attending the Board/Committee Meetings. The policy mentioned above is also uploaded on the website of the Company: <https://www.tvseurogrip.com/wp-content/uploads/2020/05/Remuneration-Policy.pdf> and is reproduced in the Corporate Governance Report.

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

In terms of the first proviso to Section 136 of the Act, the Reports and Accounts are being sent to the shareholders excluding the information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any shareholder interested in obtaining the same may write to the Company Secretary. The said information is available for inspection by the Members at the Registered Office of the Company on any working day of the Company up to the date of the 37th Annual General Meeting.

The statement containing information as required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure – 3 and forms part of this Report.

## **DIRECTORS' REPORT**

### **BOARD MEETING**

An annual calendar of Board and Committee Meetings planned during the year was circulated in advance to the Directors.

The Board of Directors met 7 (seven) times during the year ended 31st March, 2020. The details of the Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report forming part of this Report.

### **AUDIT COMMITTEE**

The Audit Committee comprises of 4 (four) members. The Chairman of the Committee is an Independent Director. The Committee met 5 (five) times during the year. The Committee comprises of Mr. M S Viraraghavan as Chairman and Mr. P Vijayaraghavan, Mr. H Janardana Iyer and Mr. Rasesh R Doshi as members.

There have been no instances during the year where recommendations of the Audit Committee were not accepted by the Board.

### **RELATED PARTY TRANSACTIONS**

During the financial year ended March 31, 2020, all transactions with the Related Parties as defined under the Companies Act, 2013 read with Rules framed thereunder were in the 'ordinary course of business' and 'at arm's length' basis. Your Company does not have a 'Material Subsidiary' as defined under Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations']. Your Company has formulated a Policy on Related Party Transactions and the said Policy has been uploaded on the website of the Company at

<https://www.tvseurogrip.com/wp-content/uploads/2020/05/Related-Part-Transactions-Policy.pdf>

Also, your Company has an internal mechanism for the purpose of identification and monitoring of Related Party Transactions. During the year under review, your Company did not enter into any Related Party Transactions which require prior approval of the Members. All Related Party Transactions of your Company had prior approval of the Audit Committee and the Board of Directors, as required under the Listing Regulations. Subsequently, the Audit Committee and the Board have reviewed the Related Party Transactions on a quarterly basis. During the year under review, there has been no materially significant Related Party Transactions having potential conflict with the interest 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 5 (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 for the financial year ended 31st March 2020 does not contain any qualification.

#### **Cost Auditor**

In terms of Section 148 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated that the cost accounts and records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Board of Directors, based on the recommendation of the Audit Committee, has appointed Dr I Ashok (Membership No. 11929), Cost Accountant, as Cost Auditor of the Company for conducting the Cost Audit for the financial year 2020-21, on remuneration as mentioned at Item No. 4 in the Notice of 37th Annual General Meeting (AGM).

A Certificate from Dr. I Ashok, Cost Accountant, has been received to the effect that his appointment as Cost Auditor of the Company, if made, would be in accordance with the limits specified under Section 141 of the Act and Rules framed thereunder.

A resolution seeking Members ratification for the remuneration payable to the Cost Auditor forms part of the Notice of 37th AGM and the same is recommended for your consideration and ratification.

#### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. N Balachandran (Membership No 5113), Practising Company Secretary, as Secretarial Auditor to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2020. The Secretarial Audit Report is appended to this report as Annexure 5.

The Secretarial Audit Report does not contain any qualification.

### **REPORTING OF FRAUDS BY AUDITORS**

During the year under review, the Statutory Auditor, Internal Auditor, Cost Auditor and Secretarial Auditor have not reported any instances of fraud committed in the Company to the Audit Committee or Board.

## **DIRECTORS' REPORT**

### **SECRETARIAL STANDARDS**

During the year under review, the Company was in compliance with the Secretarial Standards. i.e. SS-1 and SS-2 relating to "Meetings of the Board of Directors" and "General Meetings" respectively.

### **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by the Securities and Exchange Board of India (SEBI). The report on Corporate Governance as stipulated under SEBI LODR 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**

Management Discussion and Analysis of financial conditions and results of operations of the Company is provided in the Management Discussion and Analysis Report which forms part of this Annual Report.

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

Information on the conservation of energy, technology absorption, foreign exchange earnings and outgo is required to be given pursuant to the provisions of Section 134 of the Act read with the Companies (Accounts) Rules, 2014, which is marked Annexure 6 and forms part of this report.

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the annual return in Form MGT-9 is provided as Annexure 7 to this Report and is available on the website [www.tvseurogrip.com](http://www.tvseurogrip.com).

### **BUSINESS RESPONSIBILITY REPORT**

The Business Responsibility Report of the Company for the year ended 31st March, 2020, forms part of this Report.

### **CONFIRMATION OF COMPLIANCE ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

Your Company is providing a safe and secure environment to its women employees across its functions and other women stakeholders, as they are considered as integral and important part of the organization. In terms of provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, your Company has duly adopted a Policy and has also complied with the provisions relating to the constitution of Internal Complaints Committee (ICC).

Your Company has been conducting awareness campaign across all its manufacturing units, warehouses and office premises to encourage its employees to be more responsible and alert while discharging their duties.

During the year, there was no complaint of sexual harassment received by the Committee.

### **OTHER DISCLOSURES**

No material changes and commitments have occurred between the end of the financial year and the date of this Report which affect the financial statements of the Company in respect of the reporting year. There has been no change in the nature of business of the Company.

No disclosure or reporting is required with respect to the following items, as there were no transactions during the year under review:

- Details relating to deposits that are covered under Chapter V of the Act.
- The issue of equity shares with differential rights as to dividend, voting or otherwise.
- The issue of shares to the employees of the Company under any scheme (sweat equity or stock options). There is no change in the Share Capital Structure during the year under review.
- The Company does not have any scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefits of employees.
- Neither the Managing Director nor the Managing Director designated as Executive Vice Chairman of the Company receive any remuneration or commission from any of its subsidiary.
- No significant or material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

### **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 rendered by all employees of the Company.

**For and on behalf of the Board**

Madurai  
26.06.2020

**R NARESH**  
EXECUTIVE VICE CHAIRMAN  
(DIN : 00273609)

**SHOBHANA RAMACHANDHRAN**  
MANAGING DIRECTOR  
(DIN : 00273837)

## 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  
Programs focused on Education, Skill development, Health care & Sanitation, Women Empowerment and Disaster Management Ensuring environmental sustainability and conservation and maintenance of natural resources. Protection of 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 website: <https://www.tvseurogrip.com/wp-content/uploads/2020/05/CSR-POLICY.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. In. Cr) – 180
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) (Rs. In. Cr) – 3.60
5. Details of CSR spent during the financial year
  - a) Total amount to be spent for the financial year (Rs. In. Cr) – 3.60
  - b) Amount unspent, if any – Nil
  - c) Manner in which the amount spent during the financial year (Rs. In. Cr)

Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads 1) Direct expenditure on projects or programs 2) Over heads:	Cumulative expenditure upto the reporting period	Amount spent Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Academic Development	Education Enhancement for School, Balwadi and Autism Children	Tamil Nadu and Uttarakhand	1.45	1.43	1.43	Arogya Welfare Trust
2	Personality Development	Geriatric care, Health care, and preventive health care	Tamil Nadu and Uttarakhand	0.45	0.39	0.39	Arogya Welfare Trust
3	Social Responsibility	Rural Development, livelihood enhancement projects	Tamil Nadu	0.98	1.10	1.10	Arogya Welfare Trust
4	Livelihood Enhancement	Promoting Traditional Arts and cultures	Tamil Nadu	0.17	0.13	0.13	Arogya Welfare Trust
5	Intellectual Development	Education and Employment	Tamil Nadu	0.35	0.22	0.22	Sastra University, Tanjore
6	Health Care	Promoting Health care	Tamil Nadu	-	0.06	0.06	Gandhigram Trust
7	Health Care	Preventive and curative health care	Bangalore, Karnataka	0.10	0.10	0.10	Satsang Foundartion, Karnataka
8	Health Care	Promotion of Health Care	Tamil Nadu	0.10	0.08	0.08	Through Various Institutions
9	Disaster Management	Providing Food relief –Covid 19	Tamil Nadu	-	0.12	0.12	Through Agencies
	Total			3.60	3.63	3.63	

6. Reasons for not spending the amount: Not applicable
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

(DIN : 00273837)

## 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	3
2	Name of the Subsidiary	TVS Srichakra Investments Limited	TVS Sensing Solutions Private Limited (Formerly known as "ZF Electronics TVS India Pvt Ltd")	Fiber Optic Sensing Solutions Private Limited
3	The date since when subsidiary was acquired	05.02.2010	04.06.2018	08.08.2019
4	Reporting period for the subsidiary concerned, if different from Holding Company's reporting period	NA	NA	NA
5	Reporting currency and exchange rate as on the last date of relevant financial year in case of Foreign subsidiaries	NA	NA	NA
6	Share Capital	2.60	1.78	0.01
7	Reserves and Surplus	(1.20)	18.16	(0.69)
8	Total Assets	50.99	45.69	1.69
9	Total Liabilities	50.99	45.69	1.69
10	Investments	25.35	2.01	-
11	Turnover	0.29	51.68	-
12	Profit before Taxation	(1.35)	0.01	(0.90)
13	Provision for Taxation	-	0.03	(0.21)
14	Profit after taxation	(1.35)	(0.02)	(0.69)
15	Proposed Dividend	-	-	-
16	Extent of shareholding (in percentage)	100%	100%	90%

Notes: The following information shall be furnished at the end of the statement

- Names of subsidiaries which are yet to commence operations : Not Applicable
- Names of subsidiaries which have been liquidated or sold during the year : Not Applicable
- Part B of the Annexure is not applicable as there are no Associate Companies/Joint ventures of the Company as on 31st March, 2020
- TVS Sensing Solutions Private Limited is subsidiary of TVS Srichakra Investments Limited
- Fiber Optic Sensing Solutions Private Limited is subsidiary of TVS Sensing Solutions Private Limited

#### SHOBHANA RAMACHANDHRAN

Managing Director  
DIN : 00273837

Place : Madurai  
Date : 26.6.2020

#### R NARESH

Executive Vice Chairman  
DIN : 00273609

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

#### B RAJAGOPALAN

Chief Financial Officer

Place : Chennai  
Date : 26.6.2020

#### P SRINIVASAN

Secretary

#### T V BALASUBRAMANIAN

Partner, Membership No. 027251

Place : Chennai  
Date : 26.6.2020

## 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	90.20	(29.64)
2	Ms. Shobhana Ramachandhran Managing Director	97.35	(26.36)
3	Mr. M S Viraraghavan	2.57	(20.96)
4	Mr. P Vijayaraghavan	2.81	(18.18)
5	Mr. H Janardana Iyer	2.51	(22.75)
6	Mr. V Ramakrishnan	1.75	(18.18)
7	Mr. Rasesh R Doshi	2.63	(19.64)
8	Dr. V Anantha Nageswaran	1.70	(17.37)
9	Mr. P Srinivasan Company Secretary	Not Applicable	(0.96)
10	Mr. K V Ganesh Chief Financial Officer ceases to be CFO w.e.f 23.10.2019	Not Applicable	1.05
11	Mr. B. Rajagopalan Chief Financial Officer w.e.f. 13.11.2019	Not Applicable	Not Applicable

iii) The percentage increase in the median remuneration of employees in the financial year: (-4%)

iv) The number of permanent employees on the rolls of Company: More than 2800

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 2019-20 was 10%. Percentage increase in the managerial remuneration for the year was 8.50% and

vi) Affirmation that the remuneration is as per the remuneration policy of the Company: It is affirmed that the remuneration 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  
16<sup>TH</sup> STREET  
NANGANALLUR  
CHENNAI -600061  
PH.NO.22670412  
CELL: 9444376560**

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**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31.03.2020  
[Pursuant to Section 204(1) of the Companies Act, 2013 and  
Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To

The Members

TVS SRICHAKRA LIMITED

CIN: L25111TN1982PLC009414

TVS Building, No 7B, West Veli Street,  
Madurai- 625001.

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

Based on my verification of the Company's books, papers, minutes 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 31.03.2020 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 31.03.2020 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, 2015;
  - 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;



## ANNEXURE 5 TO DIRECTORS' REPORT

(II) The Listing Agreements entered into by the Company with National Stock Exchange Limited and BSE Limited pursuant to the Regulations of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 [SEBI (LODR)]

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.

Signature : Sd/-

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

ACS No. : 5113 C P No : 3200

UDIN Number: A005113B000384063

Place : Chennai

Date : 26.06.2020

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

### 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.
7. The opinion expressed in the present report is based on the limited information, facts and inputs made available to me through electronic means by the Company management.

I wish to highlight that due to the COVID 19 induced restrictions on physical movement, I could not visit the Company for carrying out the audit process in a full-fledged manner in order to submit conclusive report including but not limited to:

- Inspection, observation, examination and verification of the original documents/ files / books / registers
- Examination of the Inspection/visit reports of the statutory officials and their Observations coupled with response of the Company.
- Observations with regard to access controls and data security
- Physical verification of investments

Signature : Sd/-

Name : **N Balachandran**

Designation : Practising Company Secretary

M. No. : A 5113 C P No.: 3200

UDIN : A005113B000384063

Place: Chennai

Date: 26.06.2020

## 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. Compressed air power consumption reduced to the tune of 6120 units/day through air leak correction, by segregating LP and HP Air Lines, installation of Energy Efficient motor in cooling tower and by using VFD for mills in Calendar Plant.
  2. Thermal
    - i. Steam cost reduced by installing Coal crusher in 15TPH Boiler, insulation improvement in curing presses, optimizing curing cycles in OHT plant, optimization of steam piping and flash steam recovery.
- b) Steps taken by the Company for utilizing alternate sources of energy
- i. Company has generated 5568604 units through Wind energy during the year 2019-20.
  - ii. Company has generated 106102 units through Solar energy through installation of Roof Top Solar panels at its factory offices during the year 2019-20
- c) Capital investments on energy conservation equipment's
- i. Company has invested ₹2.75 Crores in installation of 296KW Roof Top Solar Plant, Energy Efficient Compressor and Coal Crusher.
  - ii. The Company has invested ₹0.45 Crore in Thermal Energy saving projects.

#### B. TECHNOLOGY ABSORPTION:

1. Efforts made towards technology absorption
  - a. Established a Technical Centre in Europe to develop innovative technologies for India and Global markets.
  - b. We have filed 12 Provisional patents and 2 Final patents, in the area of Materials, Compounds, Tyre technology and Manufacturing.
2. Benefits derived like product improvement, cost reduction, product development or import substitution
  - a. R&D activity initiated by our Company led to launch of 16 new products in standard Cross ply technology and 2 new products in "Zero Degree Steel Belt Radial" Technology.
  - b. With our continued focus on OE segment, we received over 9 New Product Approvals from our OE customers.
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 ₹ in crores

a)	Capital	22.45
b)	Recurring	15.65
c)	Total	38.10
d)	Total R&D expenditure as a percentage of Total Turnover	1.85%

#### C. Foreign Exchange Earnings & Outgo

₹ in crores

Earnings Exports	203.08
Outgo	259.34

## ANNEXURE 7 TO DIRECTORS' REPORT

### EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2020

[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 – 28140802

#### 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
		Code	Description	
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	Section C	Manufacturing	100%
		Division 22	Manufacture of Rubber & Plastic Products	
		Group 221	Manufacture of Rubber Products	
		Class 2211	Manufacture of Rubber Tyres & Tubes, Retreading and Rebuilding of Rubber Tyres	

#### 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)
2.	TVS Sensing Solutions Private Limited (formerly known as ZF Electronics TVS (India) Private Limited)	U30007TN1993PTC026291	Subsidiary	100% held by S.No.1	2 (87)
3.	Fiber Optic Sensing Solutions Private Limited	U31900TN2019PTC131018	Subsidiary	90% held by S.No.2	2 (87)

## ANNEXURE 7 TO DIRECTORS' REPORT

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

#### i) Category-wise Share holding

Category of Shareholder (II)	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A</b>	<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>									
(1)	<b>Indian</b>									
a	Individual/Hindu Undivided Family	479017	0	479017	6.25	479017	0	479017	6.25	-
b	Central Government/ State Governments	-	-	-	-	-	-	-	-	-
c	Bodies Corporate	2994544	0	2994544	39.11	2994544	0	2994544	39.11	-
d	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e	Any other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total A(1)</b>	<b>3473561</b>	<b>0</b>	<b>3473561</b>	<b>45.36</b>	<b>3473561</b>	<b>0</b>	<b>3473561</b>	<b>45.36</b>	-
(2)	<b>Foreign</b>									
a	Individual (Non resident Individuals / Foreign individuals)	-	-	-	-	-	-	-	-	-
b	Bodies Corporate	-	-	-	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-	-	-	-
d	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e	Any other (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub Total A(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	-
	<b>Total shareholding of Promoter and Promoter Group (A)= (A)(1) +(A)(2)</b>	<b>3473561</b>	<b>0</b>	<b>3473561</b>	<b>45.36</b>	<b>3473561</b>	<b>0</b>	<b>3473561</b>	<b>45.36</b>	-
<b>B</b>	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
a	Mutual Funds/ UTI	390736	500	391236	5.11	413946	500	414446	5.41	0.30
b	Financial Institutions / Banks	8600	700	9300	0.12	17109	700	17809	0.23	0.11
c	Central Government/ State Governments	94	0	94	0.00	94	0	94	0.00	-
d	Venture capital Funds	-	-	-	-	-	-	-	-	-
e	Insurance Companies	-	-	-	-	-	-	-	-	-
f	Foreign Institutional Investors	150	0	150	0.00	150	0	150	0.00	-
g	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i	Any other	-	-	-	-	-	-	-	-	-
	<b>Sub Total B(1)</b>	<b>399580</b>	<b>1200</b>	<b>400780</b>	<b>5.23</b>	<b>431299</b>	<b>1200</b>	<b>432499</b>	<b>5.65</b>	<b>0.41</b>
(2)	<b>Non-Institutions</b>									
a	Bodies Corporate	533278	2033	535311	6.99	485482	1833	487315	6.36	(0.63)
b	Individuals	-	-	-	-	-	-	-	-	-
(i)	Individual Shareholders holding Nominal Share Capital upto Rs.1 Lakh	2018733	460871	2479604	32.38	2137439	395160	2532599	33.08	0.69
(ii)	Individual Shareholders holding Nominal Share Capital in excess of Rs.1 Lakh	426312	24775	451087	5.89	386125	24775	410900	5.37	(0.52)
c	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
d	Any other	-	-	-	-	-	-	-	-	-
d(i)	ALTERNATIVE INVESTMENT FUND	22969	0	22969	0.30	35551	0	35551	0.46	0.16
d(ii)	BODY CORPORATE-CLIENT COLLATERAL ACCOUNT	0	0	0	0.00	69348	0	69348	0.91	0.91

**ANNEXURE 7 TO DIRECTORS' REPORT**

Category of Shareholder (II)		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	
d(iii)	CLEARING MEMBER	4293	0	4293	0.06	6073	0	6073	0.08	0.02
d(iv)	FOREIGN PORT FOLIO INVESTOR-CORPORATE	155800	0	155800	2.03	80276	0	80276	1.05	(0.99)
d(v)	IEPF	100841	0	100841	1.32	109464	0	109464	1.43	0.11
d(vi)	LIMITED LIABILITY PARTNERSHIP	20124	0	20124	0.26	9061	0	9061	0.12	(0.14)
d(vii)	MARGIN TRADING ACCOUNT-CORPORATE	10980	0	10980	0.14	4525	0	4525	0.06	(0.08)
d(viii)	TRUST	1300	400	1700	0.02	1300	400	1700	0.02	-
d(ix)	BODY CORPORATE-CLIENT MARGIN TRADING SEC	0	0	0	0.00	510	0	510	0.01	0.01
d(x)	CORPORATE CLIENT COLLATERAL ACCOUNT	0	0	0	0.00	3668	0	3668	0.05	0.05
	<b>Sub Total B(2)</b>	<b>3294630</b>	<b>488079</b>	<b>3782709</b>	<b>49.40</b>	<b>3328822</b>	<b>422168</b>	<b>3750990</b>	<b>48.99</b>	<b>(0.41)</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>3694210</b>	<b>489279</b>	<b>4183489</b>	<b>54.64</b>	<b>3760121</b>	<b>423368</b>	<b>4183489</b>	<b>54.64</b>	<b>-</b>
	<b>TOTAL (A) + (B)</b>	<b>7167771</b>	<b>489279</b>	<b>7657050</b>	<b>100.00</b>	<b>7233682</b>	<b>423368</b>	<b>7657050</b>	<b>100.00</b>	<b>-</b>
C	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
1	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
2	Public	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A) + (B) + (C)</b>	<b>7167771</b>	<b>489279</b>	<b>7657050</b>	<b>100.00</b>	<b>7233682</b>	<b>423368</b>	<b>7657050</b>	<b>100.00</b>	<b>-</b>

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	T V Sundram Iyengar & Sons Pvt. Ltd	2123115	27.73	N.A.	2123115	27.73	N.A.	NIL
2	Sundaram Industries Pvt. Ltd	750000	9.79	N.A.	750000	9.79	N.A.	NIL
3	Ms. Shobhana Ramachandhran (Promoter cum Director)	287051	3.75	N.A.	287051	3.75	N.A.	NIL
4	Sri R Haresh	46320	0.61	N.A.	46320	0.61	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)	144656	1.89	N.A.	144656	1.89	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
	<b>TOTAL</b>	<b>3473561</b>	<b>45.36</b>		<b>3473561</b>	<b>45.36</b>		<b>NIL</b>

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					

## ANNEXURE 7 TO DIRECTORS' REPORT

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		Purchase / (Sales) of the during 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	No. of shares	% of total shares of the Company
1	L&T MUTUAL FUND						
	PAN :AAATC4460E						
	Opening Balance as on 30-03-2019	380961	4.98				
	14-06-2019			(30425)	(0.39)	350536	4.58
	21-06-2019			30425	0.40	380961	4.98
	06-09-2019			1287	0.02	382248	4.99
	13-09-2019			6414	0.08	388662	5.08
	27-09-2019			24753	0.32	413415	5.40
	30-09-2019			473	0.01	413888	5.41
	Closing Balance as on 31-03-2020					413888	5.41
2	GAGANDEEP CREDIT CAPITAL PVT LTD						
	PAN :AAACO0519R						
	Opening Balance as on 30-03-2019	336770	4.40				
	Closing Balance as on 31-03-2020					336770	4.40
3	NILESH KISHOR SHAH						
	PAN :ANTPS5205R						
	Opening Balance as on 30-03-2019	112125	1.46				
	24-05-2019			(6000)	(0.08)	106125	1.39
	13-03-2020			(35000)	(0.46)	71125	0.93
	Closing Balance as on 31-03-2020					71125	0.93
4	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS						
	PAN :EXEMPTCATA						
	Opening Balance as on 30-03-2019	100841	1.32				
	03-05-2019			(300)	(0.00)	100541	1.31
	12-07-2019			(304)	(0.00)	100237	1.31
	19-07-2019			(820)	(0.01)	99417	1.30
	02-08-2019			(150)	(0.00)	99267	1.30
	06-09-2019			(100)	(0.00)	99167	1.30
	13-09-2019			(150)	(0.00)	99017	1.29
	30-09-2019			(25)	(0.00)	98992	1.29
	11-10-2019			(12)	(0.00)	98980	1.29
	15-11-2019			(50)	(0.00)	98930	1.29
	22-11-2019			(150)	(0.00)	98780	1.29
	06-12-2019			11166	0.15	109946	1.44
	31-12-2019			(80)	(0.00)	109866	1.44
	17-01-2020			(125)	(0.00)	109741	1.43
	24-01-2020			(125)	(0.00)	109616	1.43
	31-01-2020			(52)	(0.00)	109564	1.43
	14-02-2020			(25)	(0.00)	109539	1.43
	28-02-2020			(75)	(0.00)	109464	1.43
	Closing Balance as on 31-03-2020					109464	1.43
5	PARAMJIT MANN						
	PAN :AAQPM9008A						
	Opening Balance as on 30-03-2019	75882	0.99				
	26-04-2019			(105)	(0.00)	75777	0.99
	11-10-2019			(289)	(0.00)	75488	0.99

## ANNEXURE 7 TO DIRECTORS' REPORT

Sl. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Purchase / (Sales) of the during 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	No. of shares	% of total shares of the Company
	06-12-2019			(211)	(0.00)	75277	0.98
	14-02-2020			(220)	(0.00)	75057	0.98
	20-03-2020			(236)	(0.00)	74821	0.98
	Closing Balance as on 31-03-2020					74821	0.98
6	VALUEQUEST INDIA MOAT FUND LIMITED						
	PAN :AAECV7085K						
	Opening Balance as on 30-03-2019	72742	0.95				
	05-04-2019			(25852)	(0.34)	46890	0.61
	12-04-2019			(14162)	(0.19)	32728	0.43
	19-04-2019			(3799)	(0.05)	28929	0.38
	26-04-2019			(4329)	(0.06)	24600	0.32
	24-05-2019			(555)	(0.01)	24045	0.31
	28-06-2019			(1646)	(0.02)	22399	0.29
	27-09-2019			(22399)	(0.29)	0	0.00
	Closing Balance as on 31-03-2020					0	0.00
7	ANVIL FINTRADE PVT LTD						
	PAN :AABCA9882E						
	Opening Balance as on 30-03-2019	67585	0.88				
	Closing Balance as on 31-03-2020					67585	0.88
8	UDAY NANDLAL SHAH						
	PAN :AAEPS1435R						
	Opening Balance as on 30-03-2019	46750	0.61				
	Closing Balance as on 31-03-2020					46750	0.61
9	SHANTIKUMAR GIRDHARLAL SHAH						
	PAN :AADPS2011A						
	Opening Balance as on 30-03-2019	29375	0.38				
	10-05-2019			(400)	(0.01)	28975	0.38
	Closing Balance as on 31-03-2020					28975	0.38
10	SHARAD NANDLAL SHAH						
	PAN :AAEPS1430L						
	Opening Balance as on 30-03-2019	26250	0.34				
	13-12-2019			(15000)	(0.20)	11250	0.15
	20-03-2020			30000	0.39	41250	0.54
	Closing Balance as on 31-03-2020					41250	0.54
11	NILESH DHIRAJLAL SHAH						
	PAN :BBAPS8167E						
	Opening Balance as on 30-03-2019	26231	0.34				
	Closing Balance as on 31-03-2020					26231	0.34
12	ANVIL SHARE AND STOCK BROKING PVT. LTD						
	PAN :AABCA8643D						
	Opening Balance as on 30-03-2019	25000	0.33				
	13-03-2020			35000	0.46	60000	0.78
	Closing Balance as on 31-03-2020					60000	0.78

## ANNEXURE 7 TO DIRECTORS' REPORT

### 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	144656	1.89	144656	1.89
	At the end of the year			144656	1.89
2	Ms Shobhana Ramachandhran	287051	3.75	287051	3.75
	At the end of the year			287051	3.75
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

Directors - M/s H Janardana Iyer, V Ramakrishnan, Rasesh R Doshi, V Anantha Nageswaran

KMPs - M/s B Rajagopalan, P Srinivasan

### V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding / accrued but not due for payment** (Rs. In crores)

		Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
	<b>Indebtedness at the beginning of the financial year</b>				
i)	Principal Amount	412.69	-	-	412.69
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	2.61	-	-	2.61
	<b>Total (i+ii+iii)</b>	415.30	-	-	415.30
	<b>Change in Indebtedness during the financial year</b>				
	Addition	-	-	-	-
	Reduction	-	-	-	-
	<b>Net Change</b>	-	-	-	-
	<b>Indebtedness at the end of the financial year</b>				
i)	Principal Amount	336.27	-	-	336.27
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	1.42	-	-	1.42
	<b>Total (i+ii+iii)</b>	337.69	-	-	337.69

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

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

(Rs. In lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD		Total Amount
		Ms S R	Mr R N	
1	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	325.32	172.80	498.12
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	122.00	290.00	412.00
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others-Contribution to Provident & Superannuation Fund	52.18	-	52.18
	Total (A)	499.50	462.80	962.30
	Ceiling as per the Act	-	-	1001.28

Ms SR - Ms Shobhana Ramachandhran - Managing Director, Mr R N - Mr R Naresh - Executive Vice Chairman



## ANNEXURE 7 TO DIRECTORS' REPORT

### B. Remuneration to other Directors

(Rs. In lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr M S V	Mr H J I	Mr R R D	Dr V A N	Mr V R	
	<b>Independent Directors</b>						
1	Fee for attending Board/Committee Meetings	1.20	0.90	1.50	0.70	1.00	5.30
2	Commission	12.00	12.00	12.00	8.00	8.00	52.00
3	Others, please specify	-	-	-	-	-	-
	Total (1)	13.20	12.90	13.50	8.70	9.00	57.30
	<b>Other Non Executive Director</b>	<b>Mr P V</b>					
1	Fee for attending Board/Committee Meetings	2.40	-	-	-	-	2.40
2	Commission	12.00	-	-	-	-	12.00
3	Others, please specify	-	-	-	-	-	-
	Total (2)	14.40	-	-	-	-	14.40
	Total (B)=(1+2)	-	-	-	-	-	71.70
	Total Managerial Remuneration (A) + (B)	-	-	-	-	-	1034.00
	Overall Ceiling as per the Act	-	-	-	-	-	1101.40

Mr MSV - Mr MS Viraraghavan, Mr HJI - Mr H Janardana Iyer, Mr RRD - Mr Rasesh R Doshi, Dr VAN - Dr V Anantha Nageswaran, Mr V R - Mr V Ramakrishnan, Mr P V - Mr P Vijayaraghavan

### 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	71.19	34.27	105.46
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	3.54	4.02	7.56
	Total	74.73	38.29	113.02

### VII Penalties / Punishment / Compounding of Offences

There were no penalties / punishment / compounding of offences for the year ended 31st March, 2020.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **GLOBAL TYRE INDUSTRY**

At 3.2 billion units in 2019, the global tyre market grew at a CAGR of 4% over the last five years, on a year on year basis though (2019 vs 2020), the industry growth slowed to a little over 3%. Under a normal growth scenario, various industry forecasts peg the growth of the industry over the next five years to continue to be in the region of 4% per year. Rising incomes and demand for personal mobility in developing regions, especially in Asia Pacific, will spur this growth.

Two wheeler demand for tyres was estimated at 990 Million units in 2020. Tyre sales in this market are concentrated in fast growing developing regions where motorcycles see heavy use as a low-cost substitute to motor vehicles.

While China remains one of the fastest growing markets for tyres, several countries in the Asia Pacific region are projected to achieve rapid gains in tyre demand, including India, Indonesia and Thailand. The developing world will lead global tyre demand, with the developed markets of USA, West Europe and Japan having reached maturity.

The effect of the COVID 19 pandemic needs to be factored in though. While 2020 is almost certain to see a decline over 2019, the effect over the mid to long term is as yet uncertain.

### **INDIAN TYRE INDUSTRY**

The Indian tyre industry produced 192 million tyres in the year ended March 2019 – representing a global share of 6%. This declined by 8% in the year ended March 2020 to 177 million tyres, on the back of a decline in demand of all vehicles, topped off with the country going into lockdown in the last week of March 2020. Over a ten year period, the Indian tyre industry has grown by 4% per year.

The commercial vehicle segment, which accounts for the large share of pie at 63% of the overall industry revenues, dipped by 11% for the year ended March 2020, registering a production of 29.1 Million tyres as against 32.6 Million tyres during the same period the previous year.

The passenger car tyre segment, which accounts for 15 per cent of the overall industry revenues recorded a decline of 5 per cent as of March 2020 in comparison to the same period the previous year. Total tyre production dropped from 42.8 million to 40.7 million in this period.

The two and three wheeler tyre industry, which is of particular significance to your Company, accounts for 13% value, and 56% in terms of number of tyres, of the Indian tyre industry. This segment saw tyre production declining by 8% in the year ended March 2020 vs the same period the previous year. Total tyre production dropped from 107.9 million to 99.8 million in this period. (Source: ATMA)

### **AUTOMOBILE INDUSTRY**

The Indian automobile sector registered a drop of nearly 18 per cent in domestic sales in the financial year 2019-20. An industry which was already suffering from declining demand over the year was further buffeted by the COVID 19 pandemic as well as the BS IV to BS VI transition to record a decline in domestic sales of 45% in March 2020 as compared to March 2019.

Export sales however witnessed a growth of close to 3 per cent during this period riding on the back of a strong growth of 9 per cent in motorcycles and 16 per cent in utility vehicles in Financial Year 2019-20 versus the previous year.

Domestic sales of two and three wheelers declined by 18% in the year ended March 2020 as compared to the previous year, from 21.9 million units to 18.1 million units.

This has been the worst downturn of the automobile industry in the last 20 years. The effect of the COVID 19 pandemic is likely to result in a further sharp decline in the year 2020 -21. The expectation however is that the growth trajectory would recover in the mid to long term, as economic activity revives, and given the low penetration of automobiles in India.

### **OPPORTUNITIES AND THREATS**

#### **OPPORTUNITIES**

The automotive industry is one of the most important building blocks of society and economic activity. This industry provides the primary forms of transport and access to markets. All forms of travel tend to indicate a positive economic transformation or other benefits to quality of life.

Despite India being the world's largest two-wheeler market, the country still has very low penetration level of two wheelers. In India, 102 out of 1000 people have two-wheelers. This is less than half of the penetration levels in Indonesia (281) and Thailand (291). Growing urbanization, rising participation of women in the workforce and improvement in road connectivity are a few of the catalysts that will drive improvement in penetration levels of two wheelers. Advancements in technology and increasing introduction of fuel efficient vehicles will add to this opportunity. The expectation is that emerging markets, led by India, will be the main growth drivers for this segment of automobiles, for the foreseeable future.

The industry is also witnessing a structural change, with rural and semi urban regions of India rising in their significance as a major source of consumption demand in India. The large population residing in these areas, income levels rising in these areas and the Government's thrust in benefiting these areas are likely to be drivers of two wheeler demand in these areas.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **THREAT**

The COVID 19 pandemic poses the most significant threat in the short term, resulting in macroeconomic uncertainty, recessionary trends and higher unemployment rates. These are likely to impede the recovery in the automobile sector, especially in the year 2020-21. The situation remains volatile and difficult to predict, with the impact of the pandemic as yet unknown. With demand being limited, there is likely to be stiff competition amongst tyre manufacturers given the need to utilise capacities. The dynamics of supply being in excess of the demand are likely to play out, and will possibly exert downward pressure on margins of the tyre industry.

### **EXPANSION AND CAPACITY CREATION**

While, in the near term, your Company does not plan any greenfield capacity expansion, brown field projects are being taken up to cater to customer demand. In the long term, your Company is continuously on the lookout for expansion and capacity addition to cater to demand from various segments.

### **COMPETITION**

With the entry of new players, the two-wheeler tyre market is now in a situation of oversupply, thereby creating intense competition among players in the industry. In addition, existing players have also expanded capacity resulting in a compounding of the intensity of competition.

The demand for tyres is equally divided between two-wheeler makers and the replacement market. To be a serious player one needs to focus on both segments. We see competition increasing in both segments of the market.

Although raw material prices have softened of late, the two-wheeler tyre industry is likely to continue to see pricing pressure and the possibility of a contraction of margins.

### **SEGMENT WISE PERFORMANCE PRODUCT PORTFOLIO**

Your Company has a sufficiently large product portfolio to service the need of its customers in the domestic as well as international markets. In addition, the Company has a strong program for new product development to constantly introduce products in line with the evolving needs of the market.

### **DOMESTIC OEM MARKET**

2019-20 saw the domestic OEM industry decline over the year. This has been one of the worst contractions in demand since FY 2008. Consumer sentiment, impacted by a variety of factors such as increase in cost of ownership due to regulatory changes, stretched liquidity, weak rural sentiments exacerbated by delayed and uneven monsoon precipitation, lower income growth and limited employment opportunity, has remained subdued. With a weak retail offtake, OEMs had to take unscheduled factory shutdowns to prevent pile-up of inventory with the dealers. The festive season provided only a temporary respite despite the discounts offered. Since mid-Feb we have had the COVID -19 pandemic related woes adding to the misery of this sector. In spite of the industry problems, the Company has done well to retain its leadership position in this segment.

### **AFTER-MARKET**

A demand contraction in the OEM space and continued pressure on the tyre companies to utilise capacities resulted in intensification of competition in the after-market with companies trying to increase volumes. Your Company took proactive steps to get the better of intense completion in the aftermarket. In August 2019 the Company launched its new TVS Eurogrip brand backed up by a bike tyre specialist positioning. The TVS Eurogrip launch also saw the introduction of a number of new products. Several associated initiatives in the digital and the physical space have ensured that the Company has been able to maintain and grow its equity among the participants in the distribution value chain channel - distributors, retailers, influencers the sales field force and – most importantly – the end customer.

### **EXPORTS**

The international markets are an area of focus for the Company. During the year under review, the Company was able to grow its export of the 2W tyres to the MEA and LATAM regions. In addition, the off road tyres that the Company manufactures are focused at the export markets. Going ahead, the focus of the Company is to target growth in this segment by country specific actions in the existing markets and making entry into new markets and geographies.

### **INDUSTRY AND BUSINESS OUTLOOK**

While the longer term outlook for the 2 wheeler industry remains positive, the prevailing uncertainty around the COVID-19 pandemic has caused raised questions about the immediate future. A potential short term demand driver is the surmise that demand will veer towards personal mobility rather than public modes of transportation. This in turn can see rising demand for 2 wheelers. Similarly, the effect of the pandemic being comparatively muted in the rural areas suggests these areas might continue to show demand. On the whole, the general sentiment given the prevailing environment, is likely to be negative compounded by liquidity issues.

### **BUSINESS STRATEGY**

While the market faces near term uncertainty and volatility, your Company will continue to work to maintain its leadership position in the two wheeler tyre industry. Your Company will further look to leverage on the new brand as well as its R&D facility in Milan, Italy.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

By significantly investing in both product and process, the Company will target to grow its share in both the OEM and the aftermarket segments.

The Company will also focus on its exports of both 2W Wheeler tyres and the OHT range of tyres to markets outside of India, by way of targeting newer territories accompanied by a significant increase in its product portfolio.

### **RISKS AND CONCERN**

The lockdown induced slowdown caused by the COVID-19 pandemic is a threat to businesses across the globe. Your Company is not immune to this. The uncertainty in the recovery from this economic fall continues to play seriously among companies across several sectors. Companies will have to rely on an aggressive focus towards cost rationalization, organisational responsiveness with a renewed focus on its customers to win in these difficult times. These multiple changes will form the new reality and a faster adjustment to these changes will help in mitigating the risks and the concerns. Your Company is working on these initiatives.

### **SUSTAINABLE DEVELOPMENT**

While your Company has been growing in terms of both revenue and profits, the focus has always been on the sustainability of this growth keeping all stakeholders in mind. The attempt has been on generating and developing sustainable businesses, keeping the long-term perspective as well as the eco-system in which it operates, in consideration.

### **INFORMATION TECHNOLOGY**

Information technology has become an integral and generic part of any business and your Company also takes cognizance of this. IT projects in various functions are being taken up to simplify processes, to enable better monitoring, to enhance productivity, to contribute to improved flow of knowledge and most importantly to aid in informed and quick decision making.

### **QUALITY**

Your Company strives to go beyond compliance to quality standards and seeks to delight customers. It sustains highest quality rating from its key customers leading and continues to be a preferred supplier.

Several initiatives have been taken to improve the reliability and durability of the company's products. Your Company is working to establish its new brand as representative of products and service of premium quality.

TVS Srichakra continuously upgrades product quality through technological innovations, process improvements & through continuous training and skills upgradation of all its employees. These improvements are designed and made through a scientific approach focusing on best quality at optimal costs.

The Company was certified for Occupational Health & Safety Standard ISO 45001 in 2020. This is in addition to the Certification of Quality (IATF 16949) & Environmental (ISO14001) Management Standard that it already has.

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

The Company maintains its system of risk management and internal controls with a view to safeguarding stakeholders' interest and the company's assets. It is designed to identify, evaluate and manage those risks that may impede the realisation of the company's objectives. The Company has also established an Internal Financial Control Framework which addresses internal controls over financial reporting and operating controls. This framework is duly supported by well-defined policies, processes and procedures. This control framework is reviewed periodically by the management, audited by an Independent Internal Audit system, and informed to the Audit Committee and the Board. The intent is to ensure that the process remains effective, without any material weakness. The CEO and CFO Certification provided in the Annual Report also discusses in detail the adequacy of our Internal control systems and procedures.

### **RAW MATERIALS**

Price of the key raw material, natural rubber, remained largely stable through the year. The drop in global production of natural rubber in the middle of the season due to fungus infection and fluctuating weather conditions saw an upward push on rubber prices, as well as availability issues of natural rubber in the last quarter. The Company was adequately covered with inventory of this raw material to manage the situation.

Crude oil rate dropped from its April'19 highs of \$71/bbl ,to an all-time low of \$23/bbl towards the end of FY20, after having been stable for most of the year. Prices of petrochemical related input materials such as carbon black, synthetic rubber and nylon cord tyre cord fabric remained stable throughout the year.

The continued economic weakness, and supply remaining higher than demand also contributed to an environment of raw materials prices remaining subdued.

The Company leveraged its excellent business relation with all its supply chain partners to re-negotiate the procurement costs in a timely manner. This effective management of prices helped the Company to keep its raw material costs in check, impacting operations favourably.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's revenue declined over previous year, with the significant part of the decline coming in the second half of the year. There was a decrease in demand in Q3 and Q4 in all segments, which resulted in a build up of finished goods inventories. The Original Equipment Manufacturers witnessed subdued demand which resulted in decline in volume and value of sales to this segment, even though the Company was able to maintain its share of business. The aftermarket also witnessed a decline over the previous year on account of stretched liquidity. Despite pricing pressures your Company maintained its price position while introducing new schemes and initiatives to maintain market share. Export also contracted on account of slowing economic growth globally.

On the pricing front, the two-wheeler tyre segment did not get any relief till the second half of the year. There was a minimal price increase in third quarter which was offset by reduction in raw material prices and the same was passed on to the market in Q4.

The steep drop in turnover impacted the bottom line of the Company significantly.

During the year, the company's working capital utilization has increased significantly compared to previous year on account of build up of inventory and increased credit terms in some segments. The Company availed of many financial products like commercial paper and short term loans, besides negotiating lower rates of interest to minimise the cost of capital.

### FINANCIAL RATIOS

Key financial ratios are shown in the following table

S.No.	Particulars	Units	31st March, 2020	31st March, 2019
(i)	Debtors Turnover	Ratio	<b>7.88</b>	8.40
(ii)	Inventory Turnover	Ratio	<b>3.15</b>	4.19
(iii)	Interest Coverage Ratio	Ratio	<b>3.50</b>	5.44
(iv)	Current Ratio	Ratio	<b>1.19</b>	1.06
(v)	Debt Equity Ratio	Ratio	<b>0.44</b>	0.56
(vi)	Operating Profit Margin	%	<b>10.88</b>	11.37
(vii)	Net Profit margin	%	<b>4.11</b>	4.33
(viii)	RONW (Lower Profitability has affected the RONW)	%	<b>11.08</b>	13.88

### HR KEY INITIATIVES AND HIGHLIGHTS

Our people are our strength. Your Company continues to focus on its human resources for its continued success. Our employees have overcome challenges to meet the daunting demands of the market and the ever increasing expectations of customers across – both in India as well as overseas.

In order to strengthen our human resource to meet future challenges and plans, we have focused on hiring the best resources available as well as on retaining and developing our existing talent pool. We have also concentrated on bringing on board people at the entry level, with a view to placing them in positions of responsibility after a rigorous induction and training program, with faculty drawn both internally and externally.

A case in point was our establishment of the new brand. The marketing team was trained extensively to handle this switch over enabling them to fully absorb the positioning and the brand strategy.

We focus on continuous learning and development, with ongoing training programs designed and tailor made to meet our specific requirements. We measure effectiveness of training on an on-going basis, to fine tune and adapt the programs. With the new necessity of social distancing, we have developed processes to impart this training using virtual presence tools.

Besides training in functional areas, we have programs to impart teambuilding and collaboration training to our employees to enhance team cohesiveness.

The total employee strength as on 31st March, 2020 was more than 2800. We maintained cordial and harmonious Industrial relations in all our manufacturing units through our various employee engagement initiatives and focus on improving work culture, enhancing productivity and enriching the quality of life of the workforce.

### ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY (EOHS)

Your Company has strived to achieve a target of "ZERO ACCIDENTS, ZERO HEALTH HAZARDS AND ZERO LIQUID DISCHARGE". As part of the EOHS culture, our employees take a Safety Oath and personally check all safety parameters at the start of their work day.

Your Company has formed a governance structure of an Apex Safety Committee and Departmental Safety Committees charged with ensuring sustainable safety practices in all work areas, through elimination of unsafe acts and unsafe working conditions. For safety improvements, we conduct internal audits and third-party audits with experts at regular intervals.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Your Company has been conducting awareness programs including through visual control displays of “One Point Lessons”, and by capturing “Near Miss Incidents”. We follow a stringent practice of Work Permits, KY Training, etc.

Your Company has conducted competitions on various occasions for its employees and their family members to enrich the EOHS culture. Your Company conducts periodical medical examinations and also health related awareness programmes for all employees.

Your Company achieved the ISO 14001: 2015 (Environmental Management System) and ISO 45001: 2018 (Occupational Management System) certification at its manufacturing plants. We have implemented various projects to ensure employee comfort at the workplace. We have implemented a project for reduction in fresh water consumption by following the principle of “Reduce, Reuse and Recycle” for environmental protection.

Your Company has installed a wet model fire hydrant system across the plant. An automatic sprinkler system has been in high risk areas to handle any potential risk from fire.

### **CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company’s views, projections and expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include economic conditions, geo-political uncertainties, macro-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 final analysis.

# REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2020.

## 1. Company's philosophy on Corporate Governance

The Company strongly believes that establishing good corporate governance practices in each and every function of the organization leads to increased operational efficiencies and sustained long term value creation for all the stakeholders. The Company always endeavours to carry on its business operations in a fair, transparent and ethical manner and also holds itself accountable and responsible to the society it belongs. The Company considers it absolutely essential to abide by the laws and regulations of the land in letter and spirit and is committed to the highest standards of corporate governance and be considered as a good corporate citizen of the Country.

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 growth of profits

### 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 social 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 mandatory 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, 2020, 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, Five Directors are Non-Executive Independent Directors viz., M/s M S Viraraghavan, H Janardana Iyer, Rasesh R Doshi, V Ramakrishnan and V Anantha Nageswaran.

The Company has appointed Mrs. S.V. Mathangi, as a Non-Executive Independent Director in order to comply with the requirement laid under Section 149(1) of the Companies Act, 2013 and the amended Regulation 17(1)(a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which comes into effect from 1st April 2020. Her appointment is subject to the approval of shareholders which is sought through Postal Ballot by e-voting, currently under processing

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. Details of familiarization programs are available at Company's website [www.tvseurogrip.com](http://www.tvseurogrip.com)

## REPORT ON CORPORATE GOVERNANCE

The Board conforms that in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Listing Regulations and are independent of the management.

### 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 2019-20, the Board met 7 times on 24.4.2019, 23.5.2019, 13.8.2019, 11.9.2019, 13.11.2019, 11.2.2020 and 10.3.2020 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 11th September, 2019 and also the number of other Directorships and committee memberships / chairmanships as on 31st March 2020 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 DIN 00273609	EVC	6	Yes	3	5	-	-
Ms. Shobhana Ramachandhran DIN 00273837	MD	6	Yes	-	10	-	2
Mr. M S Viraraghavan DIN 00249874	NE-I	5	Yes	-	-	-	-
Mr. P Vijayaraghavan DIN 00633205	NE	7	Yes	-	2	-	-
Mr. H Janardana Iyer DIN 02688787	NE-I	4	No	-	3	-	5
Mr. V Ramakrishnan DIN 00002931	NE-I	7	Yes	-	1	-	-
Mr. Rasesh R Doshi DIN 00538059	NE-I	6	Yes	-	3	-	1
Dr V Anantha Nageswaran DIN 00760377	NE-I	6	Yes	-	5	-	-

\* Includes Private Limited companies

EVC – Executive Vice Chairman

MD – Managing Director

NE – Non Executive

NE-I – Non Executive – Independent

None of the director is a director in more than ten Public Limited Company(s) or serve as an Independent Director in more than seven listed Companies or a member of more than ten committees or Chairman of more than five committees across all companies. Further none of the Directors, who is serving as a Whole-Time Director / Managing Director in any listed entity is an Independent Director in not



## REPORT ON CORPORATE GOVERNANCE

more than three listed entities. 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.

Sl. No.	Name of the Director	Name of the listed entities in which the concerned Director is a Director	Category of Directorship
1.	Sri R Naresh	-	-
2.	Ms Shobhana Ramachandhran	M/s Sundaram Finance Limited	Non Executive Independent Director
		M/s Sundaram Finance Holdings Limited	Non Executive Independent Director
		M/s Sundaram Brake Linings Limited	Non Executive Director
3.	Sri M S Viraraghavan	-	-
4.	Sri P Vijayaraghavan	-	-
5.	Sri H Janardana Iyer	-	-
6.	Sri V Ramakrishnan	-	-
7.	Sri Rasesh R Doshi	M/s India Motor Parts & Accessories Limited	Non Executive Independent Director
8.	Sri V Anantha Nageswaran	-	-

### Core Skills / Expertise / Competencies available with the Board

The Board comprises of qualified members who possess the required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board.

- Knowledge on Company's business & policy
- Behavioural skills
- Business strategy and decision making
- Governance and Regulations
- Financial and Management Skills
- Technical and Professional Skills

Core expertise of the individual Directors are given below:

Name of the Director	Area of expertise
Mr R Naresh	Technology and Engineering
Ms Shobhana Ramachandhran	Business Strategy & Administration
Mr M S Viraraghavan	Financial and Management; Governance and Regulatory
Mr P Vijayaraghavan	Sales and Marketing and Technical
Mr H Janardhana Iyer	Commercial; Financial and Management
Mr Rasesh R Doshi	Sales & Marketing, Financial and Management
Mr V Ramakrishnan	Business Strategy, Financial and Management
Mr V Anantha Nageswaran	Macro-economics; Capital Markets and Investment Strategy

### 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.tvseurogrip.com](http://www.tvseurogrip.com). All the Board Members and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March, 2020. A declaration to this effect signed by the Managing Director is annexed to this report.

### 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/ Chief Financial Officer and Secretary of the Company regarding compliance of all applicable laws on quarterly basis.

## REPORT ON CORPORATE GOVERNANCE

### Separate meeting of Independent Directors

The Independent Directors met on 10th February, 2020, 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

Company has adopted a Code of Conduct to regulate, monitor and report trading by designated persons as per SEBI (Prohibition of Insider Trading) Regulations, 2015. All the Directors and designated persons who could have access to unpublished price sensitive information of the Company are governed by the Code. An annual declaration was taken from the Directors and designated persons, as at the end of the year.

The Company follows closure of trading window for the end of every quarter till 48 hours after the declaration of financial results. The Company has been advising the designated persons covered by the Code not to trade in Company's securities during the closure of trading window period

## 3. Audit Committee

Roles and responsibility of Audit Committee

1. Effective Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance and effectiveness of audit process
8. Approval or any subsequent modification of transactions of the Company with related parties.

The Committee may make omnibus approval for related party transactions proposed to be entered into by the Company where the need cannot be foreseen and requisite details are not available subject to their value not exceeding Rs.1 crore per transaction.

In case any transaction involving any amount not exceeding rupees one crore is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and the director or concerned officer shall indemnify the Company against any loss incurred by the Company.
9. Scrutiny of inter-corporate loans and investments
10. Valuation of undertakings or assets of the Company, wherever it is necessary
11. Evaluation of internal financial controls and risk management systems

## REPORT ON CORPORATE GOVERNANCE

12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Whistle Blower mechanism.
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience & background etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding Rs 100 crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations.
22. The Audit Committee of a listed Company shall review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
23. The Chairperson of this committee shall be present at the Annual General Meeting of the Company.
24. The Committee shall meet at least four times in a year and not more than 120 days shall elapse between two meetings.
25. Such other roles and responsibilities as may be defined by the applicable laws.

### Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors
4. Internal Audit Reports relating to internal control weaknesses and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
6. 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) of SEBI LODR.
  - b. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI LODR.
7. Subsidiary Companies  
The Audit Committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary companies.
8. 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.

### 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 11th September, 2019.

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:

Meeting Date(s)

- 24.4.2019 - Except Mr M S Viraraghavan, all the members were present

- 22.5.2019 & 11.2.2020 - All the members were present

## REPORT ON CORPORATE GOVERNANCE

- 12.8.2019 & 12.11.2019 - Except Mr H Janardana Iyer, all the members were present  
Senior Management Personnel were also present at 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 11th September, 2019

Roles and responsibilities of Nomination and Remuneration Committee

1. 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;
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. Devising a policy on diversity of board of directors;
4. 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.
5. 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.
6. Recommend to the board, all remuneration, in whatever form, payable to senior management.
7. Shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
8. The Chairperson of this committee in his / her absence, shall appoint / authorise any other member of the Committee to attend the General Meeting of the Company.
9. The Committee shall meet at least once in a year.
10. Such other roles and responsibilities as may be defined by the applicable laws.

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

Meeting date(s)

- 22.5.2019 – All the members were present

- 12.11.2019 – Except Mr H Janardana Iyer, all the members were present

### 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 based on their attendance, participation in deliberations, understanding company's business and that of the industry and in guiding the Company in decisions affecting the business.

### 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 shall mean officers / personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the Chief Executive Officer / Managing Director / Whole Time Director / Manager (including Chief Executive Officer / Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

### Board Diversity

It will be the endeavor 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 intent, that the Company will be able to attract and retain Directors, Key Managerial Personnel, Senior Management and other employees of high caliber 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.

## REPORT ON CORPORATE GOVERNANCE

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 component. The fixed compensation shall comprise salary, allowances, perquisites, amenities and retirement benefits. The variable component shall comprise of commission.
- In determining the remuneration (including the fixed increment and commission) the NRC shall consider the following:
  - a. the relationship of remuneration and performance benchmarks is clear;
  - b. balance between fixed and commission payment reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
  - c. responsibility required to be shouldered by the Managing Director and the industry benchmarks and the current trends; the Company's performance vis-a-vis the annual budget achievement and individual performance vis-a-vis the KRAs / KPIs

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

### **1. Fixed Compensation**

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

### **2. Variable Compensation**

The Variable Compensation of an Executive will be paid based on performance for the year and that of the Company in the fiscal under consideration and shall be in addition to the Fixed Compensation. It is proposed that this will be up to 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.

## REPORT ON CORPORATE GOVERNANCE

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 Lakh per family per annum (for the coverage term). An Executive is also entitled to land telephone, cell and data card as per defined limits covered under the company's Personnel policies.

#### 3.2 Provident Fund, Superannuation & Gratuity

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

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

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

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

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

#### Implementation of the Policy

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

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

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(a) Name	(b) Sitting Fees paid [Rs. in lakhs]	(c) Commission paid [Rs. in lakhs]	(d) Total [Rs.in lakhs]	(e) No. of shares
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(a) Mr M S Viraraghavan	(b) 1.20	(c) 12.00	(d) 13.20	(e) 900
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(a) Mr P Vijayaraghavan	(b) 2.40	(c) 12.00	(d) 14.40	(e) 150
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(a) Mr H Janardhana Iyer	(b) 0.90	(c) 12.00	(d) 12.90	(e) Nil
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(a) Mr V Ramakrishnan	(b) 1.00	(c) 8.00	(d) 9.00	(e) Nil
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(a) Mr. Rasesh R Doshi	(b) 1.50	(c) 12.00	(d) 13.50	(e) Nil
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(a) Mr V Anantha Nageswaran	(b) 0.70	(c) 8.00	(d) 8.70	(e) Nil
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Particulars of remuneration paid to Executive Vice Chairman and Managing Director during the financial year 2019-2020:

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(a) Name	(b) Designation	(c) Salaries & Allowances	(d) Commission	(e) Perquisites	(f) Total [Rs. in lakhs]
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(a) Ms Shobhana Ramachandhran	(b) Managing Director	(c) 377.50#	(d) 122.00	(e) Nil	(f) 499.50;
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(a) Mr R Naresh	(b) Executive Vice Chairman	(c) 172.80	(d) 290.00	(e) Nil	(f) 462.80
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# includes contribution to Provident and 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:

Meeting Date(s) – 23.5.2019 and 13.11.2019

All the members were present

Roles and responsibilities of Stakeholders Relationship Committee

1. The Stakeholders Relationship Committee shall consider and resolve the grievances of security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate share certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
5. The Chairperson of this committee / any other member of the Committee authorised by him / her in his / her absence shall attend the Annual General Meeting / General Meeting of the Company.
6. The Committee shall meet at least once in a year.
7. Such other roles and responsibilities as may be defined by the applicable laws.

## REPORT ON CORPORATE GOVERNANCE

During the year, the Company has received one (1) complaint and the same have been redressed satisfactorily. All the queries and complaints received during the financial year ended 31st March, 2020 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 Ramachandran, 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:

Meeting date(s) – 22.5.2019, 12.8.2019 and 10.2.2020

All the members were present

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 and 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 and has established the necessary Vigil Mechanism providing a platform to all the directors, employees, vendors and customers to report any suspected or confirmed incident of fraud / misconduct. During the year, the Whistleblower Policy was amended in line with SEBI (prohibition of Insider Trading) (Amendment) Regulations, 2018 (the insider trading regulations) enabling employees to report any violations under the Insider Trading Regulations and leak of Unpublished Price Sensitive Information. The Company affirms that no personnel has been denied access to the Audit Committee. The policy is posted on Company's website ([www.tvseurogrip.com](http://www.tvseurogrip.com)).

During the year, no instance was reported under this policy

### 8. Subsidiary Companies

The Company does not have any material subsidiary in the immediately preceding accounting year. Accordingly, a policy on material subsidiary(s) has been formulated. The policy is hosted on the Company's website [www.tvseurogrip.com](http://www.tvseurogrip.com)

The Audit Committee of Directors reviews the financial statements of subsidiaries.

The minutes of the Board Meetings of unlisted subsidiary companies are 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 / AGM

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

Year – 2016-17, 2017-18 and 2018-19

Date and Time – 23.8.2017/11.00 AM, 27.9.2018/10.30 AM and 11.9.2019/10.30 AM

Location: Lakshmi Sundaram Hall, 15-A Gokhale Road, Madurai 625 002

One special resolution was put through in the year 2016-17

Four special resolutions were put through in the year 2017-18

No special resolution was put through in the year 2018-19

### 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 [www.tvseurogrip.com](http://www.tvseurogrip.com)

##### Disclosure of Accounting Treatment

The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing Financial Statements for the year 2019-20

## REPORT ON CORPORATE GOVERNANCE

### 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.

### Details of total fees paid to Statutory Auditors

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is a part are as follows

Rs. in Crore

Type of Service	2019-20
Audit Fees	0.34
Others	0.16
<b>Total</b>	<b>0.50</b>

### Sexual Harassment at workplace

During the year under review, the Company has not received any complaints in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

- Number of complaints filed during the Financial Year – Nil
- Number of complaints disposed off during the Financial Year – Nil
- Number of complaints pending as on end of the Financial Year - Nil

### List of Credit Rating

The Company has obtained rating from CRISIL and India Rating, during the year ended 31st March, 2020

Rating Agency	Rating
CRISIL (Commercial Paper Rating)	A1+
India Rating (Long Term Issuer Rating)	AA-

### Commodity Risk

Given that the commodity prices are volatile by the very nature, the Company has been effectively managing to mitigate the after effects of it by fine tuning its procurement policies.

On the volatility arising on account of foreign exchange price fluctuations, the Company has a well-defined written policy of hedging which is duly approved by the Board of Directors of the Company

### Recommendations of Committees to Board

During the financial year 2019-20, the Board has accepted all the recommendations of its Committees

### Certificate from Practicing Company Secretary

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this report as Annexure.

The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations

### CEO and CFO certification

The Managing Director (CEO) and the Chief Financial Officer (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, 2020.

### Compliance with mandatory / non-mandatory requirements

The Company has complied with all applicable mandatory requirements in terms 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.



## REPORT ON CORPORATE GOVERNANCE

### 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.tvseurogrip.com](http://www.tvseurogrip.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 : 16.9.2020 (Wednesday) Time : 10.00 AM Mode : Video Conference / Other Audio Visual Means (OAVM)
(b)	Financial Year	1 <sup>st</sup> April to 31 <sup>st</sup> March
	Financial reporting for the quarter ending	Financial calendar 2020-21 (tentative)
	30 <sup>th</sup> June 2020	Before 14 <sup>th</sup> August, 2020
	30 <sup>th</sup> September, 2020	Before 14 <sup>th</sup> November, 2020
	31 <sup>st</sup> December, 2020	Before 14 <sup>th</sup> February, 2021
	31 <sup>st</sup> March, 2021	Before 30 <sup>th</sup> May, 2021
(c)	Dividend Payment date	Interim dividend paid on 24.3.2020. No further dividend has been recommended.
(d)	Name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)	
	Name of the Stock Exchange	Stock code / Symbol
	BSE Ltd	509243
	National Stock Exchange of India Ltd	TVSSRICHA
	ISIN allotted by Depositories (Company ID Number)	INE421C01016
	Annual listing fees and custodial charges for the year 2019-20 were duly paid to the above Stock Exchanges and to the Depositories.	

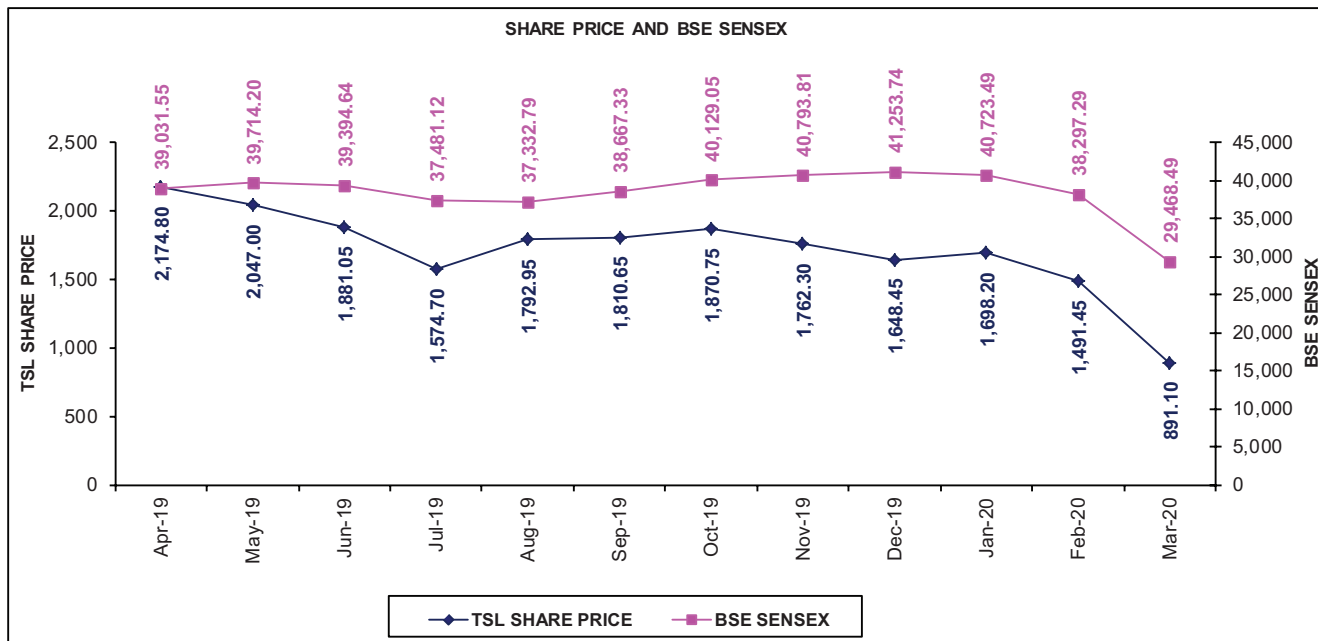
(f) market price data- high, low during each month in last financial year

Rupees

Month	BSE Ltd (BSE)		National Stock Exchange of India Ltd (NSE)	
	High	Low	High	Low
April 2019	2270.00	2157.00	2259.95	2165.00
May 2019	2195.00	2001.05	2249.00	2025.00
June 2019	2150.00	1766.00	2090.00	1800.00
July 2019	1939.00	1559.90	1939.00	1552.00
August 2019	1799.90	1470.00	1820.00	1470.00
September 2019	2059.65	1681.00	2046.80	1649.30
October 2019	1900.00	1661.00	1897.00	1700.30
November 2019	1948.00	1706.00	1915.00	1701.00
December 2019	1767.65	1545.00	1771.00	1588.80
January 2020	1862.75	1651.00	1866.00	1632.00
February 2020	1815.00	1460.00	1825.00	1481.00
March 2020	1580.00	760.00	1635.00	758.00

## REPORT ON CORPORATE GOVERNANCE

(g) performance in comparison to broad-based indices such as BSE sensex.



(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, is 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 – 28140802 – 803 Fax 044 – 28142479

Email [corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)

(i) Share Transfer System

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](mailto:Sec.investorgrievances@tvstyres.com); [Secretarial@tvstyres.com](mailto: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 their shareholdings, dividends, etc., at the address given in this report.

## REPORT ON CORPORATE GOVERNANCE

(j) Distribution of Shareholding

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
1 to 500	29262	97.58	1814526	23.70
501 to 1000	463	1.54	333335	4.35
1001 to 2000	147	0.50	212661	2.78
2001 to 3000	38	0.13	98618	1.29
3001 to 4000	13	0.04	43874	0.57
4001 to 5000	11	0.04	47795	0.62
5001 to 10000	15	0.05	107475	1.40
10001 & above	37	0.12	4998766	65.28
<b>Total</b>	<b>29986</b>	<b>100.00</b>	<b>7657050</b>	<b>100.00</b>

(k) Dematerialization of shares and liquidity

Out of 4183489 shares held by persons other than promoters, 3760121 shares have been dematerialized as on 31st March, 2020 accounting to 89.88%

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

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

As per Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules) read with Section 124 of the Act, intimations have been sent to shareholders concerned, requesting them to encash their unclaimed dividends failing which the unclaimed dividends and the corresponding shares held by them be transferred to IEPF Authority.

As required under Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs. The Company has transferred 11,166 equity shares, in respect of which dividend has not been claimed by the shareholders for seven consecutive years to the financial year ended 31st March, 2012, to the Investor Education and Protection Fund Authority (IEPF Authority) during the financial year 2019-20. Details of shares transferred have been uploaded on the website of IEPF as well as the Company's website [www.tvseurogrip.com](http://www.tvseurogrip.com)

### 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

Email : [Sec.investorgrievances@tvstyres.com](mailto:Sec.investorgrievances@tvstyres.com); [Secretarial@tvstyres.com](mailto:Secretarial@tvstyres.com)

Website : [www.tvseurogrip.com](http://www.tvseurogrip.com)

#### Compliance Officer

Mr. P Srinivasan, Secretary

TVS Srichakra Limited,

10 Jawahar Road, Madurai 625 002

Phone : 0452 – 2443300

Email id – [Srinivasan.P@tvstyres.com](mailto:Srinivasan.P@tvstyres.com)

## REPORT ON CORPORATE GOVERNANCE

### 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
3	105	-	-	3	105

#### 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 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 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, 2013 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
31.3.2013	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
31.3.2018	27.9.2018	26.10.2018	24.11.2025
31.3.2019	11.9.2019	11.10.2019	10.11.2026

**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

1. This Certificate is issued in accordance with the terms of our engagement letter dated 23rd March 2020.
2. We have examined the compliance of conditions of Corporate Governance by TVS Srichakra Limited ('the Company') for the year ended 31st March 2020, 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').

**Management's Responsibility**

3. The compliance of Corporate Governance is the responsibility of the Management. The responsibility includes the designing, implementing and maintaining operating effectiveness of internal controls to ensure compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations.

**Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express an opinion as to whether the Company has complied with the conditions of Corporate Governance as stated in the Paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the relevant records of the Company in accordance with the applicable Standards on Auditing, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI') and the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on the procedures performed by us and to the best of our information, according to the explanations provided to us and the representation made by the management, in our opinion, the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in the Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2020.
8. 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**

9. This certificate is addressed and provided to the Board of Directors of the Company solely for the purpose of complying with the aforesaid Regulations and may not be suitable for any other purpose. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

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

**T.V Balasubramanian**  
Partner

Chennai  
Date : 26.6.2020

Membership No. 027251  
UDIN: 20027251AAAAEF5546

## 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, 2020 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.

**B RAJAGOPALAN**  
CHIEF FINANCIAL OFFICER

Chennai  
Date: 26.6.2020

**SHOBHANA RAMACHANDHRAN**  
MANAGING DIRECTOR  
DIN : 00273837

Madurai  
Date: 26.6.2020

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### CERTIFICATE

The Shareholders

TVS Srichakra Limited

I, Shobhana Ramachandhran, Managing Director of the Company, hereby confirm that all the Members of your Board and the Senior Management Personnel of your Company, have confirmed the compliance to the Code of Conduct of the Company, during the year ended 31st March, 2020.

Madurai  
Date: 26.6.2020

**SHOBHANA RAMACHANDHRAN**  
MANAGING DIRECTOR  
DIN : 00273837

## **CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

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

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

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To,  
The Members

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of TVS SRICHAKRA LIMITED, having CIN: L25111TN1982PLC009414 and having registered office at TVS Building, No 7B, West Veli Street, Madurai- 625001 (hereinafter referred to as 'the company'), produced before me by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verification (including Directors Identification Number (DIN) status at the www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai  
Date : 26.06.2020

Signature: Sd/-  
Name: N Balachandran  
Designation : Company Secretary In Practice  
Membership No.: A5113 CP No.: 3200  
UDIN No: A005113B000384131

## BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2019 – 20

### Introduction

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

TSL presents its Business Responsibility Report (BRR) for the Financial Year 2019-20. The Report provides an overview of the initiatives taken by the Company from an environmental, social and governance perspective.

### 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.tvseurogrip.com			
5.	E-mail Id	<a href="mailto:Sec.investorgrievances@tvstyres.com">Sec.investorgrievances@tvstyres.com</a>			
6.	Financial Year reported	2019 – 20			
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Code	Description – As per National Industrial Classification 2008		
		Section C	Manufacturing		
		Division 22	Manufacture of Rubber & Plastic Products		
		Group 221	Manufacture of Rubber Products		
		Class 2211	Manufacture of Rubber Tyres & Tubes, Retreading and Rebuilding of Rubber Tyres		
8.	List three key products / services that the Company manufacture / provides (as in Balance Sheet)	Manufacture and sale of Automotive 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. Two at Madurai and One at Uttarkhand				
10.	Markets served by the Company	Local	State	National	International
		✓	✓	✓	✓

### Section B – Financial Details of the Company (as on 31.3.2020)

1.	Paid up Capital (INR in Crores)	7.66
2.	Total turnover (INR in Crores)	2052.24
3.	Total Profit After Taxes (INR in Crores)	84.42
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	4.30
5.	List of activities in which expenditure in 4 above has been incurred The major activities in which the above CSR expenditure has been incurred includes	
	<ul style="list-style-type: none"> <li>• Strengthening Village level organization</li> <li>• Intellectual Development</li> <li>• Health Care</li> <li>• Livelihood Enhancement</li> <li>• Environmental Development</li> <li>• Protection of National Heritage</li> <li>• Disaster Management</li> </ul>	

### Section C – Other Details

1.	Does the Company have any Subsidiary Company / Companies?
	Yes. Company has three subsidiaries, namely - TVS Srichakra Investments Limited - TVS Sensing Solutions Private Limited (formerly known as ZF Electronics TVS (India) Private Limited) - Fiber Optic Sensing Solutions Private 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 Companies 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



## BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2019 – 20

### 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 members of the Board of Directors and are responsible for implementation of CSR and BR Policies.

The Committee comprises of following Directors

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

\* Chairman

b) Details of the BR Head

Sl. No.	Particulars	Details
1	DIN	-
2	Name	Mr B Rajagopalan
3	Designation	Chief Financial Officer
4	Telephone No.	0452 2443300
5	E-mail ID	Rajagopalan.b@tvstyres.com

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

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

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

## BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2019 – 20

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 upto 2 options)

1.	The Company has not understood the principles	Not applicable
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles,	Not applicable
3.	The Company does not have financial or manpower resources available for the task	Not applicable
4.	It is planned to be done within next 6 months	Not applicable
5.	It is planned to be done within the next 1 year	Company will analyze the requirement of having separate policies for each one of the above and implement
6.	Any other reason (please specify)	Not applicable

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year  
Business Responsibility is being reviewed annually by the CEO and Sr Management and action taken as and when required.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published  
The Business Responsibility Report is available as part of the Annual Report. The Business Responsibility Report is published annually. The same can be reviewed at [www.tvseurogrip.com](http://www.tvseurogrip.com)

### SECTION E – Principle-wise performance

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

1. Does the policy relate to ethics, bribery, and corruption cover only the Company? Yes / No Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

TSL has in place a '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.

TSL also has in place a policy on Vigil Mechanism (Whistle Blower Policy) for the Directors and Employees of the Company to report their genuine concerns of grievances relating to actual or suspected fraud, unethical behaviour, violation of the Company's CoC or ethics policy and any other event which would adversely affect the interests of the business of the Company.

In the year 2019-20, 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.

2. 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 2019-20
Stakeholders	1
Customers	315

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

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities

We have continuously improved our technology and have developed compounds that use higher % of naturally available material. We have developed compounds with Low Rolling resistance aimed at reducing vehicle fuel consumption.

Our technology focus on path breaking innovations regarding naturally available nano materials wherein we have applied for a patent

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product (optional)

(a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year

TSL takes up continuous improvement plans to reduce the process scrap and achieved reduction in scrap compared to last year.

## BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2019 – 20

TSL takes up continuous improvement plans to reduce the Energy cost in its manufacturing process and achieved reduction in fuel cost by 8% compared to last year

The Company is also pursuing the TQM and LEAN manufacturing process

3. Does the Company have procedure in place for sustainable sourcing (including transportation)?  
(a) If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so  
Yes. The Company has suitable procedures as part of the vendor selection and vendor management process to promote sustainable sourcing. The Company strives to enlist vendors who have been certified to be compliant with environmental / social standards. Contractual obligations are stipulated regarding adherence with various regulatory requirements including environment protection. About 70% of our manufactured inputs (i.e. raw materials) are sourced from vendors who have been certified to be compliant with environmental / social standards. Transportation and logistics optimization is an on-going activity which helps to reduce related environmental impact.
4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?  
If yes, what steps have been taken to improve their capacity and capability of local and small vendors?  
Company has taken initiatives to source engineering consumables and spares through local vendors for execution of activities like servicing and maintenance of machines, mould repair, engineering correction jobs etc.,
5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%) Also provide details thereof, in about 50 words or so  
The solid waste that is generated (including product rejects) are systematically segregated and sold to scrap vendors who either recycle the same or find alternative uses for it. Almost all of the solid waste is disposed in this manner.

### **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 provision of regular medical check-ups and other benefits such as Group medical insurance and personnel accident policy for employees, 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 – more than 2800
2. Please indicate the total number of employees hired on temporary / contractual / casual basis - 2253
3. Please indicate the Number of permanent women employees - 31
4. Please indicate the Number of permanent employees with disabilities – Nil
5. Do you have an employee association that is recognized by management – Yes.
6. What percentage of your permanent employees is members of this recognized employee association? – 100%
7. 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
8. What percentage of your under mentioned employees were given safety & skill up-gradation training, in the last year?
  - A. Permanent Employees – 100%
  - B. Permanent Women Employees – 75%
  - C. Casual / Temporary / Contractual Employees – 100%
  - D. Employees with disabilities – Not Applicable

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

1. Has the Company mapped its internal and external stakeholders?  
Yes. 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.
2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?  
Yes. 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, prioritize, and address the needs and concerns of its stakeholders across businesses and units in a continuous, consistent, and systematic manner
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.  
The Stakeholders Relationship 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

## **BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2019 – 20**

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.

All the queries and complaints received during the financial year ended 31st March, 2020 were duly redressed satisfactorily and no queries were pending for resolution on this date and there were no unresolved complaints for other stakeholders.

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

1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The 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.,

2. How many stakeholder complaints have been received in the past financial year and what percent were satisfactorily resolved by the Management

There were no complaints on violation of human rights

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

1. Does the policy relate to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes. Your Company EOHS (Environment Occupational Health & Safety) Policy covers the manufacturing plant of the Company and scope extends to employees, contractors, suppliers and customers. Also the policy address compliance to legal, statutory, regulatory and customer specific requirements related to EOHS.

2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming etc.

Yes. Initiation to reduce emission and resource through various implementation of advance technology like Electro Static Precipitator (ESP), Three stage RO in effluent plant, Multiple Effect Evaporator (MEE) to ensure Zero Liquid Discharge (ZLD) etc.,

3. Does the Company identify and assess potential environmental risks?

Yes. As part of Environmental Management System (EMS), environmental risks are identified and assessed through environmental aspect and impact assessment form. Based on this Environmental Management Programs (EMP) are initiated are continuous ongoing activities

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

Yes. The Company has installed ESP in the boiler stacks which maintains the SPM level in the outgoing smoke within the prescribed level given by the TNPCB

Moreover, renewing the consent orders for Air and Water and ensuring the validity.

Hazardous waste disposal authorization also renewed up to 2024.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc.

Yes, Details are provided in Annexure 6 to the Directors Report

6. Are the Emission / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?

During the financial year 2019-20, relevant statutory reports were filed within the prescribed time limit to State PCB.

7. Number of show cause / legal notices received from CPOB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year

Nil

### **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.

The Company is a member of the following

- Confederation of Indian Industry (CII)
- Automotive Tyre Manufacturer Association (ATMA)

## **BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR 2019 – 20**

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**

1. Does the Company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof

The Company has constituted a Corporate Social Responsibility Committee. Based on the CSR Committee's recommendation, the Board has approved a CSR Policy. Details of the policy and the programmes undertaken are given in the CSR Report

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / Government structures / any other organization?

CSR programmes / projects of the Company are run by in-house team and external NGOs

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

The project activities are periodically reviewed by CSR Committee. Reports are sought from the implementing agencies to understand the impact of the initiatives.

4. What is your company's direct contribution to community development projects? Amount in INR and the details the projects undertaken

Details are given in Annexure 1 to Director's Report. During the financial year 2019-20, the Company has spent Rs.3.63 Cr on CSR initiatives.

5. Have you taken steps to ensure that this Community development initiative is successfully adopted by the Community? Please explain in 50 words or so

The Company's CSR projects have been primarily focused on skill development, health care projects, education & livelihood enhancement projects and disaster management. The Company has taken steps to conduct employee engagement and well-being programs like International Women's day, Founder's Day celebration, National safety week celebration, Quality month celebration

All these projects have achieved their objectives in terms of adoption by the Community

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

1. What percentage of customer complaints / consumer cases are pending as at the end of financial year?

Consumer case – one

Customer complaints - Nil

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Yes

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so

No Court case has been filed against the Company regarding unfair trade practices and / or irresponsible advertising during the last five years and pending as on end of financial year.

4. Did your Company carry out any consumer survey / consumer satisfaction trends?

Yes.

# INDEPENDENT AUDITORS' REPORT

To the Members of TVS Srichakra Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of TVS Srichakra Limited ("the Company"), which comprise the standalone Balance Sheet as at 31 March 2020, and the standalone statement of Profit and Loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter

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

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

#### 1. Revenue Recognition:

##### a. Description:

The Company recognizes revenue of sale of products on the following basis:

(i) OE Manufacturers:

Revenue is recognized only on delivery being made at the OE factory site

Price variance for the change in input costs is adjusted through debit / credit notes on the same after being approved by the concerned OE

(ii) After Market:

Sales to dealers in the after-market segment is accounted on despatch being effected from the depots.

Credit notes for schemes and discounts are estimated and accounted in the period when the sales revenue is recorded itself as a reduction from the revenue recognized. Actual credit notes issued are adjusted against such provisions made on a periodical basis.

Considering:

- the magnitude and high volume of sales transactions carried out, and
- estimation involved in price variance accounting as well as accruals for discounts and schemes;

revenue recognition was included as a key audit matter in the audit

##### b. Our response:

Our audit procedures included verification of existence, completeness, accuracy and cut-off for the sales transactions.

Our tests included performance of an understanding and evaluation of the internal controls over the revenue recognition and a validation of relevant controls.

The tests further covered the proper recognition of revenue through testing of samples of sales transactions, obtaining appropriate supporting evidence with specific attention to key contractual terms that regulate the various performance obligations.

## INDEPENDENT AUDITORS' REPORT

Our audit procedures included analytical review of sales transactions and accounting of revenue.

It also extended to performing confirmation procedures over trade receivables with the objective of validating trade receivable balances, testing samples of credit notes and year-end accruals.

### **Information Other than the Standalone Financial Statements and Auditors' Report Thereon**

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Directors' report, Management Discussion and Analysis Report (MDA), Report on Corporate Governance, Financial Highlights and Business Responsibility Report (BRR) but does not include the standalone financial statements and our auditors' report thereon.

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

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

## INDEPENDENT AUDITORS' REPORT

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The standalone Balance Sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) At this juncture, we are unable to comment whether the matter described in the Emphasis of Matter paragraph, may have an adverse effect on the functioning of the Company.
  - (g) With respect to the adequacy of the internal financial controls with reference to the standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements – Refer Note 41 to the standalone financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2020.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020
3. With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 20027251AAAAED1603

Place : Chennai

Date : 26th June 2020



## Annexure A

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

- (i) In respect of the Company's fixed assets:
- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification
  - According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date. In respect of assets taken on lease and disclosed as right of use assets in the standalone financial statements, the lease agreements are in the name of the Company as at Balance Sheet date.
- (ii) The inventory, except stocks lying with third parties, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.
- (iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under Section 189 of the Act and hence 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of making investments. The Company has not provided any guarantees or securities and not granted any loans under Section 185.
- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the Rules made there under and hence clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company as specified under Section 148(1) of the Act, for maintenance of cost records in respect of the products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not, made a detailed examination of cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Goods and Services Tax (GST), Cess and any other statutory dues as applicable with the appropriate authorities.  
According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Goods and Services Tax (GST), Cess and any other statutory dues were in arrears, as at 31 March 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, there are no dues of Income-tax, Sales Tax, Service tax, Goods and Services Tax (GST), Duty of customs, Excise duty and Value Added Tax as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute, except as stated below:

Name of the Statute	Nature of the dues	Period to which amounts relates	Forum where dispute is pending	Amount (Rs in crores) *
Central Excise Tax/Customs Act	Excise Duty	Various periods	Dy. Commissioner	0.04
		Various periods	Jt. Commissioner	0.20
		2012-13	High Court	8.95

Name of the Statute	Nature of the dues	Period to which amounts relates	Forum where dispute is pending	Amount (Rs in crores) *
Goods and Service Tax Act	GST	2017-18 & 2018-19	Asst. Commissioner	2.51
		2018-19	Jt. Commissioner	0.09
		2018-19 & 2019-20	State Tax Officer	0.11
Central Sales Tax Act; Tamil Nadu Value Added Tax Act	Sales Tax, VAT, CST	Various periods	Asst. Commissioner	11.02
		Various periods	Dy. Commissioner	0.08
		Various periods	Jt. Commissioner	0.03
		Various periods	Dy. Commissioner (Appeals)	0.03
		Various periods	Jt. Commissioner (Appeals)	0.51
		2010-2016	The Appellate Dy Commissioner (CT)	0.90

\* net of amounts paid under protest.

- (viii) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government or dues to debenture holders.
- (ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments). Amount raised by way of Term Loans during the year have been used for the purposes for which the funds have been raised.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment of shares or private placement of shares or fully or partly paid convertible debentures during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.
- (xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them.
- (xvi) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934. Accordingly, the provisions of clause (xvi) of the Order is not applicable.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 20027251AAAAED1603

Place : Chennai

Date : 26th June 2020

## **Annexure B**

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

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

We have audited the internal financial controls with reference to standalone financial statements of TVS Srichakra Limited ("the Company") as of 31 March 2020 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 and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditors' Responsibility**

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

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

### **Meaning of Internal Financial Controls with reference to standalone financial statements**

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

### **Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements**

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

### **Opinion**

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

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 20027251AAAAED1603

Place : Chennai

Date : 26th June 2020

## STANDALONE BALANCE SHEET AS AT 31ST MARCH 2020

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

Particulars	Note	As at 31-Mar-20	As at 31-Mar-19
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3	<b>625.06</b>	616.65
(b) Capital work-in-progress		<b>37.38</b>	33.24
(c) Other Intangible assets	4	<b>4.08</b>	5.57
(d) Right of Use Assets	5	<b>17.51</b>	-
(e) Intangible assets under development		<b>10.80</b>	0.61
(f) <b>Financial Assets</b>			
(i) Investments	6	<b>109.11</b>	106.93
(ii) Loans	7	<b>73.73</b>	75.89
(g) Income tax assets (net)		<b>9.27</b>	9.67
(h) Other non-current assets	8	<b>13.65</b>	47.63
<b>2 Current assets</b>			
(a) Inventories	9	<b>410.51</b>	488.75
(b) Financial Assets			
(i) Trade receivables	10	<b>196.98</b>	323.63
(ii) Cash and cash equivalents	11(a)	<b>1.61</b>	7.50
(iii) Bank balances other than (ii) above	11(b)	<b>9.52</b>	8.96
(iv) Others	12	<b>39.04</b>	41.18
(c) Other Current Assets	13	<b>51.23</b>	34.10
<b>TOTAL ASSETS</b>		<b>1,609.48</b>	1,800.31
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share capital	14	<b>7.66</b>	7.66
(b) Other Equity	15	<b>754.33</b>	735.49
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16 (a)	<b>123.88</b>	46.88
(ii) Other financial liabilities (other than those specified above)	17	<b>82.22</b>	84.35
(b) Provisions	18(a)	<b>9.54</b>	9.56
(c) Deferred tax liabilities (Net)	19	<b>32.99</b>	55.54
(d) Other Non-current liabilities	20	<b>4.48</b>	4.88
<b>2 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	<b>194.89</b>	362.69
Total outstanding dues of Micro and Small Enterprises	22	<b>0.69</b>	1.08
Total outstanding dues of creditors other than Micro and Small Enterprises	22	<b>210.63</b>	326.16
(ii) Other financial liabilities (other than those specified above)	23	<b>160.54</b>	154.72
(b) Other current liabilities	24	<b>23.49</b>	7.33
(c) Provisions	18(b)	<b>4.14</b>	3.97
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,609.48</b>	1,800.31
Significant Accounting Policies & Notes to Financial Statement	1-48		

**SHOBHANA RAMACHANDHRAN**

Managing Director  
DIN : 00273837

**R NARESH**

Executive Vice Chairman  
DIN : 00273609

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

Place: Madurai

Date: 26th June 2020

**T V BALASUBRAMANIAN**

Partner

Membership No. : 027251  
UDIN: 20027251AAAAED1603

**B RAJAGOPALAN**  
Chief Financial Officer

**P SRINIVASAN**  
Secretary

Place: Chennai

Date: 26th June 2020

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

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

Particulars	Note	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>I.</b> Revenue from operations	25	<b>2,052.24</b>	2,381.76
<b>II.</b> Other income	26	<b>9.48</b>	11.42
<b>III. Total Income (I + II)</b>		<b>2,061.72</b>	2,393.18
<b>IV. Expenses:</b>			
Cost of materials consumed	27	<b>1,186.22</b>	1,512.96
Purchase of Stock-in-trade		<b>0.66</b>	1.20
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	28	<b>(11.23)</b>	(66.34)
Employee benefits expense	29	<b>282.24</b>	273.42
Finance costs	30	<b>35.93</b>	34.50
Depreciation and amortization expense	46	<b>97.66</b>	82.83
Other expenses	31	<b>380.47</b>	401.31
<b>Total expenses</b>		<b>1,971.95</b>	2,239.88
<b>V.</b> Profit before exceptional items and tax (III-IV)		<b>89.77</b>	153.30
<b>VI.</b> Exceptional items		-	-
<b>VII.</b> Profit before tax (V - VI)		<b>89.77</b>	153.30
<b>VIII.</b> Tax Expense:			
(1) Current Tax		<b>27.75</b>	46.00
(2) Deferred Tax		<b>(22.40)</b>	4.13
<b>IX.</b> Profit for the year from continuing operations (VII-VIII)		<b>84.42</b>	103.17
<b>X.</b> Profit from discontinued operations		-	-
<b>XI.</b> Tax expense of discontinued operations		-	-
<b>XII.</b> Profit from discontinued operations (after tax) (X-XI)		-	-
<b>XIII.</b> Profit for the year (IX+XII)		<b>84.42</b>	103.17
<b>XIV.</b> Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
Gains on equity through Other Comprehensive Income		-	32.97
Remeasurement of Net Defined Benefit Liability/Asset		<b>(0.61)</b>	(2.25)
(ii) Income tax relating to items that will not be reclassified to profit or loss		<b>0.15</b>	(8.05)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>XV.</b> Total Comprehensive Income for the year (XIII+XIV)(Comprising Profit and Other Comprehensive Income for the year)		<b>83.96</b>	125.84
<b>XVI.</b> Earnings per equity share (for continuing operation):			
- Basic & Diluted (FV - ₹10 per share)	33	<b>110.25</b>	134.74
<b>XVII.</b> Earnings per equity share (for discontinued operation):			
- Basic & Diluted		-	-
<b>XVIII.</b> Earnings per equity share (for discontinued & continuing operations)			
- Basic & Diluted (FV - ₹10 per share)	33	<b>110.25</b>	134.74
Significant Accounting Policies & Notes to Financial Statement	1-48		

**SHOBHANA RAMACHANDHRAN**  
Managing Director  
DIN : 00273837

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

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

Place: Madurai  
Date: 26th June 2020

**B RAJAGOPALAN**  
Chief Financial Officer

**P SRINIVASAN**  
Secretary

**T V BALASUBRAMANIAN**  
Partner  
Membership No. : 027251  
UDIN: 20027251AAAAED1603

Place: Chennai  
Date: 26th June 2020

## STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	89.77	153.30
Adjustments for :		
Depreciation	97.66	82.83
Interest paid	35.93	34.50
Interest received	(3.20)	(11.42)
Loss/(Gain) due to Exchange rate Fluctuations	-	2.92
Advances Written off	-	0.16
Ind AS Adjustment - Leases	(9.65)	-
Bad Debts	-	0.91
Unrealized changes in Fair Value	(0.48)	(2.25)
Assets Condemned	-	0.12
	<b>120.27</b>	107.77
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>210.04</b>	261.07
Adjustments for :		
Trade Receivables	126.65	(80.84)
Other Receivables	44.34	(34.06)
Inventories	78.24	(157.22)
Trade and other payables	(133.24)	143.84
	<b>115.99</b>	(128.28)
Cash Generated From Operations	<b>326.03</b>	132.79
Direct taxes paid	<b>(28.15)</b>	(50.16)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>297.88</b>	82.62
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Assets	(136.42)	(118.95)
Investments Purchased	(2.18)	(6.00)
Interest received	3.20	11.42
Bank deposits	(0.55)	(0.12)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(135.95)</b>	(113.66)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(35.93)	(32.22)
Proceeds/ (Repayment) from short term borrowings	(167.80)	69.47
Proceeds/(Repayment) of long term borrowings	91.38	31.28
Dividend & Dividend tax paid	(55.47)	(36.63)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES: (C)</b>	<b>(167.82)</b>	31.91
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(5.89)</b>	0.87
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>7.50</b>	6.63
<b>CLOSING CASH AND CASH EQUIVALENTS (Refer Note 11(a))</b>	<b>1.61</b>	7.50
<b>Refer Note 16(b) for Net debt reconciliation</b>		

Significant Accounting Policies & Notes to Financial Statement

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**SHOBHANA RAMACHANDHRAN**

Managing Director  
DIN : 00273837

**R NARESH**

Executive Vice Chairman  
DIN : 00273609

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

Place: Madurai

Date: 26th June 2020

**T V BALASUBRAMANIAN**

Partner

Membership No. : 027251  
UDIN: 20027251AAAAED1603

**B RAJAGOPALAN**  
Chief Financial Officer

**P SRINIVASAN**  
Secretary

Place: Chennai

Date: 26th June 2020

## STANDALONE STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH 2020

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

(a) Equity share capital	Amount
<b>Particulars</b>	<b>7.66</b>
<b>Balance as at March 31, 2018</b>	<b>7.66</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2019</b>	<b>7.66</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2020</b>	<b>7.66</b>

### (b) Other Equity

Particulars	Reserves and Surplus				Equity Instrument through Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Account	General Reserve	Amalgamation Reserve		
<b>Balance as at March 31, 2018</b>	<b>0.01</b>	<b>0.93</b>	<b>31.01</b>	<b>0.46</b>	<b>9.35</b>	<b>646.60</b>
Total Comprehensive income for the year	-	-	-	-	25.67	22.67
Dividends including Dividend Distribution Tax	-	-	-	-	-	(36.93)
Transfer to Retained Earnings from Profit & Loss	-	-	-	-	-	103.17
<b>Balance as at March 31, 2019</b>	<b>0.01</b>	<b>0.93</b>	<b>31.01</b>	<b>0.46</b>	<b>35.01</b>	<b>735.49</b>
Total Comprehensive income for the year	-	-	-	-	-	(0.46)
Dividends including Dividend Distribution Tax	-	-	-	-	-	(55.47)
IND AS 116 - Transferred to Retained earnings	-	-	-	-	-	(9.65)
Transfer to Retained Earnings from Profit & Loss	-	-	-	-	-	84.42
<b>Balance as at March 31, 2020</b>	<b>0.01</b>	<b>0.93</b>	<b>31.01</b>	<b>0.46</b>	<b>35.01</b>	<b>754.33</b>

### SHOBHANA RAMACHANDHRAN

Managing Director  
DIN : 00273837

Place: Madurai  
Date: 26th June 2020

**B RAJAGOPALAN**  
Chief Financial Officer

Place: Chennai  
Date: 26th June 2020

### R NARESH

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As per our report of even date attached  
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### T V BALASUBRAMANIAN

Partner  
Membership No. : 027251  
UDIN: 20027251AAAAED1603

**P SRINIVASAN**  
Secretary



## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

### 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 BSE Limited and National Stock Exchange of India Limited. The Company is engaged in the business of two-wheeler, three-wheeler and other industrial tyre manufacturing.

The standalone financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 26, 2020.

### 2. Significant Accounting Policies

#### a) Basis of preparation

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

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

#### b) Statement of Compliance with Ind AS

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

#### c) Changes in Accounting Standards

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

- i. Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after April 1, 2019. The standard sets out principles for recognition, measurement, presentation, and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- ii. A number of other Accounting Standards have been modified on miscellaneous issues. Such changes include clarification/guidance on:
  - business combination accounting in case of obtaining control of a joint operation;
  - accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
  - income tax consequences in case of dividends;
  - accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
  - accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
  - accounting for prepayment features with negative compensation in case of debt instruments;
  - accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
  - accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

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

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

### e) **Functional and Presentation Currency**

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

The Financial Statements are presented in Indian Rupees which is company's presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest Crore (Cr) with two decimals except where otherwise indicated.

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

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

#### **Critical Judgments in applying accounting policies**

##### **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"). In 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**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

#### **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(v).

##### **ii. Provisions for liabilities and charges**

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

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

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

##### **iv. 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.

##### **v. Estimation of uncertainties relating to the global health pandemic from COVID-19:**

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventory, receivables, property, plant and equipment, right to use assets, intangible assets and investments.

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

The company, as at the date of the approval of these standalone financial statements, has performed evaluation of available information, considered sensitivity on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

### g) 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 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, 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.

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

### 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) 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. 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.

### h) Share capital and Dividend to Shareholders

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

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

### i) Property, Plant and Equipment

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

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

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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 or Loss.

### Depreciation

Depreciation is recognized in the Statement of Profit and Loss under straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Assets costing ₹5000 or below acquired during the year considered not material are depreciated in full retaining ₹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.

### j) Intangible assets

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

Research costs are expensed as incurred. Development expenditures on an individual project / New Product Development are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

### Subsequent expenditure

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

### Amortization of intangible asset with finite useful lives

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

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

### k) Impairment of Non-financial assets

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

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

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. Impairment losses recognized in respect of cash

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or group of units on a pro rata basis.

### **Reversal of impairment loss**

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

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

### **l) Leases**

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

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

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

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

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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

### **m) Inventories**

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

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

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

### **n) Provisions, Contingent Liabilities and Contingent Assets**

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

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

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

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

### **o) Revenue recognition**

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

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

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

### **Subsidies on export and other incentives**

Government Subsidies and incentives, in the nature of 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.

### **p) Employee benefits**

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

#### **i. Defined contribution plan (Provident Fund)**

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

#### **ii. Defined benefit plan (Gratuity)**

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

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

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

compensated absence in Statement of Profit or Loss as additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated based on actuarial valuations carried out by an independent actuary at the Balance Sheet date.

### q) **Finance Income and expense**

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

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

### r) **Borrowing costs**

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

### s) **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.

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 or deferred tax is set up in the books if the tax liability is with the Company.

### t) **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



## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### u) **Earnings per share**

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

### v) **Fair value measurements**

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

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

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

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

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

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

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

Level 3 - Unobservable outputs for the assets and liabilities

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

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

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

#### (i) **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**

Any lease deposits paid by the company to the lessors are discounted to its fair value and thereafter accounted on amortised cost method over the lease period.

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

### **(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 leases, the applicable rate of interest is determined by reference to incremental borrowings rate.

### **w) 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.

### **x) 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.

### **y) Segment Reporting**

Operating segments are identified and reported considering the different risks and returns, the organization structure and the internal reporting systems. The Company's business activity falls within a single reportable business segment, viz, Automotive Tyres, Tubes and Flaps.

### **z) Warranty**

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

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(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 ended Mar 31, 2020

Particulars	Original cost			Depreciation			Net book value	
	As at Apr 1, 2019	Additions during the year	Deletions during the year	As at Mar 31, 2020	For the year	Disposals	As at Mar 31, 2020	As at Mar 31, 2019
Freehold Land	42.38	0.09	-	42.47	-	-	-	42.38
Building	197.13	27.43	-	224.56	8.32	-	29.43	176.02
Plant and Machinery	432.06	39.18	0.23	471.01	53.94	0.23	194.19	291.58
Furniture and Fittings	10.05	6.84	-	16.89	1.13	-	3.86	7.32
Vehicles	1.69	0.02	-	1.71	0.19	-	0.75	1.13
Official equipment	14.30	7.49	0.09	21.70	3.80	0.09	10.67	7.34
Others (electrical)	156.24	16.34	-	172.58	21.60	-	86.96	90.88
<b>Total</b>	<b>853.85</b>	<b>97.39</b>	<b>0.32</b>	<b>950.92</b>	<b>88.98</b>	<b>0.32</b>	<b>325.86</b>	<b>616.65</b>

The following table presents the changes in PPE during the year ended Mar 31, 2019

Particulars	Original cost			Depreciation			Net book value	
	As at Apr 1, 2018	Additions during the year	Deletions during the year	As at Mar 31, 2019	For the year	Disposals	As at Mar 31, 2019	As at Mar 31, 2018
Freehold Land	38.85	3.53	-	42.38	-	-	-	38.85
Building	171.86	25.27	-	197.13	6.62	-	21.11	157.37
Plant and Machinery	367.72	65.66	1.32	432.06	46.35	1.27	140.48	272.32
Furniture and Fittings	8.08	2.14	0.17	10.05	0.98	0.11	2.73	6.22
Vehicles	1.32	0.46	0.09	1.69	0.17	0.07	0.56	0.86
Official equipment	12.36	3.50	1.56	14.30	3.19	1.56	6.96	7.03
Others (electrical)	147.07	9.20	0.03	156.24	22.65	0.02	65.36	104.34
<b>Total</b>	<b>747.26</b>	<b>109.76</b>	<b>3.17</b>	<b>853.85</b>	<b>79.96</b>	<b>3.03</b>	<b>237.20</b>	<b>586.99</b>

#### Note:

- Additions during previous year includes ₹3.53 crores of freehold land acquired via exchange of residential units to residents near the factory
- The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e. 1st April 2015 and hence the carrying amount (net block) as per previous GAAP on that date has been considered as Gross Block Refer below the Gross Block Value and Accumulated Depreciation on 1st of April 2015 under previous year

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	Gross Block as on 1.4.2015	Accumulated Depreciation as on 1.4.2015	Net Block as on 1.4.2015
Freehold Land	1.96	-	1.96
Buildings	87.82	16.06	71.76
Plant & Machinery	265.02	133.57	131.45
Furniture & Fittings	4.80	2.68	2.12
Vehicles	1.55	0.57	0.98
Office Equipments	6.92	3.83	3.09
Others (Electricals)	66.35	16.25	50.10
<b>Total</b>	<b>434.42</b>	<b>172.96</b>	<b>261.46</b>

### 4. Intangible assets

The following table presents the changes in Intangible Assets during the year ended Mar 31, 2020

Particulars	Original cost			Amortisation			Net book value		
	As at Apr 1, 2019	Additions during the year	Deletions during the year	As at Mar 31, 2020	As at Apr 1, 2019	For the year	Disposals	As at Mar 31, 2020	As at Mar 31, 2019
Computer software	14.36	1.35	-	15.71	8.79	2.84	-	11.63	5.57
License	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14.36</b>	<b>1.35</b>	<b>-</b>	<b>15.71</b>	<b>8.79</b>	<b>2.84</b>	<b>-</b>	<b>11.63</b>	<b>5.57</b>

The following table presents the changes in Intangible Assets during the year ended Mar 31, 2019

Particulars	Original cost			Amortisation			Net book value		
	As at Apr 1, 2018	Additions during the year	Deletions during the year	As at Mar 31, 2019	As at Apr 1, 2018	For the year	Disposals	As at Mar 31, 2019	As at Mar 31, 2018
Computer software	13.88	0.48	-	14.36	5.92	2.87	-	8.79	7.96
License	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13.88</b>	<b>0.48</b>	<b>-</b>	<b>14.36</b>	<b>5.92</b>	<b>2.87</b>	<b>-</b>	<b>8.79</b>	<b>7.96</b>

Note:

1. The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e. 1st April 2015 and hence the carrying amount (net block) as per previous GAAP on that date has been considered as Gross Block Refer below the Gross Block Value and Accumulated Depreciation on 1st of April 2015 under previous year

Particulars	Gross Block as on 1.4.2015	Amortisation as on 1.4.2015	Net Block as on 1.4.2015
Computer software	7.36	4.38	2.98
License	1.81	1.81	-
<b>Total</b>	<b>9.17</b>	<b>6.19</b>	<b>2.98</b>

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### 5. Right of Use Assets

Particulars	Plant & Machinery
<b>Cost</b>	
<b>As at 1st April 2019</b>	
Opening Adjustments (on transition)	23.35
Additions during the year	-
Deductions for the year	-
<b>As at 31st March 2020</b>	<b>23.35</b>
<b>Depreciation</b>	
<b>As at 1st April 2019</b>	
Opening Adjustments	-
Charge for the year	5.84
Deductions for the year	-
<b>As at 31st March 2020</b>	<b>5.84</b>
<b>Net Block</b>	
<b>As at 31st March 2020</b>	<b>17.51</b>

#### A. Impact of change in Accounting policy on account of adoption of IND AS 116 is as follows:

	Amount
Increase in Right of Use Assets	23.35
Increase in Depreciation	5.84
Decrease in Rental expense	8.25
Decrease in Retained earnings	9.65
Decrease in Deferred Tax Liabilities	2.27
Decrease in Prepaid expenses	33.01

#### B. Movement in Lease Receivable (Net of Liabilities):

	Amount
<b>As at 1st April 2019</b>	
Opening Adjustments (on transition)	1.21
Lease payments during the year	0.25
<b>As at 31st March 2020</b>	<b>1.46</b>
- Non Current	1.46
- Current	-

#### C. Amounts recognized in Statement of Profit and Loss:

Expense/(Income)	Amount
Depreciation expense of Right of Use Assets	5.84
Expense relating to short-term leases	0.77
Interest income on Net lease receivable	(0.40)
<b>Total recognized in Statement of Profit and Loss</b>	<b>6.21</b>

#### D. Exposure to future cash flows:

The Company has taken some plant & machinery on lease and following are the undiscounted contractual cash flows of lease liabilities (Net of receivables):

Maturity Analysis	Amount
Less than 1 year	0.25
Between 1 and 2 years	0.25
Between 2 and 5 years	(1.96)
More than 5 years	-
<b>Total</b>	<b>(1.46)</b>

#### Note:

The Company has adopted IND AS 116 "Leases", effective from April 1, 2019 as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules 2019, using modified retrospective method. On transition, the

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

adoption of new standard resulted in recognition of Right-Of-Use Asset and a lease receivable (net of lease liabilities, primarily arising out of advances recoverable at the end of lease term); Consequently ₹9.65 crores of prepaid lease rentals have been adjusted against retained earnings. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense over the lease term.

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Investment in equity of others - Unquoted</b>		
<b>Subsidiary:</b>		
TVS Srichakra Investments Ltd	10.05	8.05
25,96,373 equity shares (PY - 24,59,780 shares) of ₹10 each		
<b>Associate:</b>		
Van leeuwen Tyres and Wheels BV	0.09	0.09
15,000 equity shares (PY - 15,000 shares) of EURO 1 each		
<b>Others:</b>		
Sai Regency Power Corporation Private Limited	0.22	0.15
2,25,000 equity shares (PY - 1,50,000 shares) of ₹10 each		
Mytrah Vayu Manjira Private Limited	0.56	0.45
5,62,340 equity shares (PY - 4,49,840 shares) of ₹10 each		
Coromandel Electricity Private Limited	0.01	0.01
10,000 equity shares (PY - 10,000 shares) of ₹10 each		
TVS Automobile Solutions Private Limited	96.01	96.01
9,11,741 equity shares (PY - 9,11,741 shares) of ₹10 each		
<b>Other Investments - Deemed Equity</b>		
Fair valuation of equity option in convertible debentures issued by TVS Srichakra Investments Ltd.	2.26	2.26
<b>Total</b>	<b>109.20</b>	107.02
Less: Provision for diminution in value of investments	<b>(0.09)</b>	(0.09)
<b>Total</b>	<b>109.11</b>	106.93
Aggregate amount of unquoted investment	<b>106.94</b>	104.76
Aggregate amount of impairment in the value of investment	<b>(0.09)</b>	(0.09)

### 7. Loans - Non-current Financial Assets

Secured, Considered Good	-	-
<u>Unsecured, Considered Good:</u>		
Security Deposits	27.71	29.88
<u>Advance to Related Parties:</u>		
11% optional convertible debentures *	43.97	43.40
Other Loans	2.05	2.61
Loans which have significant increase in Credit Risk	-	-
Loans - Credit impaired	-	-
<b>Total</b>	<b>73.73</b>	75.89

\* Issued in two tranches (first issue in February, 2016 and second issue in March, 2016). Redeemable at the end of 59 months of issue if conversion option not exercised by then

### 8. Other non current assets

Capital advance	8.97	9.82
Prepaid expenses	-	34.21
Others	4.68	3.60
<b>Total</b>	<b>13.65</b>	47.63

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>9. Inventories</b>		
Valued at lower of Cost or NRV		
Raw material and components*	210.31	301.53
Work in progress	26.95	32.68
Finished goods*	159.29	142.28
Stock in trade	0.23	0.28
Stores and spares	13.72	11.98
<b>Total</b>	<b>410.51</b>	<b>488.75</b>
* Amount written down to NRV - ₹0.38 crores (PY - NIL)		
<b>10. Trade receivables</b>		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	196.98	323.63
Trade Receivables which have significant increase in Credit Risk	-	-
Trade Receivables - credit impaired	-	-
Less: Allowance for doubtful receivables	-	-
<b>Total</b>	<b>196.98</b>	<b>323.63</b>
<b>11. Cash and bank balances</b>		
<b>11(a) Cash and Cash Equivalents</b>		
a) Balance with banks		
(i) in current accounts	1.54	6.93
b) Cash on hand	0.07	0.57
(a)	<b>1.61</b>	<b>7.50</b>
<b>11(b) Other bank balances</b>		
(i) Bank deposits*	4.56	4.54
(ii) Unpaid dividend	4.96	4.42
(b)	<b>9.52</b>	<b>8.96</b>
* Balances in deposits accounts subject to lien in favour of banks for obtaining bank guarantees/letter of credits		
<b>12. Other financial assets</b>		
Interest Accrued on Debentures	5.00	5.00
Accrued Income	34.04	36.18
<b>Total</b>	<b>39.04</b>	<b>41.18</b>
<b>13. Other current assets (Unsecured, Considered good)</b>		
<b>(a) Advance other than capital advance:</b>		
<u>Other Advances:</u>		
Advances to suppliers	18.70	13.79
<b>Total (a)</b>	<b>18.70</b>	<b>13.79</b>
<b>(b) Others:</b>		
Balance with service tax and sales tax authorities	0.07	0.07
Prepaid expenses	4.45	2.51
Lease prepayments	0.37	0.37
GST Input Tax Credit (Net) available for set-off/refund	27.13	16.89
Others	0.51	0.47
<b>Total (b)</b>	<b>32.53</b>	<b>20.31</b>
<b>Total (a) + (b)</b>	<b>51.23</b>	<b>34.10</b>

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>14. Equity share capital</b>		
Authorised (1,00,00,000 equity shares (PY - 1,00,00,000 shares) at ₹10 each)	<b>10.00</b>	10.00
Subscribed and fully paid up (76,57,050 equity shares (PY - 76,57,050 shares) at ₹10 each)	<b>7.66</b>	7.66
<b>Total</b>	<b>7.66</b>	7.66
<b>14.1 Reconciliation of number of shares in the beginning and at end of the year</b>		
<b>FY 2019-20</b>	<b>Number of shares</b>	<b>Amount</b>
Balance as at the beginning of the year	76,57,050	7.66
Balance as at the end of the year	76,57,050	7.66
<b>FY 2018-19</b>	<b>Number of shares</b>	<b>Amount</b>
Balance as at the beginning of the year	76,57,050	7.66
Balance as at the end of the year	76,57,050	7.66
<b>14.2 Shareholding more than 5 % of the shares of the Company</b>		
<b>Name of the Company</b>		
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
<b>14.3 Rights, preferences and restrictions attached to shares -</b>		
Equity shares - The Company has one class of equity shares having a par value of ₹10/- each. Each share holder 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.		
<b>14.4</b> Shares held by holding / ultimate holding and / or their subsidiary / associates - NIL		
<b>14.5</b> The Company does not have any outstanding shares issued under options.		
<b>14.6</b> The Company does not have any bonus share issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date (31st March, 2020).		
<b>15. Other equity</b>		
Reserves and surplus		
Securities premium	<b>0.93</b>	0.93
General reserve	<b>31.01</b>	31.01
Capital reserve	<b>0.01</b>	0.01
Amalgamation Reserve	<b>0.46</b>	0.46
Retained Earnings		
Opening balance	<b>668.07</b>	604.84
Profit for the year	<b>84.42</b>	103.17
Remeasurement of DBO	<b>(0.46)</b>	(3.00)
Final Dividends paid	<b>(30.63)</b>	(30.63)
Dividend Distribution tax paid on Final dividend	<b>(6.30)</b>	(6.30)
Interim Dividends paid	<b>(15.38)</b>	-
Dividend Distribution tax paid on Interim dividend	<b>(3.16)</b>	-
Impact of IND AS 116 - Lease Rentals	<b>(9.65)</b>	-
Closing balance	<b>686.91</b>	668.07
<b>Gains on Equity instruments through Other Comprehensive Income</b>		
Opening Balance	<b>35.01</b>	9.35
Fair Valuation of Investments	-	25.67
Closing Balance	<b>35.01</b>	35.01
<b>Total</b>	<b>754.33</b>	735.49



## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>16 (a) Borrowings - Non current</b>		
<b>Term loans</b>		
<b>Secured</b>		
From banks - HDFC	46.88	50.00
From banks - SBI	94.50	-
Less: Amount Transferred to Current Maturities	(17.50)	(3.12)
<b>Total</b>	<b>123.88</b>	46.88

### Additional Information :

#### Details of Security for Secured Loans:

- A) Term Loan Availed from HDFC Bank - ₹50 crores is repayable over 5 years including 12 months of moratorium with an interest rate of 9% p.a.. Loan is secured by exclusive first charge on the assets purchased out of the term loans.
- B) Term Loan from State Bank - ₹94.50 crores is repayable over 6 years including 12 months of moratorium with an average interest rate of 8% p.a. Loan is secured by hypothecation of Specific Plant & Machinery located at Vellaripatti Village, Madurai.

### 16(b) NET DEBT RECONCILIATION

Cash and Bank Balances	1.61	7.50
Current Borrowing (Working Capital Loan & Term Loan)	(194.89)	(362.69)
Non - Current Borrowing plus Current maturities of long term debt*	(142.80)	(52.61)
<b>Total</b>	<b>(336.08)</b>	(407.80)

Particulars	Other Assets		Borrowings		Total Net borrowings
	Cash and Bank Balances	ECB Swap Derivative	Current Borrowing (Working Capital Loan)	Non - Current Borrowing plus current maturity of long term debt*	
<b>Net (debt)/ Cash and Bank Balances as at 1st April 2019</b>	7.50	-	(362.69)	(52.61)	(407.80)
<b>Cash Flows</b>					
Increase/(Decrease) in cash and cash equivalents	(5.89)	-	-	-	(5.89)
Borrowings	-	-	167.80	(94.50)	73.30
Repayment/Receipt	-	-	-	4.31	4.31
Interest expense	-	-	(22.42)	(4.54)	(26.96)
Interest paid	-	-	22.42	4.54	26.96
<b>(Net debt)/ Cash and Bank Balances as at 31st March 2020</b>	1.61	-	(194.89)	(142.80)	(336.08)

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 2018	15.47	3.48	(293.22)	(19.05)	(293.32)
<b>Cash Flows</b>					
Increase/(Decrease) in cash and cash equivalents	(7.97)	-	-	-	(7.97)
Borrowings	-	-	(69.47)	(50.00)	(119.47)
Repayment	-	-	-	16.53	16.53
Utilization of derivative instrument for loan repayments	-	(3.48)	-	-	(3.48)
Interest expense	-	-	(22.14)	(1.34)	(23.48)
Interest paid	-	-	22.14	1.25	23.39
<b>(Net debt)/ Cash &amp; Cash Equivalents as at 31 March 2019</b>	7.50	-	(362.69)	(52.61)	(407.80)

\*Includes accrued interest

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>17. Other Financial Liabilities</b>		
Security deposit	82.22	84.35
<b>Total</b>	<b>82.22</b>	<b>84.35</b>
<b>18. Provisions</b>		
<b>18(a) Non Current provisions for employee benefits</b>		
Gratuity	0.97	1.28
Compensated absences	8.57	8.28
(a) <b>Total</b>	<b>9.54</b>	<b>9.56</b>
<b>18(b) Current provisions for employee benefits</b>		
Gratuity	2.96	2.82
Compensated absences	1.18	1.14
(b) <b>Total</b>	<b>4.14</b>	<b>3.96</b>
<b>19. Deferred Tax Liability (Net)</b>		
a) On Account of Depreciation on Fixed Assets	31.33	51.83
b) On account of timing Differences in Recognition of Expenditure	(3.21)	(4.34)
c) On Account of Amortisation of Right of Use Assets	(2.27)	-
d) On account of Ind AS fair value adjustments	7.14	8.05
<b>Total</b>	<b>32.99</b>	<b>55.54</b>
<b>20. Other non current liabilities</b>		
Deferred Government Grant (Capital Subsidy)	0.21	0.24
Deferred Income	4.27	4.64
<b>Total</b>	<b>4.48</b>	<b>4.88</b>
<b>21. Borrowings (Current)</b>		
<b>Secured</b>		
Loans repayable on demand from banks	194.89	312.69
<b>Unsecured</b>		
Loans repayable on demand from banks	-	50.00
<b>Total</b>	<b>194.89</b>	<b>362.69</b>
* Current year - Net of debit balance of ₹76.89 crores in Cash credit account		
<b>Additional Information :</b>		
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 purchased out of the term loans including: (1) EM of Lease hold rights over 28424 Sqmt plot of land, Plot No. 7, Sector I, Industrial Area, I.I.E, Pant Nagar, Uttam Singh Dist and buildings thereon, Uttrakhand belonging to the company and (2) EM over Land [1.90 acres] and Buildings at S No. 519 / 1B 2 Narasingampatti Village, Therkuthuru, Melur Taluk, Madurai District belonging to the company.		
<b>22. Trade payables</b>		
Towards purchase of goods and services		
i) To Micro and Small Enterprises (Refer Note 42)	0.69	1.08
ii) Others	210.63	326.16
<b>Total</b>	<b>211.32</b>	<b>327.24</b>
<b>23. Other financial liabilities</b>		
Capital creditors*	16.69	25.37
Current maturities of long term debt	17.50	3.12
Interest accrued but not due on borrowings	1.42	2.61
Unpaid dividends	4.96	4.42
Other creditors	119.97	119.20
<b>Total</b>	<b>160.54</b>	<b>154.72</b>
* includes ₹NIL (PY - ₹2.80 crores) of dues to Micro and Small Enterprises		

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>24. Other current liabilities</b>		
Advances from customers	9.12	3.49
Statutory payables	14.37	3.84
<b>Total</b>	<b>23.49</b>	<b>7.33</b>
<b>25. Revenue from operations</b>	<b>Year ended 31.3.2020</b>	<b>Year ended 31.3.2019</b>
Sale of products (Net of Commissions & Discounts)	2,047.13	2,375.36
Other Operating Revenue	5.11	6.40
<b>Total</b>	<b>2,052.24</b>	<b>2,381.76</b>
<b>26. Other income</b>		
Interest income from Bank Deposits	0.39	0.47
Interest - Others	2.81	3.55
Provision for Liability no longer required written back	-	7.01
Exchange Rate Fluctuation gain (Net)	0.40	-
Miscellaneous income	5.88	0.39
<b>Total</b>	<b>9.48</b>	<b>11.42</b>
<b>27. Cost of materials consumed</b>		
Opening Stock	301.53	213.90
Add : Purchase (includes processing charges Rs 70.10 Cr (Previous year Rs 92.05 Cr)	1,095.00	1,600.59
<b>Sub-Total</b>	<b>1,396.53</b>	<b>1,814.49</b>
Less Closing Stock	210.31	301.53
<b>Cost of Materials consumed</b>	<b>1,186.22</b>	<b>1,512.96</b>
<b>28. Changes in inventories of Finished Goods Work-in-Progress and Stock-in-Trade</b>		
Opening Stock of Finished goods & Traded goods	142.56	93.38
Opening Stock of Work in progress	32.68	15.53
Closing Stock of Finished goods & Traded Goods	159.52	142.56
Closing Stock of Work in progress	26.95	32.68
(Increase) / Decrease in Finished goods & Traded Goods	(16.96)	(49.19)
(Increase) / Decrease in Work in progress	5.73	(17.15)
<b>Total (Increase) / Decrease in Stock</b>	<b>(11.23)</b>	<b>(66.34)</b>
<b>29. Employee benefit Expenses</b>		
(a) Salaries and wages	240.78	223.02
(b) Contributions to -		
(i) Superannuation Fund	0.97	0.95
(ii) Gratuity fund contributions *	2.59	2.31
(iii) Provident Fund and other funds	13.08	13.07
(c) Remuneration to Whole time directors	9.62	13.37
(d) Staff welfare expenses **	15.20	20.71
<b>Total</b>	<b>282.24</b>	<b>273.42</b>
* Excludes Actuarial Gain/Loss on account of Gratuity.		
** Excludes Actuarial Gain/Loss on account of Compensated absence		
<b>30. Finance costs</b>		
Interest expense	35.63	34.13
Other borrowing cost (including letter of credit and bill discounting charges)	0.30	0.37
<b>Total</b>	<b>35.93</b>	<b>34.50</b>

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>31. Other expenses</b>		
Consumption of Stores & Spares	49.17	54.49
Power & Fuel	90.04	99.78
Repairs to building	2.72	2.85
Repairs to machinery	17.76	13.43
Repairs Others	0.07	2.33
Insurance	5.64	4.91
Rates & taxes	6.60	10.76
Telephone & Internet Charges	1.04	1.07
Travelling Expense	11.48	15.88
Exchange Rate Fluctuation Loss (Net)	-	2.92
Bank charges	1.45	1.46
Advertisement and sales Promotion	58.36	31.21
CSR Activities (Refer Note 43)	3.63	4.43
Freight Out	72.61	85.71
Advance written off	-	0.16
Bad Debts	-	0.91
Assets condemned	-	0.12
Commission to non Whole time directors	0.64	0.81
Director's sitting fees	0.08	0.10
Rent & Lease rentals	16.49	22.00
Auditor's Remuneration (Refer Note 45)		
a) Audit fees	0.25	0.25
b) Others	0.15	0.11
Donation	0.02	0.30
Consultancy	30.09	29.21
Warranty Claims (Refer Note 36)	8.90	12.11
Other expenses	3.28	4.00
<b>Total</b>	<b>380.47</b>	<b>401.31</b>
<b>32. Reconciliation of effective tax rates</b>		
A reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income taxes to the income before taxes is summarised below:		
Profit before taxes	89.77	153.30
Enacted tax rates in India (Refer Note below)	25.17%	34.94%
Expected tax expense/(benefit)	22.60	53.57
<u>Items leading to difference in Effective Rate compared to Statutory Rate :</u>		
Effect of Income tax exemption benefit u/s.80IC of the Income Tax Act with respect to Uttarakhand Plant	-	(4.19)
Additional tax benefit on account of Research & Development (Income & Expenditure)	-	(6.76)
Other Impacts due to permanent allowances/disallowances as per IT Act	0.54	2.45
Effect of tax rate change	(13.28)	-
Effect of Excess Provision maintained	-	0.93
Others	(4.50)	4.14
<b>Tax Expense as per P&amp;L</b>	<b>5.35</b>	<b>50.13</b>
<b>Tax Charged to Other Comprehensive Income for</b>		
Net loss/(gain) on remeasurement of Defined Benefit Plans	0.15	(8.05)

**Note:** The Taxation Laws (Amendment) Ordinance 2019 inserted S.115BAA under Income Tax Act, 1961 which provides domestic companies with a non-reversible option to opt for lower tax rate of 22% provided they do not claim certain deductions. On evaluating the options, the Company has decided to adopt the new tax structure from current financial year.

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>33. Details of Earnings Per Share</b>		
Profits for the Year	84.42	103.17
Number of Equity Shares (Nos.)	7,657,050	7,657,050
Face Value of Shares (In Rupees)	10	10
Basic and Diluted Earnings per Share (In Rupees)*	110.25	134.74
* There are no potential dilutive equity shares		
<b>34. Employee benefit Liabilities</b>		
<b>- Compensated Absences</b>		
Service cost	2.38	2.33
Interest cost	0.56	0.54
Actuarial (gain)/loss	(0.79)	0.41
Project benefit obligation at the end of the year	9.75	9.42
<b>- Gratuity</b>		
<b>Present Value of Defined Benefits</b>	32.40	28.00
Service cost	2.40	2.15
Interest cost	2.07	2.11
Actuarial (gain)/loss	1.57	1.77
Benefits paid	(2.79)	(1.63)
Project benefit obligation at the end of the year	35.65	32.40
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	28.30	25.09
Interest income	1.93	1.99
Employers contribution	4.11	2.91
Benefits paid	(2.79)	(1.63)
Actuarial gain/(loss)	0.17	(0.06)
Fair value of plan assets at the end of the year	31.72	28.30
<b>Amount recognised in balance sheet</b>		
Present value of projected benefit obligation at the end of the year	35.65	32.40
Fair value of plan assets at the end of year	31.72	28.30
Funded status amount of liability recognised in balance sheet	3.93	4.10
<b>Expense recognised in statement of profit or loss</b>		
Service cost	2.40	2.15
Interest cost	2.07	2.11
Interest income	(1.93)	(1.99)
Net gratuity cost	2.54	2.26
Actual return on plan asset	2.11	1.93
<b>Summary of actuarial assumptions</b>		
Discount rate	6.68%	7.75%
Expected rate of plan assets	6.68%	7.75%
Salary escalation rate	4.00%	5.00%
Attrition rate	5.00%	5.00%
Discount rate - based on prevailing market yields of Indian Government securities as at the Balance Sheet date for estimated term of obligations expected rate of return on plan assets - expectation of the average long term rate of return expected on investment of the funds during the estimated terms of the obligations salary escalation rate - estimates of future salary increases considered taken into account the inflation, seniority, promotion and other relevant factors contributions - the company expects to contribute ₹3.93 Crores to its gratuity fund during the year ending Mar 31, 2021. The expected cash flows over the next few years are as follows:		
Within 1 year	2.16	1.91
2 to 5 years	9.61	8.70
6 to 10 years	9.34	8.74
more than 10 years	14.54	13.04

Sensitivity analysis of significant actuarial assumption

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars - Gratuity	31-Mar-20	
	% inc/dec in DBO	Liability (Rs in Crores)
Discount Rate + 100 basis points	-8.01%	32.79
Discount Rate - 100 basis points	9.26%	38.95
Salary growth rate + 100 basis points	9.26%	38.95
Salary growth rate - 100 basis points	-8.13%	32.75
Attrition Rate + 100 basis points	1.55%	36.20
Attrition Rate - 100 basis points	-1.73%	35.03
Mortality Rate 10% Up	0.06%	35.67

Particulars - Gratuity	31-Mar-19	
	% inc/dec in DBO	Liability (Rs in Crores)
Discount Rate + 100 basis points	-7.89%	29.84
Discount Rate - 100 basis points	9.09%	35.34
Salary growth rate + 100 basis points	9.05%	35.33
Salary growth rate - 100 basis points	-7.96%	29.82
Attrition Rate + 100 basis points	1.49%	32.88
Attrition Rate - 100 basis points	-1.66%	31.86
Mortality Rate 10% Up	0.06%	32.42

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.

## 35. 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.

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Exports	203.08	242.38
Domestic	1,844.05	2,132.98
<b>Total</b>	<b>2,047.13</b>	<b>2,375.36</b>

## 36. Movement in provision for product warranty

Opening Balance	8.71	8.71
Add: Provided during the year	8.90	12.11
Less: Claims made	(8.76)	(12.11)
<b>Closing Balance</b>	<b>8.85</b>	<b>8.71</b>

The estimated provision takes into account historical information frequency and average cost of warranty claims and the estimated future incidence of claims.

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### 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 transaction during the years 2019-20 and 2018-19 as follows:

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

T V Sundram Iyengar & Sons Private Limited (holds more than 10% shareholding)

Sundaram Industries Private Limited

TVS Supply Chain Solutions Limited (formerly known as TVS Logistics Services Limited)

TVS Dynamic Global Freight Services Ltd

TVS Auto Bangladesh

SI Air Springs Private Limited (formerly known as Firestone TVS Private Limited)

ZF India Private Limited (upto 03.06.2018)

ZF Friedrichshafen AG (upto 03.06.2018)

ZF Electronics Systems Pleasant Prairie LLC, USA (upto 03.06.2018)

ZF Electronics UK Limited (upto 03.06.2018)

ZF Electronics (Zhuhai) Company Limited (upto 03.06.2018)

TVS Automobile Solutions Private Limited

#### **Subsidiaries**

TVS Srichakra Investments Ltd.,

TVS Sensing Solutions Pvt. Ltd. (formerly known as ZF Electronics TVS (India) Pvt Ltd ) (w.e.f. 04 June 2018)

Fiber Optic Sensing Solutions Pvt. Ltd. (incorporated on 08 August 2019)

#### **Associates**

VanLeeuwen Tyres & Wheels B.V.Holland

#### **Joint venture**

TVS Sensing Solutions Pvt. Ltd. (formerly known as ZF Electronics TVS (India) Pvt Ltd ) (till 03 June 2018)

#### **Key Management Personnel/ Relative of KMP's**

Sri R Naresh, Executive Vice Chairman

Ms Shobhana Ramachandran, CEO & Managing Director

Sri R Haresh (Chairman/Director, M/s TVS Sensing Solutions Private Limited)

#### **Independent and Non-Executive Directors**

Sri M S Viraraghavan

Sri P Vijayaraghavan - Non-Independent Non-Executive Director

Sri H Janardana Iyer

Sri V Ramakrishnan

Sri Rasesh R Doshi

Sri A Arumugam (till 23rd Dec 2018)

Sri Anantha Nageswaran (wef 13th Nov 2018)

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### b) Related party transaction and balance as at reporting period

Transactions for the year and balance as at Mar 31, 2020 were as follows:

Particulars	Entity with significant influence and its subsidiaries, associates and joint venture	Subsidiaries	Key Management Personnel	Independent and Non-Executive Directors
Purchase of Goods	1.66	0.45	-	-
Sale of goods	12.33	-	-	-
Receipt of Services	37.82	-	-	-
Lease rent paid	-	0.18	0.05	-
Salaries and other benefits	-	-	5.50	-
Sitting fees	-	-	-	0.08
Commission	-	-	4.12	0.64
Reimbursement of expenses received	-	0.12	-	-
Interest income on OCD	-	0.57	-	-
Investments	-	2.00	-	-
TDS on securities (OCD)	-	0.54	-	-
<b>Amount Receivable</b>	<b>3.07</b>	<b>0.58</b>	-	-
<b>Amount Payable</b>	<b>4.47</b>	<b>0.06</b>	<b>4.12</b>	<b>0.64</b>
<b>OCD due from Subsidiary (including interest due)</b>	-	<b>48.97</b>	-	-

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

Transactions for the year and balance as at Mar 31, 2019 were as follows:

Particulars	Entity with significant influence and its subsidiaries, associates and joint venture	Subsidiary	Key Management Personnel	Independent and Non-Executive Directors
Purchase of Goods	3.16	-	-	-
Sale of goods	18.42	-	-	-
Receipt of Services	11.51	-	-	-
Lease rent paid	-	0.18	0.05	-
Salaries and other benefits	-	-	4.98	-
Sitting fees	-	-	-	0.10
Commission	-	-	8.39	0.81
Rent paid	-	-	-	-
Canteen recovery from JV	-	0.03	-	-
Investments	-	6.00	-	-
<b>Amount Receivable</b>	<b>7.57</b>	<b>0.51</b>	-	-
<b>Amount Payable</b>	<b>4.48</b>	-	<b>8.39</b>	<b>0.81</b>
<b>OCD due from Subsidiary (including interest due)</b>	-	<b>48.41</b>	-	-

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. The gains or losses arising from changes in the fair value of the derivative contracts are recognized in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2020 and March 31, 2019 are given below:



## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	Currency	As at 31-Mar-20	As at 31-Mar-19
Forward contracts (Sell)	USD	<b>74,58,428</b>	1,25,95,442
	Euro	<b>14,237</b>	70,110
Forward contracts (Buy)	USD	<b>13,79,520</b>	25,19,947
	Euro	<b>8,73,468</b>	17,37,070
Gain/(loss) mark to market in respect of forward contracts outstanding	Rupees in Crores	<b>0.54</b>	(1.81)

All open forward exchange contracts mature within three to nine months from the balance sheet date.

### b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at Mar 31, 2020 was as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
<b>Asset</b>			
Investment in Others	-	-	96.80
Investment in Subsidiaries	10.05	-	-
Investment in Optionally Convertible Debentures	46.23	-	-
Employee advances	2.05	-	-
Security Deposits	27.71	-	-
Trade Receivables	196.98	-	-
Cash and Bank Balances	11.12	-	-
Interest accrued on debentures	5.00	-	-
Accrued income	34.04	-	-
<b>Liabilities</b>			
Loans from Banks	336.27	-	-
Interest accrued but not due	1.42	-	-
Security Deposits	82.22	-	-
Trade payables	211.32	-	-
Capital Creditors	16.69	-	-
Other Creditors	119.97	-	-
Unpaid Dividends	4.96	-	-

The carrying value and fair value of financial instruments by each category as at Mar 31, 2019 was as follows:

<b>Asset</b>			
Investment in Others	-	-	96.62
Investment in Subsidiary and Associate	8.05	-	-
Investment in Optionally Convertible Debentures	45.66	-	-
Employee advances	2.61	-	-
Derivative Asset on ECB Loan Swap	-	-	-
Security Deposits	29.88	-	-
Trade Receivables	323.63	-	-
Cash and Bank Balances	16.46	-	-
Interest accrued on debentures	5.00	-	-
Accrued income	36.18	-	-
<b>Liabilities</b>			
Loans from Banks	412.69	-	-
Interest accrued but not due	2.61	-	-
ECB Loan	-	-	-
Security Deposits	84.35	-	-
Trade payables	327.24	-	-
Capital Creditors	25.37	-	-
Other Creditors	119.20	-	-
Unpaid Dividends	4.42	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Details of financial assets pledged as collateral :

Carrying amount of financial assets as at Mar 31, 2020 and 2019 that the Company has provided as a collateral for obtaining borrowing and other facilities from the bankers are as follows :

Particulars	As at 31-Mar-20	As at 31-Mar-19
Fixed Deposits	4.56	4.54

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

Particulars	As at 31-Mar-20		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Investment in Others	-	96.01	0.79

Particulars	As at 31-Mar-19		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Investment in Others	-	96.01	0.61

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 31-Mar-20	Year ended 31-Mar-19
(a) Financial assets at amortised cost		
Interest income on bank deposits	0.39	0.47
Interest income on loans	0.86	0.99
(b) Financial liabilities at amortised cost		
Interest expenses on borrowings from banks, others and overdrafts	35.93	34.50
(c) Financial asset at FVTPL		
Net gain/(losses) on fair valuation on derivative financial instruments	-	0.18
(d) Financial asset at FVTOCI		
Net gain/(losses) on fair valuation of investments	-	32.97

## 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.

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31-Mar-20	As at 31-Mar-19
Long term borrowings		
- Upto 1 Year	17.50	3.12
- 1 to 3 Years	123.88	50.00
Short term borrowings		
- Upto 1 Year	194.89	312.69
Trade Payable		
- Upto 1 Year	211.32	327.24
Security Deposits from Customer		
- 1 to 3 Years	10.22	12.35
- More than 3 Years	72.00	72.00
Capital creditors		
- Upto 1 Year	16.69	25.37
Other Financial Liabilities		
- Upto 1 Year	126.35	126.23
<b>Total</b>	<b>772.86</b>	<b>929.00</b>

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

Fixed Deposits with Banks		
- Upto 1 Year	4.56	4.54
Trade Receivables		
- Upto 1 Year	196.98	323.63
Loans to Subsidiary (Debentures)		
- Upto 1 Year	48.97	-
- 1 to 3 Years	-	48.40
Loan to Employees		
- 1 to 3 Years	2.05	2.61
Security Deposits		
- 1 to 3 Years	27.71	29.88
Other Financial Assets		
- Upto 1 Year	34.04	36.18
Unpaid Dividend		
- Upto 1 Year	4.96	4.42
Cash & Cash Equivalents		
- Upto 1 Year	1.61	7.50
Investment in Unquoted Shares		
- Upto 1 Year	2.26	-
- More than 3 Years	106.85	106.93
<b>Total</b>	<b>430.00</b>	<b>564.10</b>

The Company has access to committed credit facilities as described below, of which ₹175.11 Cr were unused at the end of the reporting period (as at March 31, 2019 ₹57.31 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 31-Mar-20	As at 31-Mar-19
Amount used	194.89	312.69
Amount unused	175.11	57.31

### 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.

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

**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.**

### Balance as at 31-Mar-20

Particulars	Exchange Rate	Amount in Foreign Currency	Amount in INR (crores)
<b>Trade Receivables (Assets)</b>			
USD	74.57	15,77,826	11.76
EUR	81.76	10,80,403	8.83
<b>Trade Payables (Liabilities)</b>			
USD	76.36	16,11,797	12.31
EUR	84.76	6,741	0.06
<b>Balance as at 31-Mar-19</b>			
<b>Trade Receivables (Assets)</b>			
USD	68.43	27,71,366	18.96
EUR	76.30	19,28,037	14.71
<b>Trade Payables (Liabilities)</b>			
USD	69.93	24,65,771	17.24
EUR	79.02	72,935	0.58

### 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/(loss) only on outstanding foreign currency denominated monetary items at the period end is presented below:

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

Particulars	31-Mar-20		31-Mar-19	
	USD	EUR	USD	EUR
Impact on Receivables due to +/- 5% Change in Currency Rates	0.59	0.44	0.95	0.74
Impact on Payables due to +/- 5% Change in Currency Rates	0.61	-	0.86	0.03

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.

#### 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, 2020 would decrease/increase by ₹1.68 Cr; as against ₹2.04 Cr for the year ended March 31, 2019.

### 39.4 Other Risk - COVID-19

- Financial Assets measured at fair value amounting to ₹96.80 Crores and measured at amortised cost amounting to ₹333.19 Crores have been considered for the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19.
- The Company has specifically evaluated the potential impact with respect to certainty of collections from its customers.
- Since the Company closely monitors the financial strength of its customers & investments on a continuing basis and assesses actions such as changes in payment terms, no provision is deemed necessary.

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### 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 cash equivalents, excluding discontinued operations.

<b>Particulars</b>	<b>As at 31-Mar-20</b>	As at 31-Mar-19
Interest-bearing loans and borrowings	<b>337.69</b>	415.30
Less: cash and cash equivalents	<b>(1.61)</b>	(7.50)
<b>Net debt</b>	<b>336.09</b>	407.80
Equity Capital	<b>7.66</b>	7.66
Other Equity	<b>754.33</b>	735.49
Total capital	<b>761.99</b>	743.15
<b>Gearing ratio</b>	<b>0.44</b>	0.55

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 31st March 2020 and 31st March 2019.

### 41. Commitments and Contingencies

a) Estimated amount of contract remaining to be executed on capital account	<b>50.98</b>	51.52
b) Letter of Credit opened by Company's Bankers	<b>31.02</b>	54.67
c) Excise duty and service tax under dispute	<b>9.19</b>	13.87
d) Sales Tax under dispute	<b>5.58</b>	5.58
e) Income Tax under dispute	-	0.09
f) Provident Fund	<b>4.00</b>	4.00
g) Customs duty on goods lying at Bonded warehouse	-	0.07
h) There is a claim against the company in respect of product liability in USA. This is covered by product liability insurance and no additional liability is likely to occur.		

### 42. Due to micro and small enterprises

Principal amount due to a suppliers registered under the MSMED Act and remaining unpaid as at year end	<b>0.69</b>	3.88
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	<b>0.01</b>	0.03
Principal amounts paid to suppliers registered under the MSMED Act beyond the appointed day during the year	<b>0.93</b>	2.78
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	<b>0.01</b>	0.03
Futher interest remaining due and payable for earlier years	-	-

**Note:** Out of ₹3.88 crores of MSME payable previous year, ₹1.08 crores relates to Trade Payables & ₹2.80 crores relates to Capital Creditors

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### 43. 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 ₹3.60 Crores in compliance to this requirement. A sum of ₹3.63 crores has been spent during the current year towards CSR activities as explained below. Balance amount to be spent is ₹Nil.

<b>CSR Expenditure</b>	<b>Year ended 31-Mar-20</b>	Year ended 31-Mar-19
Amount required to be spent under Section 135 of the Companies Act, 2013	<b>3.60</b>	4.38
<b>Amount spent during the year on:</b>		
i) Construction/acquisition of an asset	-	-
ii) Purposes other than (i) above	<b>3.63</b>	4.43
<b>Amount unspent</b>	<b>-</b>	<b>-</b>
<b>44. Research and Development Expenditure</b>		
<b>Capital expenditure</b>		
Plant & Machinery	<b>3.80</b>	3.25
Electrical Installations	<b>0.12</b>	4.03
Vehicles	<b>0.02</b>	0.04
Computers	-	-
Furniture	<b>0.01</b>	0.53
Buildings	<b>0.13</b>	2.09
Intangible Assets	<b>0.11</b>	0.05
Office Equipment	<b>0.10</b>	0.07
Capital Work in Progress	<b>7.35</b>	0.91
Intangible Asset under development	<b>10.80</b>	-
<b>Total</b>	<b>22.45</b>	10.97
<b>Revenue Expenditure</b>		
Raw Materials consumed	<b>0.11</b>	1.49
Stores & Spares consumed	<b>0.36</b>	0.78
Allowances	<b>6.76</b>	6.60
Rent including lease rentals	<b>0.12</b>	0.02
Rates & Taxes	<b>1.10</b>	1.39
Insurance	-	0.01
Travelling expenses	<b>1.21</b>	1.72
Repairs & Maintenance	<b>1.57</b>	0.89
Consultancy-Foreign	<b>2.92</b>	5.57
Consultancy-Domestic	<b>0.56</b>	0.15
Freight	<b>0.11</b>	0.04
Others	<b>0.81</b>	0.51
<b>Total</b>	<b>15.65</b>	19.16
<b>Total Research and Development Expenditure</b>	<b>38.10</b>	30.13
<b>45. Details of Auditor's Remuneration</b>		
a) Statutory Audit	<b>0.25</b>	0.25
b) Taxation	<b>0.03</b>	0.03
c) GST Audit	<b>0.04</b>	-
c) Certification	<b>0.03</b>	0.03
d) Towards reimbursement of expenses	<b>0.05</b>	0.05
<b>Total</b>	<b>0.40</b>	0.36

## NOTES TO STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

<b>46. Depreciation &amp; Amortisation</b>	<b>Year ended 31-Mar-20</b>	Year ended 31-Mar-19
Depreciation on Property, Plant and Equipment (Refer Note 3)	<b>88.98</b>	79.96
Amortisation of Intangible Assets (Refer Note 4)	<b>2.84</b>	2.87
Amortisation of Right of Use Assets (Refer Note 5)	<b>5.84</b>	-
<b>Total</b>	<b>97.66</b>	82.83

**47.** TVS Sensing Solutions Private Limited, a subsidiary of the company has subscribed to 90% of the equity shares of M/s Fiber Optic Sensing Solutions Private Limited. Accordingly, the Company has become a subsidiary of TVS Srichakra Limited with effect from 8th August 2019.

### **48. Dividend**

During Current year, an amount of ₹20.10 per share (201%) has been paid towards Interim dividend aggregating to ₹15.38 crores excluding Dividend Distribution Tax, which shall be treated as final dividend for the year. During Previous year, an amount of ₹40 per share (400%) has been paid towards Final dividend aggregating to ₹30.63 crores excluding Dividend Distribution Tax.

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### **SHOBHANA RAMACHANDHRAN**

Managing Director  
DIN : 00273837

### **R NARESH**

Executive Vice Chairman  
DIN : 00273609

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

Place: Madurai  
Date: 26th June 2020

**B RAJAGOPALAN**  
Chief Financial Officer

**P SRINIVASAN**  
Secretary

**T V BALASUBRAMANIAN**  
Partner  
Membership No. : 027251  
UDIN: 20027251AAAAED1603

Place: Chennai  
Date: 26th June 2020

# INDEPENDENT AUDITORS' REPORT

To the Members of TVS Srichakra Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of TVS Srichakra Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2020, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2020, and its consolidated profit, (including consolidated total comprehensive income), its consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Emphasis of matter

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

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

#### 1. Revenue Recognition:

##### a. Description:

The Company recognizes revenue of sale of products on the following basis:

(i) OE Manufacturers:

Revenue is recognized only on delivery being made at the OE factory site

Price variance for the change in input costs is adjusted through debit / credit notes on the same after being approved by the concerned OE

(ii) After Market:

Sales to dealers in the after-market segment is accounted on dispatch being effected from the depots.

Credit notes for schemes and discounts are estimated and accounted in the period when the sales revenue is recorded itself as a reduction from the revenue recognized. Actual credit notes issued are adjusted against such provisions made on a periodical basis.

Considering:

- the magnitude and high volume of sales transactions carried out, and
- estimation involved in price variance accounting as well as accruals for discounts and schemes;

revenue recognition was included as a key audit matter in the audit

##### b. Our response:

Our audit procedures included verification of existence, completeness, accuracy and cut-off for the sales transactions.

Our tests included performance of an understanding and evaluation of the internal controls over the revenue recognition and a validation of relevant controls.



## INDEPENDENT AUDITORS' REPORT

The tests further covered the proper recognition of revenue through testing of samples of sales transactions, obtaining appropriate supporting evidence with specific attention to key contractual terms that regulate the various performance obligations.

Our audit procedures included analytical review of sales transactions and accounting of revenue.

It also extended to performing confirmation procedures over trade receivables with the objective of validating trade receivable balances, testing samples of credit notes and year-end accruals.

### **Information Other than the Consolidated Financial Statements and Auditors' Report Thereon**

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors' report Management Discussion and Analysis Report (MDA), Report on Corporate Governance, Financial Highlights and Business Responsibility Report (BRR) but does not include the consolidated financial statements, standalone financial statements, and our auditors' reports thereon.

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

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

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective 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; 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 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 Board of Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of each company.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company, its subsidiary companies which are companies incorporated in India have adequate internal financial controls with reference to the consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## INDEPENDENT AUDITORS' REPORT

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) 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.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement 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.
  - (d) In our opinion, the aforesaid consolidated 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 of the Holding Company and its subsidiaries as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in India, none of the directors of the Group is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) At this juncture, we are unable to comment whether the matter described in the Emphasis of Matter paragraph, may have an adverse effect on the functioning of the Company.
  - (g) With respect to adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control with reference to financial statements of those companies, for reasons stated therein.
  - (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 43 to the consolidated financial statements.
    - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

2. With respect to the matter to be included in the Auditor's report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary companies, where applicable, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies, where applicable, is not in excess of the limit laid down under Section 197 of the Act.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 20027251AAAAEE7039

Place : Chennai

Date : 26th June 2020

## **Annexure A**

### **Referred to in paragraph 1(g) 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 with reference to the aforesaid consolidated financial statements 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 (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to the financial statements of the Holding Company and its subsidiary companies which are companies incorporated in India, as of that date.

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

The Board of Directors of the Holding company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to the financial statements based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' 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 internal financial controls with reference to the consolidated financial statements.

#### **Meaning of Internal Financial Controls with reference to consolidated financial statements**

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance

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

**Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements**

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the respective companies considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No.003990S/S200018

T V Balasubramanian

Partner

Membership No. 027251

UDIN: 20027251AAAAEE7039

Place : Chennai

Date : 26th June 2020

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020

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

Particulars	Note	As at 31-Mar-20	As at 31-Mar-19
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	3	<b>640.21</b>	631.97
(b) Capital work-in-progress		<b>37.48</b>	33.37
(c) Investment Property	5	<b>24.55</b>	24.88
(d) Other Intangible assets	4	<b>4.14</b>	5.61
(e) Right of Use Assets	6	<b>17.63</b>	-
(f) Intangible assets under development		<b>10.80</b>	0.61
<b>(g) Financial Assets</b>			
(i) Investments	7	<b>96.80</b>	96.62
(ii) Loans	8	<b>30.78</b>	32.50
(iii) Others	9	<b>0.15</b>	0.16
(h) Income tax assets (net)		<b>9.49</b>	9.69
(i) Other non-current assets	10	<b>14.24</b>	48.10
<b>2 Current assets</b>			
(a) Inventories	11	<b>420.63</b>	498.59
<b>(b) Financial Assets</b>			
(i) Trade receivables	12	<b>207.41</b>	336.61
(ii) Cash and cash equivalents	13(a)	<b>3.98</b>	9.03
(iii) Bank balances other than (ii) above	13(b)	<b>9.52</b>	8.96
(iv) Others	14	<b>34.72</b>	36.37
(c) Other Current Assets	15	<b>53.67</b>	36.19
<b>TOTAL ASSETS</b>		<b>1,616.20</b>	1,809.26
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share capital	16	<b>7.66</b>	7.66
(b) Other Equity	17	<b>737.28</b>	720.60
(c) Non-Controlling Interest		<b>(0.07)</b>	-
<b>2 Liabilities</b>			
<b>Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	18(a)	<b>129.21</b>	46.88
(ii) Lease Liability	6	<b>0.04</b>	-
(iii) Other financial liabilities (other than those specified above)	19	<b>82.22</b>	84.36
(b) Provisions	20(a)	<b>9.73</b>	9.69
(c) Deferred tax liabilities (Net)	21	<b>30.93</b>	53.57
(d) Other Non-current liabilities	22	<b>4.57</b>	5.00
<b>Current liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	23	<b>200.64</b>	370.26
<b>(ii) Trade payables</b>			
Total outstanding dues of Micro and Smal Enterprises	24	<b>0.81</b>	1.28
Total outstanding dues of creditors other than Micro and Small Enterprises	24	<b>216.90</b>	333.41
(iii) Other financial liabilities (other than those specified above)	25	<b>166.83</b>	162.50
(b) Other current liabilities	26	<b>24.44</b>	9.39
(c) Provisions	20(b)	<b>5.01</b>	4.66
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,616.20</b>	1,809.26
Significant Accounting Policies & Notes to Financial Statements	<b>1-52</b>		

**SHOBHANA RAMACHANDHRAN**

Managing Director  
DIN : 00273837

Place: Madurai

Date: 26th June 2020

**B RAJAGOPALAN**

Chief Financial Officer

Place: Chennai

Date: 26th June 2020

**R NARESH**

Executive Vice Chairman  
DIN : 00273609

**P SRINIVASAN**

Secretary

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

**T V BALASUBRAMANIAN**

Partner

Membership No. : 027251  
UDIN: 20027251AAAAEE7039

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

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

Particulars	Note	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>I.</b> Revenue from operations	<b>27</b>	<b>2,103.74</b>	2,430.98
<b>II.</b> Other income	<b>28</b>	<b>10.19</b>	12.00
<b>III. Total Income (I + II)</b>		<b>2,113.93</b>	2,442.98
<b>IV. Expenses:</b>			
Cost of materials consumed	<b>29</b>	<b>1,213.15</b>	1,538.94
Purchase of Stock-in-trade		<b>3.65</b>	4.83
Changes in inventories of finished goods, Stock-in-Trade and Work-in-progress	<b>30</b>	<b>(12.58)</b>	(67.22)
Employee benefits expense	<b>31</b>	<b>293.58</b>	281.29
Finance costs	<b>32</b>	<b>37.88</b>	35.70
Depreciation and amortization expense	<b>3 to 6</b>	<b>100.17</b>	84.77
Other expenses	<b>33</b>	<b>390.65</b>	411.38
<b>Total expenses</b>		<b>2,026.50</b>	2,289.69
<b>V. Profit before exceptional items and tax (III-IV)</b>		<b>87.43</b>	153.29
<b>VI. Exceptional items</b>		-	-
<b>VII. Profit before tax (V - VI)</b>		<b>87.43</b>	153.29
<b>VIII. Tax Expense:</b>			
(1) Current Tax		<b>27.63</b>	46.12
(2) Deferred Tax		<b>(22.47)</b>	3.90
<b>IX. Profit for the year from continuing operations (VII-VIII)</b>		<b>82.27</b>	103.27
<b>X. Profit from discontinued operations</b>		-	-
<b>XI. Tax expense of discontinued operations</b>		-	-
<b>XII. Profit from discontinued operations (after tax) (X-XI)</b>		-	-
<b>XIII Profit for the year (IX+XII)</b>		<b>82.27</b>	103.27
<b>Share of Profit from Joint Venture</b>		-	(0.33)
<i>(Profit) / Loss attributable to non-controlling Interest</i>		<b>(0.07)</b>	-
<b>Profit for the year attributable to owners</b>		<b>82.34</b>	102.94
<b>XIV Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss			
Gains on equity through Other Comprehensive Income		-	32.97
Remeasurement of Net Defined Benefit Liability/Asset		<b>(0.72)</b>	(2.28)
(ii) Income tax relating to items that will not be reclassified to profit or loss		<b>0.18</b>	(8.04)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total Comprehensive Income for the year (XIII+XIV)</b>		<b>81.73</b>	125.59
<b>XV (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>81.73</b>	125.59
<i>Total comprehensive income attributable to non-controlling interest</i>		<b>(0.07)</b>	-
<b>Total comprehensive income attributable to owners</b>		<b>81.80</b>	125.59
<b>XVI Earnings per equity share (for continuing operation):</b>			
- Basic & Diluted (FV - ₹10 per share)	<b>35</b>	<b>107.53</b>	134.43
<b>XVII Earnings per equity share (for discontinued operation):</b>			
- Basic & Diluted		-	-
<b>XVIII Earnings per equity share (for discontinued &amp; continuing operations)</b>			
- Basic & Diluted (FV - ₹10 per share)	<b>35</b>	<b>107.53</b>	134.43
Significant Accounting Policies & Notes to Financial Statements	<b>1-52</b>		

**SHOBHANA RAMACHANDHRAN**

Managing Director  
DIN : 00273837

Place: Madurai

Date: 26th June 2020

**B RAJAGOPALAN**

Chief Financial Officer

Place: Chennai

Date: 26th June 2020

**R NARESH**

Executive Vice Chairman  
DIN : 00273609

**P SRINIVASAN**

Secretary

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

**T V BALASUBRAMANIAN**

Partner

Membership No. : 027251  
UDIN: 20027251AAAAEE7039

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	87.43	153.29
Adjustments for :		
Effect of Acquisition (Refer Note 50)	-	(12.96)
Depreciation	100.17	84.77
Finance Costs	37.88	35.70
Loss/(Gain) due to Exchange rate fluctuations	(0.32)	2.98
Interest received	(3.33)	(12.00)
Impact of IND AS 116 - Lease Rentals	(9.65)	-
Bad Debts	0.12	0.91
Advances Written off	0.06	0.19
Unrealized changes in Fair Value	0.40	-
Assets Condemned		0.12
Fair value change in employee benefits	(0.54)	3.01
	<b>124.80</b>	102.73
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>212.23</b>	256.02
Adjustments for :		
Trade Receivables	129.02	(96.94)
Other Receivables	40.89	(46.75)
Inventories	77.95	(167.07)
Trade and other payables	(134.51)	168.78
	<b>113.35</b>	(141.98)
<b>Cash Generated From Operations</b>	<b>325.57</b>	114.04
Less: Direct taxes paid	(27.83)	(50.02)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>297.74</b>	64.02
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Assets	(138.54)	(134.88)
Investments Purchased	(0.17)	4.82
Bank deposits	(0.56)	(0.12)
Advances given	1.72	(2.22)
Interest received	3.33	12.00
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(134.22)</b>	(120.40)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(37.88)	(35.70)
Proceeds/ (Repayment) from short term borrowings	(169.62)	38.01
Proceeds/(Repayment) of long term borrowings	94.39	87.01
Dividend & Dividend tax paid	(55.47)	(36.94)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES: (C)</b>	<b>(168.57)</b>	52.37
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(5.05)</b>	(4.01)
<b>CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	<b>9.03</b>	13.04
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE (Refer Note 13(a))</b>	<b>3.98</b>	9.03
<b>Refer Note 18(b) for Net debt reconciliation</b>		
Significant Accounting Policies & Notes to Financial Statements	<b>1-52</b>	

**SHOBHANA RAMACHANDHRAN**

Managing Director  
DIN : 00273837

Place: Madurai

Date: 26th June 2020

**B RAJAGOPALAN**

Chief Financial Officer

Place: Chennai

Date: 26th June 2020

**R NARESH**

Executive Vice Chairman  
DIN : 00273609

**P SRINIVASAN**

Secretary

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

**T V BALASUBRAMANIAN**

Partner

Membership No. : 027251  
UDIN: 20027251AAAAEE7039

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH 2020

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

(a) Equity share capital	Amount
<b>Particulars</b>	<b>7.66</b>
<b>Balance as at March 31, 2018</b>	<b>7.66</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2019</b>	<b>7.66</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2020</b>	<b>7.66</b>

### (b) Other Equity

Particulars	Reserves and Surplus				Share of Net Worth in Joint venture	Equity Instrument through Other Comprehensive Income	Total
	Capital Reserve	Securities Premium Account	General Reserve	Amalgamation Reserve			
<b>Balance as at March 31, 2018</b>	<b>0.01</b>	<b>0.93</b>	<b>31.01</b>	<b>0.46</b>	<b>-</b>	<b>9.35</b>	<b>631.24</b>
Total Comprehensive income for the year	-	-	-	-	-	25.67	22.65
Dividends including Dividend Distribution Tax	-	-	-	-	-	-	(36.93)
Transfer to Retained Earnings from Profit & Loss	-	-	-	-	(0.33)	-	102.94
<b>Effect arising from acquisition as subsidiary of an erstwhile Joint Venture</b>	<b>0.10</b>	<b>-</b>	<b>2.46</b>	<b>-</b>	<b>7.53</b>	<b>-</b>	<b>0.71</b>
<b>Balance as at March 31, 2019</b>	<b>0.11</b>	<b>0.93</b>	<b>33.47</b>	<b>0.46</b>	<b>-</b>	<b>35.02</b>	<b>720.60</b>
Total Comprehensive income for the year	-	-	-	-	-	-	(0.54)
Dividends including Dividend Distribution Tax	-	-	-	-	-	-	(55.47)
IND AS 116 - Transferred to Retained Earnings	-	-	-	-	-	-	<b>(9.65)</b>
Transfer to Retained Earnings from Profit & Loss	-	-	-	-	-	-	<b>82.34</b>
<b>Balance as at March 31, 2020</b>	<b>0.11</b>	<b>0.93</b>	<b>33.47</b>	<b>0.46</b>	<b>-</b>	<b>35.02</b>	<b>737.28</b>

### SHOBHANA RAMACHANDHRAN

Managing Director  
DIN : 00273837

Place: Madurai

Date: 26th June 2020

### B RAJAGOPALAN

Chief Financial Officer

Place: Chennai

Date: 26th June 2020

### R NARESH

Executive Vice Chairman  
DIN : 00273609

As per our report of even date attached  
For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm Registration No.003990S/S200018

### T V BALASUBRAMANIAN

Partner

Membership No. : 027251

UDIN: 20027251AAAAEE7039

### P SRINIVASAN

Secretary



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

### 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 Bombay Stock Exchange and National Stock Exchange in India. The Company is engaged in the business of two-wheeler, three-wheeler and other industrial tyre manufacturing.

The Consolidated financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 26, 2020.

### 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. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. GAAP comprises Indian Accounting standards ("Ind AS") as specified in section 133 of the Act read together with rule 4 of Companies (Indian Accounting Standard) Rules 2015 and relevant amendment Rules issued thereafter to the extent applicable, pronouncements of regulatory bodies applicable to the Group, guidelines issued by SEBI and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on a periodic basis.

The Consolidated financial statements comprise the financial statements of TVS Srichakra Limited (the holding company), its subsidiaries TVS Srichakra Investments Limited, TVS Sensing Solutions Private Limited (formerly known as ZF Electronics TVS (India) Private Limited) & Fiber Optic Sensing Solutions Private Limited (FOSS) (the holding company, its subsidiaries together is referred to as the "Group").

TVS Sensing Solutions Private Limited, a subsidiary of the company has subscribed 90% of equity shares of M/s Fiber Optic Sensing Solutions Private Limited. Accordingly, the company has become the subsidiary of TVS Srichakra Limited w.e.f. 8th August 2019.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in 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.

#### 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, 2020 have been prepared in accordance with Ind AS as notified above.

#### c) Changes in Accounting Standards

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

- i. Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after April 1, 2019. The standard sets out principles for recognition, measurement, presentation, and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- i. A number of other accounting standards have been modified on miscellaneous issues. Such changes include clarification/guidance on:
  - o business combination accounting in case of obtaining control of a joint operation;
  - o accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
  - o income tax consequences in case of dividends;
  - o accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
  - o accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
  - o accounting for prepayment features with negative compensation in case of debt instruments;
  - o accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

- o accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

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

### **d) Changes in Accounting Standards that may affect the Group after 31st March 2020**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

### **e) Functional and Presentation Currency**

Items included in financial statements of the 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 Group's presentation currency. All financial information presented in Indian Rupees has been rounded to the nearest Crore (Cr) with two decimals except where otherwise indicated.

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

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

#### **Critical Judgments in applying accounting policies**

##### **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"). In 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**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

#### **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 external valuers to establish the appropriate valuation techniques and inputs to the model. 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. Provisions for liabilities and charges**

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

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

### iv. **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.

### v. **Estimation of uncertainties relating to the global health pandemic from COVID-19:**

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

### g) **Business Combinations**

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.

### h) **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 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 Group while applying above criteria has classified the following at amortized cost

- a) Trade receivable
- b) Other financial assets

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

### 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 FTVPL. For other equity instruments the Group classifies the same as FVTOCI. The classification is made on initial recognition and is irrevocable. Fair value changes on equity instruments at FVTOCI excluding dividends, are 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, 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 Group is classifying the following under amortized cost;

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

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

#### **Financial liability at Fair Value through statement of profit and loss**

Financial liabilities held for trading are measured at FVTPL.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

#### **v. Hedge accounting**

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

#### **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 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.

#### **vii. 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.

#### **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. Final Dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

#### **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 Group 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 or loss.

#### **Depreciation**

Depreciation is recognized in the Statement of profit and loss under straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Assets costing ₹5000 or below acquired during the year considered not material are depreciated in full retaining ₹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:**

<b>Particulars</b>	<b>Useful life</b>
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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

### k) 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.

Research costs are expensed as incurred. Development expenditures on an individual project / New Product Development are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

#### Subsequent expenditure

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

#### Amortization of intangible asset with finite useful lives

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

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

Software License is amortised over 5 years.

### l) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and that is not meant for use by the Group. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Investment properties are depreciated using the straight-line method over their estimated useful life.

The useful life of Investment properties – Buildings have been estimated at 30 years. The useful life has been determined based on technical evaluation performed by management expert. Based on management's estimate, the residual value has been considered as NIL.

### 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

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

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

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

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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

### **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.

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

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

### **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 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 Group 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 is recognized on their accrual and when no significant uncertainty on measurability or collectability exists.

Revenue from the sale of goods is recognized when the performance obligations towards customers have been met at an amount that reflects the consideration to which the Group believes it is entitled to in exchange for the transfer of goods to customers,

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

net of any sales returns and GST. Variable consideration in the form of trade discounts and volume rebates are netted off from revenue. Performance obligations are deemed to have been met when the control of goods has been transferred to the customer, depending on the individual terms of the contract of sale.

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

Revenue from lease rentals is recognized on time proportionate basis. In case of uncertainty in realization of the lease rentals, recognition of such income is deferred.

### **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 companies have no further obligations under the plan beyond its monthly contributions. The companies do 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 re-measurements of net defined benefit liability / asset directly in other comprehensive income and presented within retained earning under 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 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 the date when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Finance expense comprises 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.

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 arising on the initial recognition of goodwill, as the same is not deductible for tax purposes.
- (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 Group 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 or deferred tax is set up in the books if the tax liability is with the 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**

Basic Earnings Per Share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders of the group by the weighted average number of equity shares outstanding during the year. Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the group after adjusting impact of dilution shares by the weighted average

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

### x) **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 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 disclosures purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### (i) **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**

Any lease deposits paid by the Group to the lessors are discounted to its fair value and thereafter accounted on amortised cost method over the lease period.

#### (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 leases, the applicable rate of interest is determined by reference to incremental borrowings rate.

### 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;

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

- (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, 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 Company's business activity falls within a single reportable business segment, viz, Automotive Tyres, Tubes and Flaps. Subsidiaries' revenues and assets do not meet the criteria for reportable segment as prescribed in the standards. Non-Reportable segments have not been disclosed as unallocated reconciling item in view of materiality.

### **bb) Warranty**

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(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 ended Mar 31, 2020

Particulars	Original cost			Depreciation			Net book value	
	As at Apr 1, 2019	Additions during the year	Deletions during the year	As at Mar 31, 2020	For the year	Disposals	As at Mar 31, 2020	As at Mar 31, 2019
Freehold Land	43.15	0.09	-	43.24	-	-	43.24	43.15
Building	202.63	27.43	-	230.06	8.55	-	30.58	180.60
Plant and Machinery	447.22	40.98	0.23	487.97	55.61	0.23	201.65	300.96
Furniture and Fittings	10.86	6.89	-	17.75	1.24	-	4.43	7.67
Vehicles	1.79	0.11	-	1.90	0.29	-	0.89	1.19
Office equipment	14.83	7.51	0.09	22.26	3.82	0.09	11.03	7.54
Others (electrical)	156.24	16.34	-	172.58	21.60	-	86.97	90.87
<b>Total</b>	<b>876.72</b>	<b>99.35</b>	<b>0.32</b>	<b>975.76</b>	<b>91.11</b>	<b>0.32</b>	<b>335.55</b>	<b>631.97</b>

The following table presents the changes in PPE during the year ended Mar 31, 2019

Particulars	Original cost			Depreciation			Net book value	
	As at Apr 1, 2018	Additions/ Effect of Acquisition*	Deletions during the year	As at Mar 31, 2019	For the year/ Effect of Acquisition*	Disposals	As at Mar 31, 2019	As at Mar 31, 2018
Freehold Land (Refer Note 1 below)	38.85	4.30	-	43.15	-	-	43.15	38.85
Building	171.86	30.77	-	202.63	7.54	-	22.03	157.37
Plant and Machinery	367.72	80.82	1.32	447.22	52.14	1.27	146.27	272.32
Furniture and Fittings	8.08	2.95	0.17	10.86	1.44	0.11	3.19	6.22
Vehicles	1.32	0.56	0.09	1.79	0.21	0.07	0.60	0.86
Office equipment	12.36	4.03	1.56	14.83	3.53	1.56	7.30	7.03
Others (electrical)	147.07	9.20	0.03	156.24	22.65	0.02	65.37	104.34
<b>Total</b>	<b>747.26</b>	<b>132.63</b>	<b>3.17</b>	<b>876.72</b>	<b>87.51</b>	<b>3.03</b>	<b>244.75</b>	<b>586.99</b>

#### Notes:

1. Additions during the previous year Includes ₹3.53 crores of freehold land acquired via exchange of residential units to residents near the factory.
2. \*Additions to Gross Block and Accumulated Depreciation includes the effect of acquisition of additional stake in TVS Sensing Solutions P Ltd (formerly known as ZF Electronics TVS (India) Pvt Ltd) as detailed in Note 50.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

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 (netblock) 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 01.04.2015	Accumulated depreciation as on 01.04.2015	Net block as on 01.04.2015
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	1.96	0.81	1.15
Office equipment	9.71	6.15	3.56
Others (electrical)	66.35	16.25	50.10
<b>Total</b>	<b>441.07</b>	<b>178.31</b>	<b>262.76</b>

### 4. Intangible assets

The following table presents the changes in Intangible Assets during the year ended Mar 31, 2020

Particulars	Original cost			Amortisation			Net book value		
	As at Apr 1, 2019	Additions during the year	Deletions during the year	As at Mar 31, 2020	As at Apr 1, 2019	For the year	Disposals	As at Mar 31, 2020	As at Mar 31, 2019
Computer software	14.60	1.39	-	15.99	8.99	2.86	-	11.85	5.61
<b>Total</b>	<b>14.60</b>	<b>1.39</b>	<b>-</b>	<b>15.99</b>	<b>8.99</b>	<b>2.86</b>	<b>-</b>	<b>11.85</b>	<b>5.61</b>

The following table presents the changes in Intangible Assets during the year ended Mar 31, 2019

Particulars	Original cost			Amortisation			Net book value		
	As at Apr 1, 2018	Additions / Effect of Acquisition*	Deletions during the year	As at Mar 31, 2019	As at Apr 1, 2018	For the year/ Effect of Acquisition*	Disposals	As at Mar 31, 2019	As at Mar 31, 2018
Computer software	13.89	0.71	-	14.60	5.92	3.06	-	8.99	7.97
<b>Total</b>	<b>13.89</b>	<b>0.71</b>	<b>-</b>	<b>14.60</b>	<b>5.92</b>	<b>3.06</b>	<b>-</b>	<b>8.99</b>	<b>7.97</b>

\*Additions to Original Cost and Amortisation includes the effect of acquisition of additional stake in TVS Sensing Solutions P Ltd (formerly known as ZF Electronics TVS (India) Pvt Ltd) as detailed in Note 48.

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 netblock 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 01.04.2015	Amortisation as on 01.04.2015	Net block as on 01.04.2015
Computer software	7.38	4.39	2.99
License	1.81	1.81	-
<b>Total</b>	<b>9.19</b>	<b>6.20</b>	<b>2.99</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### 5. Investment Properties

#### (i) Carrying Amount of Investment Properties

<b>Gross Carrying Amount</b>	<b>As at 31-Mar-20</b>	As at 31-Mar-19
Opening Gross Carrying Amount / Deemed Cost		
- Freehold Land	<b>17.13</b>	17.13
- Buildings	<b>9.14</b>	9.14
-Borewell	<b>0.01</b>	0.01
	<b>26.28</b>	26.28
Additions	-	-
Disposals	-	-
<b>Closing Gross Carrying Amount</b>	<b>26.28</b>	26.28

#### **Accumulated Depreciation**

Opening Accumulated Depreciation	<b>1.40</b>	1.05
Depreciation Charge ( Buildings+Borewell )	<b>0.33</b>	0.35
Closing Accumulated Depreciation	<b>1.73</b>	1.40
<b>Net Carrying Amount</b>	<b>24.55</b>	24.88

#### (ii) Fair Valuation of investment properties

Investment properties	<b>29.32</b>	29.45
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#### (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 Mr. Ram Dass, Chartered Engineer for Madurai and Kishore K ViKamsey, Chartered Engineers for Mumbai property.

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. Right of Use Assets

<b>Particulars</b>	<b>Plant &amp; Machinery</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost</b>			
<b>As at 1st April 2019</b>			
Opening Adjustments (on transition)	23.35	0.17	23.52
Additions during the year	-	-	-
Deductions for the year	-	-	-
<b>As at 31st March 2020</b>	<b>23.35</b>	<b>0.17</b>	<b>23.52</b>
<b>Depreciation</b>			
<b>As at 1st April 2019</b>			
Opening Adjustments	-	-	-
Charge for the year	5.84	0.05	5.89
Deductions for the year	-	-	-
<b>Closing as at 31st March 2020</b>	<b>5.84</b>	<b>0.05</b>	<b>5.89</b>
<b>Net Block</b>			
<b>As at 31st March 2020</b>	<b>17.51</b>	<b>0.12</b>	<b>17.63</b>

#### A. Impact of change in Accounting policy on account of adoption of IND AS 116 is as follows:

<b>Particulars</b>	<b>Amount</b>
Increase in Right of Use Assets	23.52
Increase in Depreciation	5.89
Decrease in Rental expenses	8.29
Decrease in Retained earnings	9.65
Decrease in Deferred Tax Liabilities	2.27
Decrease in Prepaid expenses	33.01

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### B. Movement in Lease Receivable/(Liabilities)

Particulars	Plant & Machinery	Buildings	Total
<b>As at 1st April 2019</b>			
Opening Adjustments (on transition)	1.21	(0.17)	1.04
Finance Cost accrued during the year	-	(0.01)	(0.01)
Lease payments during the year	0.25	0.06	0.31
<b>As at 31st March 2020</b>	<b>1.46</b>	<b>(0.12)</b>	<b>1.34</b>
- Non Current	1.46	(0.04)	1.42
- Current	-	(0.08)	(0.08)

### C. Amounts recognized in Statement of Profit and Loss:

Expense/(Income)	Amount
Depreciation expense of Right of Use Assets	5.89
Expense relating to short-term leases	0.85
Interest income on Net lease receivable	(0.40)
Interest expense on Lease Liabilities	0.01
<b>Total recognized in Statement of Profit and Loss</b>	<b>6.35</b>

### D. Exposure to future cash flows:

The Company has taken some plant & machinery and premises on lease and following are the undiscounted contractual cash flows of lease liabilities (Net of receivables):

Maturity Analysis	Amount
Less than 1 year	0.27
Between 1 and 2 years	0.29
Between 2 and 5 years	(1.96)
More than 5 years	-
<b>Total</b>	<b>(1.40)</b>

#### Note:

The Group (Holding Company and its three subsidiaries) has adopted IND AS 116 "Leases", effective from April 1, 2019 as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules 2019, using modified retrospective method. On transition, the adoption of new standard resulted in recognition of Right-Of-Use Asset and a lease receivable (net of lease liabilities, primarily arising out of advances recoverable at the end of lease term); Consequently ₹9.65 crores of prepaid lease rentals have been adjusted against the retained earnings. The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense over the lease term.

### 7. Investments (Non-current Financial Assets)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Investment in equity of Group Companies accounted on Cost basis- Unquoted</b>		
<b>Associate:</b>		
Van leeuwen Tyres and Wheels BV 15,000 equity shares (PY - 15,000 shares) of EURO 1 each	<b>0.09</b>	0.09
<b>Others: Equity instruments at FVTOCI - Unquoted</b>		
Sai Regency Power Corporation Private Limited 2,25,000 equity shares (PY - 1,50,000 shares) of ₹10 each	<b>0.22</b>	0.15
Mytrah Vayu Manijra Private Limited 5,62,340 equity shares (PY - 4,49,840 shares) of ₹10 each	<b>0.56</b>	0.45
Coromandel Electricity Private Limited 10,000 equity shares (PY - 10,000 shares) of ₹10 each	<b>0.01</b>	0.01
TVS Automobile Solutions Private Limited 9,11,741 equity shares (PY - 9,11,741 shares) of ₹10 each	<b>96.01</b>	96.01
<b>Total</b>	<b>96.89</b>	96.71
Less: Provision for diminution in value of investments	<b>(0.09)</b>	(0.09)
<b>Total</b>	<b>96.80</b>	96.62
Aggregate amount of unquoted investment	<b>96.89</b>	96.71
Aggregate amount of impairment in the value of investment	<b>(0.09)</b>	(0.09)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>8. Loans - Non-current Financial Assets</b>		
Secured, Considered Good		
<u>Unsecured, Considered Good:</u>		
Security Deposits	27.75	29.89
Other Loans	3.03	2.61
Loans which have significant increase in Credit Risk	-	-
Loans - Credit impaired	-	-
<b>Total</b>	<b>30.78</b>	<b>32.50</b>
<b>9. Other financial asset - Non-current Financial Assets</b>		
Deposits with banks with maturity period more than 12 months (held as lien by bank against bank guarantee)	0.13	0.13
Deposits with Government authorities	0.02	0.03
<b>Total</b>	<b>0.15</b>	<b>0.16</b>
<b>10. Other non current assets</b>		
Capital advance	9.44	10.16
Prepaid expenses	-	34.21
Deposits with Government authorities	0.12	0.12
Others	4.68	3.60
<b>Total</b>	<b>14.24</b>	<b>48.10</b>
<b>11. Inventories</b>		
Valued at lower of Cost or NRV		
Raw material and components*	216.18	308.51
Work in progress	28.16	33.47
Finished goods	161.56	143.92
Stock in trade	0.96	0.70
Stores and spares	13.77	11.99
<b>Total</b>	<b>420.63</b>	<b>498.59</b>
* Amount written down to NRV - ₹0.38 crores (PY - NIL)		
<b>12. Trade receivables</b>		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	207.41	336.61
Trade Receivables which have significant increase in Credit Risk	-	-
Trade Receivables - credit impaired	0.39	0.29
	<b>207.80</b>	<b>336.89</b>
Less: Allowance for doubtful receivables	0.39	0.29
<b>Total</b>	<b>207.41</b>	<b>336.61</b>
<b>13. Cash and bank balances</b>		
<b>13(a) Cash and Cash Equivalents</b>		
a) Balance with banks		
(i) in current accounts	3.90	8.44
b) Cash on hand	0.08	0.59
(a)	<b>3.98</b>	<b>9.03</b>
<b>13(b) Other bank balances</b>		
(i) Bank deposits*	4.56	4.54
(ii) Unpaid dividend	4.96	4.42
(b)	<b>9.52</b>	<b>8.96</b>
* Balances in deposits accounts subject to lien in favour of banks for obtaining bank guarantees/letter of credits		
<b>14. Other financial assets</b>		
Accrued Income	34.04	36.18
Others	0.68	0.19
<b>Total</b>	<b>34.72</b>	<b>36.37</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>15. Other current assets (Unsecured, Considered good)</b>		
<b>(a) Advance other than capital advance:</b>		
Other Advances:		
Advances to suppliers - Considered Good	20.23	15.31
Advances to suppliers - Credit Impaired	0.11	0.06
Less: provision for doubtful advances	(0.11)	(0.06)
<b>(a)</b>	<b>20.23</b>	15.31
<b>(b) Others:</b>		
Balances with Government authorities	0.23	0.12
Advances to employees	0.03	0.01
Prepaid expenses	5.01	2.92
Lease prepayments	0.37	0.37
GST Input Tax Credit (Net) available for set-off/refund	27.14	16.90
Others	0.66	0.56
<b>(b)</b>	<b>33.44</b>	20.88
<b>Total (a) + (b)</b>	<b>53.67</b>	36.19
<b>16. Equity share capital</b>		
Authorised (1,00,00,000 equity shares (PY - 1,00,00,000 shares) at ₹10 each)	10.00	10.00
Subscribed and fully paid up (76,57,050 equity shares (PY - 76,57,050 shares) at ₹10 each)	7.66	7.66
<b>Total</b>	<b>7.66</b>	7.66
<b>16.1 Reconciliation of number of shares in the beginning and at end of the year</b>		
<b>FY 2019-20</b>	<b>Number of shares</b>	<b>Amount</b>
Balance as at the beginning of the year	76,57,050	7.66
Balance as at the end of the year	76,57,050	7.66
<b>FY 2018-19</b>	<b>Number of shares</b>	<b>Amount</b>
Balance as at the beginning of the year	76,57,050	7.66
Balance as at the end of the year	76,57,050	7.66
<b>16.2 Shareholding more than 5 % of the shares of the company</b>		
<b>Name of the Company</b>		
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
<b>16.3 Rights, preferences and restrictions attached to shares -</b>		
Equity shares - The company has one class of equity shares having a par value of ₹10/- each. Each share holder 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.		
<b>16.4</b> Shares held by holding / ultimate holding and / or their subsidiary / associates - NIL		
<b>16.5</b> The Company does not have any outstanding shares issued under options.		
<b>16.6</b> The Company does not have any bonus share issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date (31st March, 2020).		
<b>17. Other equity</b>		
<b>Reserves and surplus</b>		
<b>(a) Securities premium</b>	0.93	0.93
<b>(b) General reserve</b>		
Opening balance	33.47	31.01
Effect of Acquisition (Refer Note 50)	-	2.46
<b>Closing balance</b>	<b>33.47</b>	33.47

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31.03.2020	As at 31.03.2019
<b>(c) Capital reserve</b>		
Opening balance	0.11	0.01
Effect of Acquisition (Refer Note 50)	-	0.10
<b>Closing balance</b>	<b>0.11</b>	<b>0.11</b>
<b>(d) Amalgamation Reserve</b>	<b>0.46</b>	<b>0.46</b>
<b>(e) Share in Net worth of Joint Venture</b>		
Opening balance	-	(7.20)
Profit for the year	-	(0.33)
Effect of Acquisition (Refer Note 50)	-	7.53
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>(f) Retained Earnings</b>		
Opening balance	<b>650.61</b>	596.68
Profit for the year	<b>82.34</b>	103.27
Remeasurement of DBO	<b>(0.54)</b>	(3.01)
Final Dividends paid	<b>(30.63)</b>	(30.63)
Dividend Distribution tax paid on Final Dividend	<b>(6.30)</b>	(6.30)
Interim Dividends paid	<b>(15.38)</b>	-
Dividend Distribution tax paid on Interim Dividend	<b>(3.16)</b>	-
Impact of IND AS 116 - Lease Rentals	<b>(9.65)</b>	-
Effect of Acquisition (Refer Note 50)	-	(9.39)
<b>Closing balance</b>	<b>667.29</b>	<b>650.61</b>
<b>(g) FVTOCI - Equity Instruments</b>		
Opening Balance	<b>35.02</b>	9.35
Fair Valuation of Investments	-	25.67
<b>Closing Balance</b>	<b>35.02</b>	<b>35.02</b>
<b>Total (a)+(b)+(c)+(d)+(e)+(f)+(g)</b>	<b>737.28</b>	<b>720.60</b>
<b>18 (a) Borrowings - Non current</b>		
<b>Term loans</b>		
<b>Secured</b>		
From banks	<b>150.38</b>	56.00
Less: Amount Transferred to Current Maturities	<b>(21.17)</b>	(9.12)
<b>Total</b>	<b>129.21</b>	<b>46.88</b>

### Additional Information :

#### Details of Security for Secured Loans:

- A) Term Loan Availed from HDFC Bank - ₹50 crores is repayable over 5 years including 12 months of moratorium with an interest rate of 9% p.a. Loan is secured by exclusive first charge on the assets purchased out of the term loans.
- B) Term Loan from State Bank - ₹94.50 crores is repayable over 6 years including 12 months of moratorium with an average interest rate of 8% p.a. Loan is secured by hypothecation of Specific Plant & Machinery located at Vellaripatti Village, Madurai.
- C) Term Loan with sanctioned amount of ₹6 crores is repaid in June 2019. Interest is charged by bank on a monthly basis at 12.50% p.a. on the outstanding balance. Loan is primarily secured by a pari passu first charge on movable fixed assets of a Subsidiary Company.
- D) Term Loan with sanctioned amount of ₹4.50 crores is repayable in 5 years including 12 months moratorium. Loan of ₹3 crores was availed during the year. Loan is primarily secured by factory land & building and plant and machinery of a Subsidiary Company.
- E) Term Loan with sanctioned amount of ₹6 crores is repayable in 8 quarterly instalments commencing Jun'20. Loan is primarily secured by a pari passu first charge on movable fixed assets of a Subsidiary Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31-03-2020	As at 31-03-2019
<b>18(b) NET DEBT RECONCILIATION</b>		
Cash and Bank Balances	3.98	9.03
Current Borrowing (Working Capital Loan & Term Loan)	(200.64)	(370.26)
Non - Current Borrowing plus Current maturities of long term debt*	(151.82)	(58.67)
<b>Total</b>	<b>(348.48)</b>	<b>(419.90)</b>

Particulars	Other Assets		Borrowings		Total Net borrowings
	Cash and Bank Balances	ECB Swap Derivative	Current Borrowing (Working Capital Loan)	Non - Current Borrowing plus current maturity of long term debt*	
<b>Net (debt)/ Cash and Bank Balances as at 1st April 2019</b>	<b>9.03</b>	-	<b>(370.26)</b>	<b>(58.67)</b>	<b>(419.90)</b>
<b>Cash Flows</b>					
Increase/(Decrease) in cash and Bank Balances	(5.05)	-	-	-	(5.05)
Borrowings	-	-	169.62	(115.67)	53.95
Repayment/Receipt	-	-	-	22.52	22.52
Interest expense	-	-	(22.42)	(5.98)	(28.40)
Interest paid	-	-	22.42	5.98	28.40
<b>(Net debt)/ Cash and Bank Balances as at 31st March 2020</b>	<b>3.98</b>	-	<b>(200.64)</b>	<b>(151.82)</b>	<b>(348.48)</b>

\*Includes accrued interest

Particulars	Other Assets		Borrowings		Total Net borrowings
	Cash and cash equivalents	ECB Swap Derivative	Current Borrowing (Working Capital Loan & Term Loan)	Non - Current Borrowing plus current maturity of long term debt*	
<b>Net (debt)/ Cash &amp; Cash equivalents as at 1st April 2018</b>	<b>21.88</b>	<b>3.48</b>	<b>(293.22)</b>	<b>(39.16)</b>	<b>(307.02)</b>
Increase/(Decrease) in cash and Bank Balances	(13.01)	-	-	-	(13.01)
Borrowings	-	-	(69.27)	(50.00)	(119.27)
Repayment	-	-	-	38.11	38.11
Utilization for loan repayments	-	(3.48)	-	-	(3.48)
Balances due to acquisition of subsidiary	0.16	-	(7.77)	(7.77)	(15.38)
Interest expense	-	-	(22.60)	(2.04)	(24.64)
Interest paid	-	-	22.60	2.19	24.79
<b>(Net debt)/ Cash &amp; Cash equivalents as at 31 March 2019</b>	<b>9.03</b>	-	<b>(370.26)</b>	<b>(58.67)</b>	<b>(419.90)</b>

\*Includes accrued interest

### 19. Other Financial Liabilities

Particulars	As at 31-03-2020	As at 31-03-2019
Security deposit	82.22	84.36
<b>Total</b>	<b>82.22</b>	<b>84.36</b>

### 20. Provisions

#### 20(a) Non Current provisions for employee benefits

Gratuity	1.13	1.39
Compensated absences	8.60	8.30
<b>Total</b>	<b>9.73</b>	<b>9.69</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31-03-2020	As at 31-03-2019
<b>20(b) Current provisions for employee benefits</b>		
Gratuity	3.15	2.97
Compensated absences	1.18	1.15
Other Provisions	0.68	0.54
<b>Total</b>	<b>5.01</b>	<b>4.66</b>
<b>21. Deferred Tax Liability (Net)</b>		
a) On Account of Depreciation on Fixed Assets	32.32	52.83
b) On account of timing Differences in Recognition of Expenditure	(3.45)	(4.34)
c) On account of carried forward tax losses/tax credits	(2.74)	-
d) On account of Ind AS fair value adjustments	7.14	5.09
e) On Account of Amortisation of Right of Use Assets	(2.27)	-
f) On account of others	(0.07)	-
<b>Total</b>	<b>30.93</b>	<b>53.57</b>
Refer Note 50 for impact on account of acquisition of additional stake in TVS Sensing Solutions Pvt Ltd (formerly known as ZF Electronics TVS (India) Pvt Ltd)		
<b>22. Other non current liabilities</b>		
Deferred Government Grant (Capital Subsidy)	0.30	0.36
Deferred Income	4.27	4.64
<b>Total</b>	<b>4.57</b>	<b>5.00</b>
<b>23. Borrowings (Current)</b>		
<b>Secured</b>		
Loans repayable on demand from banks	200.64	320.26
<b>Unsecured</b>		
Loans repayable on demand from banks	-	50.00
<b>Total</b>	<b>200.64</b>	<b>370.26</b>
<b>Additional Information :</b>		
<b>a. Details of Security for Secured Loans</b>		
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 purchased 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 Holding Company.		
Working capital loans availed from HDFC Bank represents cash credit, bills discounted and packing credit facilities from banks which are secured by a hypothecation of inventories and receivables both present and future and by way of equitable mortgage by deposit of title deeds of a Subsidiary Company's immovable properties situated at Madurai.		
<b>24. Trade payables</b>		
Towards purchase of goods and services		
i) To Micro and Small Enterprises (Refer Note 44)	0.81	1.28
ii) Others	216.90	333.41
<b>Total</b>	<b>217.70</b>	<b>334.69</b>
<b>25. Other financial liabilities</b>		
Capital creditors*	17.13	25.97
Current maturities of long term debt	21.17	9.12
Interest accrued but not due on borrowings	1.44	2.67
Unpaid dividends	4.96	4.42
Other payables	122.13	120.32
<b>Total</b>	<b>166.83</b>	<b>162.50</b>
* includes Rs.NIL (PY - Rs.2.80 crores) of dues to Micro and Small Enterprises		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31-03-2020	As at 31-03-2019
<b>26. Other current liabilities</b>		
Advances from customers	9.75	5.07
Deferred Government Grant (Capital Subsidy)	0.03	0.04
Statutory payables	14.66	4.28
<b>Total</b>	<b>24.44</b>	<b>9.39</b>
<b>27. Revenue from operations</b>		
	<b>Year ended</b>	Year ended
	<b>31-Mar-20</b>	31-Mar-19
Sale of products	2,094.39	2,422.04
Other Operating Revenue	9.35	8.94
<b>Total</b>	<b>2,103.74</b>	<b>2,430.98</b>
<b>28. Other income</b>		
Interest income from Bank Deposits	0.52	0.49
Interest income - Others	2.81	3.55
Provision no longer required written back	0.97	7.37
Exchange Rate Fluctuation gain (Net)	0.32	-
Miscellaneous income	5.57	0.59
<b>Total</b>	<b>10.19</b>	<b>12.00</b>
<b>29. Cost of materials consumed</b>		
Opening Stock	308.51	213.90
Stock arising out of acquisition	-	6.63
Add : Purchase (includes processing charges ₹70.10 Cr (Previous year Rs 92.05 Cr)	1,120.81	1,626.91
<b>Sub-Total</b>	<b>1,429.32</b>	<b>1,847.45</b>
Less Closing Stock	216.17	308.51
<b>Cost of Materials consumed</b>	<b>1,213.15</b>	<b>1,538.94</b>
<b>30. Changes in inventories of finished goods work-in-progress and Stock-in-Trade</b>		
Opening Stock of Finished goods & Traded goods	144.62	93.38
Opening Stock of Work in progress	33.47	15.53
Stock arising out of acquisition	-	1.97
Closing Stock of Finished goods & Traded Goods	162.52	144.62
Closing Stock of Work in progress	28.15	33.47
(Increase) / Decrease in Finished goods & Traded Goods	(17.90)	(51.24)
(Increase) / Decrease in Work in progress	5.32	(17.94)
<b>Total (Increase) / Decrease in Stock</b>	<b>(12.58)</b>	<b>(67.22)</b>
<b>31. Employee benefit Expenses</b>		
(a) Salaries and wages	250.59	229.79
(b) Contributions to -		
(i) Superannuation Fund	1.10	1.04
(ii) Gratuity fund contributions *	2.74	2.41
(iii) Provident Fund and other funds	13.60	13.36
(c) Remuneration to Whole time directors	9.62	13.37
(d) Staff welfare expenses **	15.93	21.32
<b>Total</b>	<b>293.58</b>	<b>281.29</b>

\* Excludes Actuarial Gain/Loss on account of Gratuity.

\*\* Excludes Actuarial Gain/Loss on account of Compensated absence

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>32. Finance cost</b>		
Interest expense	37.56	35.29
Other borrowing cost (including letter of credit and bill discounting charges)	0.32	0.41
<b>Total</b>	<b>37.88</b>	<b>35.70</b>
<b>33. Other expenses</b>		
Consumption of Stores & Spares	49.29	54.67
Power & Fuel	91.02	100.64
Repairs to building	2.84	2.92
Repairs to machinery	18.09	13.77
Repairs Others	0.67	3.81
Insurance	5.84	5.07
Rates & taxes	6.84	11.16
Telephone & Internet Charges	1.10	1.13
Travelling Expense	12.30	16.48
Exchange Rate Fluctuation Loss (Net)	-	2.98
Bank charges	1.56	1.63
Advertisement and sales Promotion	58.44	31.21
CSR Activities (Refer Note 45)	3.63	4.43
Freight Out	72.77	85.87
Advance written off	0.06	0.19
Bad Debts	0.12	0.91
Assets condemned	-	0.12
Commission to non Whole time directors	0.64	0.81
Director's sitting fees	0.08	0.10
Rent & Lease rentals	16.28	21.86
Auditor's Remuneration (Refer Note 47)		
a) Audit fees	0.34	0.32
b)Others	0.16	0.12
Donation	0.02	0.30
Consultancy	30.75	30.03
Warranty Claims (Refer Note 38)	9.12	12.33
Tooling expenses	2.00	1.35
Contract labour charges	0.91	1.35
Other expenses	5.78	5.82
<b>Total</b>	<b>390.65</b>	<b>411.38</b>
<b>34. Reconciliation of effective tax rates</b>		
A reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income taxes to the income before taxes is summarised below:		
Profit before taxes	87.43	153.29
Enacted tax rates in India	<b>Refer Note 1 below</b>	Refer Note 2 below
Expected tax expense/(benefit)	22.01	53.57
<u>Items leading to difference in Effective Rate compared to Statutory Rate :</u>		
Effect of Income tax exemption benefit u/s.80IC of the Income Tax Act with respect to Uttarakhand Plant	-	(4.19)
Additional tax benefit on account of Research & Development (Income & Expenditure)	-	(6.76)
Other Impacts due to permanent allowances/disallowances as per IT Act	0.54	2.45
Effect of rate change	(13.10)	-
Tax losses for earlier period to the extent on which deferred tax asset was (created)/reversed	(0.07)	-
Others	(4.22)	5.07
<b>Tax Expense as per P&amp;L</b>	<b>5.16</b>	<b>50.13</b>
<b>Tax Charged to Other Comprehensive Income for</b>		
Net loss/(gain) on remeasurement of Defined Benefit Plans	0.18	(8.04)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### Note:

- During current year, The Taxation Laws (Amendment) Ordinance 2019 inserted S.115BAA under Income Tax Act, 1961 which provides domestic companies with a non-reversible option to opt for lower tax rate of 22% provided they do not claim certain deductions. On evaluating the options, the Holding Company and its two subsidiaries (TVS Srichakra Investments Ltd and Fiber Optic Sensing Solutions Private Limited) have adopted the new tax structure from current financial year. Tax Rate applicable for TVS Sensing Solutions Private Limited is 25.75%.
- The tax rate applicable for TVS Srichakra Ltd and TVS Srichakra Investments Ltd is 34.94% and the Tax Rate applicable for TVS Sensing Solutions Private Limited is 25.75% during previous year.

### 35. Details of Earnings Per Share

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Profits for the Year (attributable to owners including share of profits from Joint Venture until June 3, 2018)	82.34	102.94
Number of Equity Shares (Nos.)	7,657,050	7,657,050
Face Value of Shares (In Rupees)	10	10
Basic and Diluted Earnings per Share (In Rupees)*	107.53	134.43

\* There are no potential dilutive equity shares

### 36. Employee benefit Liabilities

<b>- Compensated Absences</b>		
Service cost	2.39	2.37
Interest cost	0.56	0.54
Actuarial (gain)/loss	(0.80)	0.47
<b>Project benefit obligation at the end of the year</b>	<b>9.78</b>	9.45
<b>- Gratuity</b>		
<b>Present Value of Defined Benefits - Opening balance</b>	<b>33.60</b>	28.00
Additional DBO due to acquisition of subsidiary	-	1.02
Service cost	2.53	2.25
Interest cost	2.15	2.18
Actuarial (gain)/loss	1.68	1.80
Benefits paid	(2.82)	(1.65)
<b>Project benefit obligation at the end of the year</b>	<b>37.16</b>	33.60
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	29.26	25.09
Additional Plan Assets due to acquisition of subsidiary	-	0.76
Interest income	1.98	2.06
Employers contribution	4.27	3.07
Benefits paid	(2.82)	(1.65)
Actuarial gain/(loss)	0.18	(0.07)
<b>Fair value of plan assets at the end of the year</b>	<b>32.87</b>	29.26
<b>Amount recognised in Balance Sheet</b>		
Present value of projected benefit obligation at the end of the year	37.16	33.60
Fair value of plan assets at the end of year	32.87	29.26
<b>Funded Status amount of liability recognised in Balance Sheet</b>	<b>4.28</b>	4.34
<b>Expense recognised in Statement of Profit or Loss</b>		
Service cost	2.53	2.25
Interest cost	2.15	2.18
Interest income	(1.98)	(2.06)
Net gratuity cost	2.71	2.37
Actual return on plan asset	2.18	1.93
<b>Summary of actuarial assumptions</b>		
Discount rate	6.68%	7.75%
Expected rate of plan assets	6.68%	7.75%
Salary escalation rate	4.00%	5.00%
Attrition rate	5.00%	5.00%

Discount rate - based on prevailing market yields of Indian government securities as at the Balance Sheet date for estimated term of obligations expected rate of return on plan assets - expectation of the average long term rate of return expected on investment of the funds

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

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 ₹4.28 Crores to its gratuity fund during the year ending Mar 31, 2021. The expected cash flows over the next few years are as follows:

Particulars - Gratuity	Year ended 31-Mar-20	Year ended 31-Mar-19
Within 1 year	2.29	1.91
2 to 5 years	9.96	8.70
6 to 10 years	10.16	8.74
more than 10 years	13.24	13.04

Sensitivity analysis of significant actuarial assumption

Particulars - Gratuity	31-Mar-20 % inc/dec in DBO	Liability (Rs in Crores)
Discount Rate + 100 basis points	(8.01%)	32.79
Discount Rate - 100 basis points	9.26%	38.95
Salary growth rate + 100 basis points	9.26%	38.95
Salary growth rate - 100 basis points	(8.13%)	32.75
Attrition Rate + 100 basis points	1.55%	36.20
Attrition Rate - 100 basis points	(1.73%)	35.03
Mortality Rate 10% Up	0.06%	35.67

Particulars - Gratuity	31-Mar-19 % inc/dec in DBO	Liability (Rs in Crores)
Discount Rate + 100 basis points	(7.89%)	29.84
Discount Rate - 100 basis points	9.09%	35.34
Salary growth rate + 100 basis points	9.05%	35.33
Salary growth rate - 100 basis points	(7.96%)	29.82
Attrition Rate + 100 basis points	1.49%	32.88
Attrition Rate - 100 basis points	(1.66%)	31.86
Mortality Rate 10% Up	0.06%	32.42

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 Group has identified the following reportable segment taking into account the different types of products produced and services rendered, different risks and returns, the organization structure and the internal reporting systems : (i) Tyres & Tubes (ii) Others

### Information about revenue from segments :

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
Tyres & Tubes	2,047.13	2,375.36
Others	47.26	46.68
<b>Total</b>	<b>2,094.39</b>	<b>2,422.04</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	Year ended 31-Mar-20	Year ended 31-Mar-19
<b>Information about net profit/(loss) from segments: (PBT)</b>		
Tyres & Tubes	89.77	153.30
Others	-2.34	(0.01)
<b>Total</b>	<b>87.43</b>	<b>153.29</b>
<b>Geographical Breakup of Revenue through sale of products is as under:</b>		
<b>Tyres &amp; Tubes</b>		
Exports	203.08	242.38
Domestic	1,844.05	2,132.98
<b>Sub-Total</b>	<b>2,047.13</b>	<b>2,375.36</b>
<b>Others</b>		
Exports	39.48	7.86
Domestic	7.78	38.82
<b>Sub-Total</b>	<b>47.26</b>	<b>46.68</b>
<b>Total</b>	<b>2,094.39</b>	<b>2,422.04</b>
<b>38. Movement in provision for product warranty</b>		
Opening Balance	8.71	8.71
Add: Provided during the year	9.12	12.33
Less: Claims made	(8.98)	(12.33)
<b>Closing Balance</b>	<b>8.85</b>	<b>8.71</b>

The estimated provision takes into account historical information frequency and average cost of warranty claims and the estimated future incidence of claims.

### 39. 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 transaction during the years 2019-20 and 2018-19 as follows:

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

T V Sundram Iyengar & Sons Private Limited (holds more than 10 % shareholding)

Sundaram Industries Private Limited

TVS Supply Chain Solutions Limited (formerly known as TVS Logistics Services Limited)

TVS Dynamic Global Freight Services Ltd

TVS Auto Bangladesh

SI Air Springs Private Limited (formerly known as Firestone TVS Private Limited)

ZF India Private Limited (upto 03.06.2018)

ZF Friedrichshafen AG (upto 03.06.2018)

ZF Electronics Systems Pleasant Prairie LLC, USA (upto 03.06.2018)

ZF Electronics UK Limited (upto 03.06.2018)

ZF Electronics (Zhuhai) Company Limited (upto 03.06.2018)

TVS Automobile Solutions Private Limited

#### **Associates**

Van Leeuwen Tyres & Wheels B.V.Holland

#### **Joint venture**

TVS Sensing Solutions Pvt. Ltd. (formerly known as ZF Electronics TVS (India) Pvt Ltd) (till 03 June 2018)

#### **Key Management Personnel/ Relative of KMP's**

Sri R Naresh, Executive Vice Chairman

Ms Shobhana Ramachandhran, CEO & Managing Director

Sri R Haresh (Chairman/Director - M/s TVS Sensing Solutions Private Limited)

#### **Independent and Non-Executive Directors**

Sri M S Viraraghavan

Sri P Vijayaraghavan - Non Independent - Non Executive Director

Sri H Janardana Iyer

Sri V Ramakrishnan

Sri Rasesh R Doshi

Sri A Arumugam (up to 23-12-2018)

Sri Anantha Nageswaran (w.e.f 13-11-2018)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### b) Related party transaction and balance as at reporting period

Transactions for the year and balance as at Mar 31, 2020 were as follows:

Particulars	Entity with significant influence and its subsidiaries, associates and joint venture	Key Management Personnel & Relatives of KMP's	Independent and Non-Executive Directors
Purchase of Goods	1.75	-	-
Sale of goods	12.33	-	-
Receipt of Services	37.83	-	-
Lease rent paid	0.02	0.05	-
Salaries and other benefits	-	5.50	-
Sitting fees	-	-	0.08
Commission	-	4.12	0.64
Reimbursement of expenses received	-	0.01	-
<b>Amount Receivable</b>	<b>3.08</b>	<b>-</b>	<b>-</b>
<b>Amount Payable</b>	<b>4.49</b>	<b>4.12</b>	<b>0.64</b>

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

Transactions for the year and balance as at Mar 31, 2019 were as follows:

Particulars	Entity with significant influence and its subsidiaries, associates and joint venture	Key Management Personnel & Relatives of KMP's	Independent and Non-Executive Directors
Purchase of Goods	4.87	-	-
Sale of goods	19.86	-	-
Receipt of Services	11.51	-	-
Lease rent paid	0.03	0.05	-
Salaries and other benefits	-	4.98	-
Sitting fees	-	-	0.10
Commission	-	8.39	0.81
Reimbursement of Expenses	0.01	-	-
<b>Amount Receivable</b>	<b>7.57</b>	<b>-</b>	<b>-</b>
<b>Amount Payable</b>	<b>4.50</b>	<b>8.39</b>	<b>0.81</b>

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

## 40. 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. The gains or losses arising from changes in the fair value of the derivative contracts are recognized in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2020 and March 31, 2019 are given below:

Particulars	Currency	As at 31-Mar-20	As at 31-Mar-19
Forward contracts (Sell)	USD	<b>74,58,428</b>	1,25,95,442
	Euro	<b>14,237</b>	70,110
Forward contracts (Buy)	USD	<b>13,79,520</b>	25,19,947
	Euro	<b>8,73,468</b>	17,37,070
Gain/(loss) mark to market in respect of forward contracts outstanding	Rupees in Crores	<b>0.54</b>	(1.81)

All open forward exchange contracts mature within three to nine months from the Balance Sheet date.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at Mar 31, 2020 was as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
<b>Asset</b>			
Investment in Others	-	-	96.80
Employee advances	3.03	-	-
Security Deposits	27.75	-	-
Trade Receivables	207.41	-	-
Cash and Bank Balances	13.50	-	-
Accrued income	34.72	-	-
Others	0.15	-	-
<b>Liabilities</b>			
Loans from Banks	351.03	-	-
Interest accrued but not due	1.44	-	-
Lease liability	0.04	-	-
Security Deposits	82.22	-	-
Trade payables	217.70	-	-
Capital Creditors	17.13	-	-
Other Creditors	122.13	-	-
Unpaid Dividends	4.96	-	-

The carrying value and fair value of financial instruments by each category as at Mar 31, 2019 was as follows:

Particulars	Financial assets/ liabilities at amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI
<b>Asset</b>			
Investment in Others	-	-	96.62
Employee advances	2.61	-	-
Deposit with Bank & Government authorities (non-current)	0.16	-	-
Security Deposits	29.89	-	-
Trade Receivables	336.61	-	-
Cash and Bank Balances	17.99	-	-
Accrued income	36.37	-	-
<b>Liabilities</b>			
Loans from Banks	426.26	-	-
Interest accrued but not due	2.67	-	-
Security Deposits	84.36	-	-
Trade payables	334.69	-	-
Capital Creditors	25.97	-	-
Other Creditors	120.32	-	-
Unpaid Dividends	4.42	-	-

Details of financial assets pledged as collateral :

Carrying amount of financial assets as at Mar 31, 2020 and 2019 that the Company has provided as a collateral for obtaining borrowing and other facilities from the bankers are as follows :

Particulars	As at 31-Mar-20	As at 31-Mar-19
Fixed Deposits	4.56	4.54

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(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 31-Mar-20		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Investment in Others	-	96.01	0.79

Particulars	As at 31-Mar-19		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Investment in Others	-	96.01	0.61

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 31-Mar-20	Year ended 31-Mar-19
(a) Financial assets at amortised cost		
Interest income on bank deposits	<b>0.52</b>	1.54
Interest income on loans	<b>0.86</b>	1.04
(b) Financial liabilities at amortised cost		
Interest expenses on borrowings from banks, others and overdrafts	<b>37.88</b>	31.77
(c) Financial asset at FVTPL		
Net gain/(losses) on fair valuation on derivative financial instruments	-	0.18
(d) Financial asset at FVTOCI		
Net gain/(losses) on fair valuation of investments	-	27.29

## 41. Financial risk management

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

### 41.1 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, provision for receivables amounting to ₹0.39 Crores (PY - ₹0.29 crores) has been made under simplified approach.

### 41.2 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

Particulars	As at 31-Mar-20	As at 31-Mar-19
Long term borrowings		
- Upto 1 Year	21.17	9.12
- 1 to 3 Years	129.21	46.88
Short term borrowings		
- Upto 1 Year	200.64	370.26
Trade Payable		
- Upto 1 Year	217.70	334.69
Security Deposits from Customer		
- 1 to 3 Years	10.22	12.36
- More than 3 Years	72.00	72.00
Capital creditors		
- Upto 1 Year	17.13	25.97
Other Financial Liabilities		
- Upto 1 Year	128.58	127.41
<b>Total</b>	<b>796.65</b>	<b>998.69</b>

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

Fixed Deposits with Banks		
- Upto 1 Year	4.56	4.54
Trade Receivables		
- Upto 1 Year	207.41	336.61
Loan to Employees		
- 1 to 3 Years	3.03	2.61
Security Deposits		
- 1 to 3 Years	27.75	29.89
Deposit with Bank & Government authorities (non-current)		
- 1 to 3 Years	0.15	0.16
Other Financial Assets		
- Upto 1 Year	34.72	36.37
Unpaid Dividend		
- Upto 1 Year	4.96	4.42
Cash & Cash Equivalents		
- Upto 1 Year	3.98	9.03
Investment in Unquoted Shares		
- More than 3 Years	96.80	96.62
<b>Total</b>	<b>383.36</b>	<b>520.25</b>

The Company has access to committed credit facilities as described below, of which ₹169.36 cr were unused at the end of the reporting period (as at March 31, 2019 ₹59.74 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:**

Amount used	200.64	320.26
Amount unused	169.36	59.74

### **41.3 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.

**41.3.1 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

**41.3.2 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.

**41.3.2.1** 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.

### Balance as at 31-Mar-20

Particulars	Exchange Rate	Amount in Foreign Currency	Amount in INR (crores)
<b>Trade Receivables (Assets)</b>			
USD	74.57	16,07,076	11.98
EUR	81.76	11,89,051	9.73
<b>Trade Payables (Liabilities)</b>			
USD	76.36	17,91,393	13.67
EUR	84.76	1,66,251	1.46
GBP	93.19	15,592	0.15
<b>Balance as at 31-Mar-19</b>			
<b>Trade Receivables (Assets)</b>			
USD	68.43	28,48,364	19.49
EUR	76.30	21,25,835	16.22
<b>Trade Payables (Liabilities)</b>			
USD	69.93	25,85,634	18.08
EUR	79.02	3,65,544	2.89
GBP	92.95	10,505	0.01

### 41.3.2.2 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/(loss) only on outstanding foreign currency denominated monetary items at the period end is presented below:

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

Particulars	31-Mar-20		31-Mar-19	
	USD	EUR	USD	EUR
Impact on Receivables due to +/- 5% Change in Currency Rates	0.60	0.49	0.97	0.81
Impact on Payables due to +/- 5% Change in Currency Rates	0.68	0.07	0.90	0.14

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.

### 41.3.3 Interest rate risk management

The Company is exposed to interest rate risk because of borrowal of short term funds at floating interest rates.

#### 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, 2020 would decrease/increase by ₹1.76 Cr; as against ₹2.11 Cr for the year ended March 31, 2019.

### 41.4 Other Risk - COVID-19

a. Financial Assets measured at fair value amounting to ₹96.80 crores and measured at amortised cost amounting to ₹286.57 crores have been considered for the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19.

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### 42. 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 cash equivalents, excluding discontinued operations.

<b>Particulars</b>	<b>As at 31-Mar-20</b>	As at 31-Mar-19
Interest-bearing loans and borrowings	<b>352.46</b>	428.93
Less: cash and cash equivalents	<b>(3.98)</b>	(9.03)
<b>Net debt</b>	<b>348.48</b>	419.90
Equity Capital	<b>7.66</b>	7.66
Other Equity	<b>737.28</b>	720.60
Total capital	<b>744.94</b>	728.26
<b>Gearing ratio</b>	<b>0.47</b>	0.58

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 31st March 2020 and 31st March 2019.

### 43. Commitments and Contingencies

a) Estimated amount of contract remaining to be executed on capital account	<b>52.61</b>	53.58
b) Letter of Credit opened by Holding Company's Bankers	<b>31.02</b>	54.67
c) Excise duty and service tax under dispute	<b>9.19</b>	13.87
d) Sales Tax under dispute	<b>5.61</b>	5.64
e) Income Tax under dispute	<b>0.01</b>	0.09
f) Provident Fund	<b>4.00</b>	4.00
g) Customs duty on goods lying at Bonded warehouse	-	0.07
h) There is a claim against the Holding Company in respect of Product Liability in USA . This is covered by Product Liability Insurance and no additional liability is likely to occur.		

### 44. Due to micro and small enterprises

Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	<b>0.73</b>	4.03
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	<b>0.08</b>	0.09
Principal amounts paid to suppliers registered under the MSMED Act beyond the appointed day during the year	<b>2.47</b>	4.34
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	<b>0.03</b>	0.06
Futher interest remaining due and payable for earlier years	<b>0.05</b>	0.03

Note: Out of ₹4.03 crores of MSME payable previous year, ₹1.28 crores relates to Trade Payables & ₹2.75 crores relates to Capital Creditors

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### 45. 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 ₹3.60 crores in compliance to this requirement. A sum of ₹3.63 crores has been spent during the current year towards CSR activities as explained below. Balance amount to be spent is ₹Nil.

<b>Particulars</b>	<b>As at 31-Mar-20</b>	As at 31-Mar-19
<b>CSR Expenditure</b>		
Amount required to be spent under section 135 of the Companies Act, 2013	<b>3.60</b>	4.38
<b>Amount spent during the year on:</b>		
i) Construction/acquisition of an asset	-	-
ii) Purposes other than (i) above	<b>3.63</b>	4.43
<b>Amount unspent</b>	<b>-</b>	-
<b>46. Research and Development Expenditure</b>		
<b>Capital expenditure</b>		
Plant & Machinery	<b>3.80</b>	3.25
Electrical Installations	<b>0.12</b>	4.03
Vehicles	<b>0.02</b>	0.04
Computers	-	-
Furniture	<b>0.01</b>	0.53
Buildings	<b>0.13</b>	2.09
Intangible Assets	<b>0.11</b>	0.05
Office Equipment	<b>0.10</b>	0.07
Capital Work in Progress	<b>7.35</b>	0.91
Intangible Assets under development	<b>10.80</b>	-
Total	<b>22.45</b>	10.97
<b>Revenue Expenditure</b>		
Raw Materials consumed	<b>0.11</b>	1.49
Stores & Spares consumed	<b>0.36</b>	0.78
Allowances	<b>6.76</b>	6.60
Rent including lease rentals	<b>0.12</b>	0.02
Rates & Taxes	<b>1.10</b>	1.39
Insurance	-	0.01
Travelling expenses	<b>1.21</b>	1.72
Repairs & Maintenance	<b>1.57</b>	0.89
Consultancy-Foreign	<b>2.92</b>	5.57
Consultancy-Domestic	<b>0.56</b>	0.15
Freight	<b>0.11</b>	0.04
Others	<b>0.81</b>	0.51
Total	<b>15.65</b>	19.16
<b>Total Research and Development Expenditure</b>	<b>38.10</b>	30.13
<b>47. Details of Auditor's Remuneration</b>		
a) Statutory Audit	<b>0.34</b>	0.32
b) Taxation	<b>0.04</b>	0.04
c) GST Audit	<b>0.04</b>	-
c) Certification	<b>0.03</b>	0.03
d) Towards reimbursement of expenses	<b>0.05</b>	0.05
<b>Total</b>	<b>0.50</b>	0.44
<b>48. Depreciation &amp; Amortisation</b>		
Depreciation on Property, Plant and Equipment (Refer Note 3)	<b>91.11</b>	87.51
Amortisation of Intangible Assets (Refer Note 4)	<b>2.86</b>	3.06
Depreciation on Investment Property (Refer Note 5)	<b>0.33</b>	0.35
Amortisation of Right of Use Assets (Refer Note 6)	<b>5.89</b>	-
On Account of Acquisition (Refer Note 50)	-	(6.15)
<b>Total</b>	<b>100.17</b>	84.77



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

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

### 49. Additional Disclosure in respect of Subsidiaries

Particulars	Parent	Subsidiary	Subsidiary	Subsidiary	Non-Controlling Interests
Name of the Entity	TVS Srichakra Limited	TVS Srichakra Investments Limited	TVS Sensing Solutions Private Limited (formerly known as ZF Electronics TVS (India) Private Limited)	Fiber Optic Sensing Solutions Private Limited	
Whether Indian or Foreign	Indian	Indian	Indian	Indian	
Extent of Holding by Parent	NA	100%	50% - till 03 June 2018; 100% - w.e.f 04 June 2018	90% - w.e.f 8th Aug, 2019	
<b>Net Asset</b>	<b>724.29</b>	<b>1.4</b>	<b>19.93</b>	<b>(0.68)</b>	<b>(0.07)</b>
Net Asset as a % of Consolidated Net Asset	97.24%	0.19%	2.68%	(0.09%)	(0.01%)
<b>Share in Profit or Loss</b>	<b>84.42</b>	<b>(1.35)</b>	<b>(0.02)</b>	<b>(0.69)</b>	<b>(0.09)</b>
Share in Profit or Loss as a % of Consolidated Profit or Loss	102.61%	(1.64%)	(0.02%)	(0.84%)	(0.11%)
<b>Share in Other Comprehensive Income</b>	<b>(0.46)</b>	-	<b>(0.08)</b>	-	-
Share in Other Comprehensive Income as a % of Consolidated Other Comprehensive Income	85.19%	-	14.81%	-	-
<b>Share in Total Comprehensive Income</b>	<b>83.96</b>	<b>(1.35)</b>	<b>(0.1)</b>	<b>(0.69)</b>	<b>(0.09)</b>
Share in Total Comprehensive Income as a % of Consolidated Total Comprehensive Income	102.73%	(1.65%)	(0.12%)	(0.84%)	(0.11%)

### 50. Acquisition of 100% stake in TVS Sensing Solutions Pvt Ltd

On 4th June 2018, the Company acquired the 50% stake held by others in TVS Sensing Solutions Pvt Ltd (formerly known as ZF Electronics TVS (India) Pvt Ltd) resulting in the said company becoming a 100% subsidiary from the erstwhile status of being a Joint Venture Company. Accordingly the acquisition accounting was effected under Ind AS 103 with recognition of Capital Reserve of ₹0.10 crores.

**51.** TVS Sensing Solutions Private Limited, a subsidiary of the company has subscribed to 90% of the equity shares of M/s Fiber Optic Sensing Solutions Private Limited. Accordingly, the Company has become a subsidiary of TVS Srichakra Limited with effect from 8th August 2019.

### 52. Dividend

During Current year, an amount of ₹20.10 per share (201%) has been paid towards Interim dividend aggregating to ₹15.38 crores excluding Dividend Distribution Tax, which shall be treated as final dividend for the year. During Previous year, an amount of ₹40 per share (400%) has been paid towards Final dividend aggregating to ₹30.63 crores excluding Dividend Distribution Tax.

**SHOBHANA RAMACHANDHRAN**

Managing Director  
DIN : 00273837

**R NARESH**

Executive Vice Chairman  
DIN : 00273609

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

Place: Madurai  
Date: 26th June 2020

**B RAJAGOPALAN**  
Chief Financial Officer

**P SRINIVASAN**  
Secretary

**T V BALASUBRAMANIAN**  
Partner  
Membership No. : 027251  
UDIN: 20027251AAAAEE7039

Place: Chennai  
Date: 26th June 2020

## **TVS SRICHAKRA LIMITED**

**Regd. Office:** TVS Building, 7-B West Veli Street, Madurai - 625 001. [www.tvstyres.com](http://www.tvstyres.com)

**Manufacturing Units: Tamil Nadu:** Vellaripatti, Melur Taluk, Madurai - 625 122.

**Uttarakhand:** Integrated Industrial Estate, Sidcul, Pant Nagar, Rudrapur Tehsil, Kicha Dist - 263 153.