TVS Upasana Limited
(formerly Upasana Engineering Limited)

ANNUAL REPORT

for the year ended
31st March 2017

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Twenty Fifth Annual Report, together with the audited accounts for the year ended 31st March 2017.

FINANCIAL RESULTS

Particulars	2016-17	₹ 2015-16
Sales and other income	**1,48,59,20,587**	1,17,32,23,363
Gross Profit / (Loss) before interest & depreciation	**23,87,33,442**	17,08,33,536
Less: Interest	**2,63,62,880**	2,69,34,828
Less: Depreciation	**4,29,52,614**	3,94,57,747
Profit / (Loss) before tax	**16,94,17,948**	10,44,40,961
Add / (Less): Provision for Tax (including Deferred Tax)	**5,87,21,103**	3,59,54,927
Profit / (Loss) after tax	**11,06,96,845**	6,84,86,034
Other Comprehensive income ne of deferred Tax	**(4,16,698)**	(3,72,524)
Total Comprehensive Income for the year	**11,02,80,147**	6,81,13,510
Add : Brought forward	**27,57,67,140**	23,12,85,282
Interim Dividend Paid	**2,37,99,348**	1,96,34,462
Dividend Distribution Tax paid	**48,45,070**	39,97,190
Balance carried forward	**38,60,47,287**	27,57,67,140

OPERATIONS

During the year under review, the income from operations of the Company amounted to ₹ 148.59 Crs as against ₹ 117.32 Crs in 2015 - 2016. During the year under review, the Total comprehensive income of the Company for the year was at ₹ 11.07 Crs against ₹ 6.85 Crs during 2015-2016.

DIVIDEND

The Directors recommend 20% dividend for the year under review i.e ₹ 2/- per share.

TRANSFER TO RESERVES

The Company has not transferred any amounts to reserves during the year 2016-2017.

BOARD MEETINGS

During the financial year 2016-2017, there were 5 (five) board meetings, which were held on 20th May, 2016, 22nd July, 2016, 16th November, 2016, 5th December, 2016 and 27th February, 2017.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed;

b) they have selected appropriate accounting policies and applied them consistently, made judgments and estimates that have been made 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 year.

c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) they had prepared the annual accounts on a going concern basis.

e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

DIRECTORS

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Companies Act, 2013, two-third of the total number of directors i.e. excluding independent directors, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every Annual General Meeting. Accordingly, Ms Usha Krishna (DIN00270815), Director of the Company, becomes liable to retire by rotation, at the ensuing AGM, and being eligible, offers herself for re-appointment.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS UNDER SUB-SECTION (7) OF SECTION 149

The Independent Directors have submitted the declaration of independence, pursuant to Section 149 (7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section (6).

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The details of Loans, Guarantees, Investments given during the financial year ended on 31st March, 2017 is enclosed vide **Annexure I** forming part of this report in compliance with the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and any amendment(s) relating thereto.

AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai were appointed as Statutory Auditors of the Company at the 51st Annual General Meeting held on 22nd September, 2014 for a consecutive period of three years, upto the conclusion of the 54th Annual General Meeting.

In terms of third proviso under Section 139(2) of the Companies Act, 2013, the tenure of the incumbent Auditors ceases upon the conclusion of ensuing Annual General Meeting.

The Board of Directors place on record their sincere appreciation of the valuable services rendered by

M/s Sundaram & Srinivasan, Chartered Accountants, Chennai since inception of the Company as statutory auditors of the Company.

The Board of Directors have recommended the appointment of B S R & Co. LLP, Chartered Accountants, Chennai as the statutory auditors of the Company, for a term of five consecutive years, till the conclusion of the Annual General Meeting of the Company for the financial year 2021-2022. The Company has received consent from B S R & Co. LLP, Chartered Accountants, Chennai to serve as statutory auditors of the Company, if they are so appointed.

They have also furnished necessary certificate required under the Companies Act, 2013 conveying their eligibility for appointment.

A brief profile of the auditor is given below:-

B S R & Co. ('the firm') was constituted on 27th March, 1990 having firm registration no. as 101248W. It was converted into limited liability partnership i.e. B S R & Co. LLP on 14th October, 2013 thereby having a new firm registration no. 101248W / W-100022. The registered office of the firm is at 5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai, Maharashtra - 400 011 .

B S R & Co. LLP is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India. The other entities which are part of the B S R & Affiliates include B S R & Associates LLP, B S R & Company, B S R and Co, B S R and Associates, B S R and Company, B S R R & Co, B S S R & Co and B B S R & Co.

B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi.

RELATED PARTY TRANSACTIONS

All related party transactions were entered at arms' length basis and in the ordinary course of business. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 prepared in Form AOC-2 pursuant to Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is enclosed vide **Annexure II** forming part of this report.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure-III.**

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

The company has planned to expand its manufacturing facility for spokes and nipples located at SIDCO Industrial Estate, Ambattur through addition of new plant to cater to the increased requirements of its customers, two wheeler manufacturers, namely TVS Motors Limited, Bajaj Auto Limited, Royal Enfield, Yamaha Motors and United Motors. In this regard the company is being allotted land at Vallam Vadagal on lease base to establish additional unit to enhance the current production capacity of the company.

CONSERVATION OF ENERGY / TECHNOLOGY ABSORPTION

The Company has utilized renewable energy in the form of Wind Energy at its hosur plant in lieu of fossil fuels.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used are as under: ₹

	2016-17	2015-16
Foreign exchange earned - Exports	**36,42,78,836**	22,29,82,165
Foreign Exchange earned - Others	**7,43,540**	13,92,189
Foreign exchange used - imports	**10,19,36,425**	7,33,32,896
Foreign exchange used – others	**34,43,908**	85,80,466

DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL APPOINTED OR HAVE RESIGNED DURING THE YEAR

There was no change in the Directors / Key Managerial Personnel of the Company during the financial year.

CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Company during the financial year.

COMPANIES WHICH HAVE BECOME OR CEASED TO BE COMPANY'S SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

The Company does not have any subsidiary, joint venture or associate company.

PUBLIC DEPOSITS

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

REGULATORY / COURT ORDERS

During the year 2016 - 2017, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

INTERNAL FINANCIAL CONTROLS

The company has internal control procedures and sufficient internal control checks considering the size and nature of its business and the Board of directors are of the view that those controls are adequate with reference to the financial statements.

RISK MANAGEMENT

The Company had identified certain business risks and also the measures for dealing with such risks which it faces in day to day operations of the Company.

AUDIT COMMITTEE

The Audit Committee of the Board consists of Sri R Ramakrishnan, Ms Arundathi Krishna and Sri R Krishnan as members of the Audit Committee, with Sri R Ramakrishnan as its Chairman.

The Audit Committee met twice during the year on 20th May, 2016 and 27th February, 2017. All the members attended the meeting.

The terms of reference of the committee covers the matters specified for Audit Committee as per the provisions of the Section 177 of the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The CSR Committee of the Board consists of Sri Suresh Krishna, Ms Arundathi Krishna, Ms Usha Krishna and Sri R Ramakrishnan as members of the CSR Committee, with Sri Suresh Krishna as its Chairman.

The CSR Committee of the Board met one time during the year on 3rd November, 2016.

With the enactment of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 and any amendment(s) relating thereto, read with various clarifications issued by Ministry of Corporate Affairs, the Company has undertaken activities as per the CSR Policy (available on your Company's website www.uel.in) and the details are contained in the annual report on CSR activities enclosed vide **Annexure-IV** forming part of this report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board did not meet during the financial year ended 31st March, 2017.

Remuneration policy for Directors, Key Managerial Personnel and other employees:

The Company does not pay any remuneration to its Directors and Key Managerial Personnel.

The following will be the guiding factors with respect to remuneration to other employees.

- The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain talent.
- Remuneration to other employees will have a balance between fixed and incentive pay reflecting both short and long term performance objectives appropriate to the working of the Company and its goals and objectives. Such remuneration will generally comprise of fixed pay, performance pay, perquisites and other work related benefits.
- The Remuneration to other employees shall ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

STATEMENT UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

None of the employees was in receipt of remuneration in excess of the limit prescribed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

The Company has adopted the Anti-Sexual Harassment Policy laid down by the Holding Company (Sundram Fasteners Limited-SFL), which is in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) of SFL is entrusted to redress complaints regarding sexual harassment. No complaints were received during the year 2016.

ACKNOWLEDGMENT

Your Directors thank the holding company, Sundram Fasteners Limited for its continued support. The Directors wish to thank the Company's bankers, customers and vendors for their continued support. They also place on record their appreciation of all the employees of the Company for their contribution and dedicated service.

On behalf of the Board

Chennai — SURESH KRISHNA
May 23, 2017 — Chairman

ANNEXURE - I

Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

Nature of transaction (whether loan/ guarantee/ security/ acquisition)	Date of making loan/ acquisition / giving guarantee/ providing security	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed/ Unlisted entities)	Amount of loan/ security/ acquisition / guarantee	Time period for which it is made/ given	Purpose of loan / acquisition / guarantee / security	% of loan / acquisition / exposure on guarantee / security provided to the paid-up capital, free reserves and securities premium account and % of free reserves and securities premium	Date of passing Board resolution	Date of passsing special resolution, if required	For loans	
									Rate of Interest	Date of Maturity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10	(11)
Investment of 3,000 class A Equity Shares of ₹ 10/- each (at premium of ₹ 140 per each)	N.A.	Clean Switch India Private Limited	4,50,000	N.A.	To comply with Group Captive Consumers (GCC) norms	0.31%	22-07-2016	N.A.	N.A.	
Investment of 40,000 Class B Equity Shares of ₹ 10/- each	N.A.	Clean Switch India Private Limited	4,00,000	N.A.	To comply with Group Captive Consumers (GCC) norms	4.16%	22-07-2016	N.A.	N.A.	
Investment of 1,00,000 Class B Equity Shares of ₹ 10/- each	N.A.	Clean Switch India Private Limited	10,00,000	N.A.	To comply with Group Captive Consumers (GCC) norms	10.41	27-02-2017	N.A.	N.A.	

On behalf of the Board

Chennai
May 23, 2017

SURESH KRISHNA
Chairman

ANNEXURE - II

Disclosure of Particulars of Contracts/Arrangements entered into by the Company

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)

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient features of the contracts or arrangements or transactions including the value	Date of approval by the Board	Amount paid as advances, if any
1.	Sundram Fasteners Limited	Purchs ase of good, services rendered, services availed, capital goods purchased, lease rent paid, interest paid	2016-17	At arm's length in the ordinary course of business (Aggregate amount ₹ 18,13,04,472)	As the transactions fall under the third proviso to Section 188(1), Board approval is not applicable	Nil
2.	TVS Infotech Limited	Services availed	2016-17	At arm's length in the ordinary course of business (Aggregate amount ₹ 33,64,902)		Nil
3.	Upasana Finance Limited	Interest paid on Inter Corporate Deposits	2016-17	At arm's length in the ordinary course of business (Aggregate amount ₹ 11,50,000)		Nil

On behalf of the Board

Chennai
May 23, 2017

SURESH KRISHNA
Chairman

ANNEXURE - III

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS

CIN	U65991TN1992PLC022619
Registration Date	6th May 1992
Name of the Company	TVS Upasana Limited (formerly known as Upasana Engineering Limited)
Category / Sub-Category of the Company	Public Company / Limited by Shares
Address of the Registered Office and contact details	98-A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004 Phone : 044 - 28478500 E-mail : meenakshisundaram.s@sfl.co.in
Whether listed company	No
Name, Address and Contact details of the Registrar and Transfer Agent, if any.	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and description of main products / services	NIC Code of the Product / service	% of total turnover of the company
1	Manufacture of Spokes & Nipples, Automobile Kits, Dowels & Rollers Small Screws, Tools and Cold Extruded parts	25991	99.66

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the company	CIN / GLN	Holding / Subsidiary	% of votes held	Applicable Section
1	Sundram Fasteners Limited 98-A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004	L35999TN1962PLC004943	Holding Company	100.00	2(46) / 2(87)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category wise shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1. Indian									
a) Individuals / HUF (Nominees of Bodies Corporate)	-	6	6	0.00	-	6	6	0.00	Nil
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	11899668	11899668	100.00	-	11899668	11899668	100.00	Nil
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)		11899674	11899674	100.00	-	11899674	11899674	100.00	Nil
Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	-	-	-	-	-	-	-	-	Nil
Total shareholding (A)=(A)(1)+(A)(2)	**-**	**11899674**	**11899674**	**100.00**	**-**	**11899674**	**11899674**	**100.00**	**Nil**
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
Grand Total = A+B+C	**-**	**11899674**	**11899674**	**100.00**	**-**	**11899674**	**11899674**	**100.00**	**Nil**

(ii) Shareholding of Promoters

S. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change 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	Sundram Fasteners Ltd	11899668	100.00	0.00	11899668	100.00	0.00	Nil
2	Nominees of Sundram Fasteners Ltd	6	0.00	0.00	6	0.00	0.00	Nil
	Total	11899674	100.00	0.00	11899674	100.00	0.00	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

There have been no changes in the Promoters' shareholding during the year.

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Not Applicable.

(v) **Shareholding of Directors and Key Managerial Personnel:s**

S. No.	For Each of the Directors and KMP	Name of the Director / 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	At the beginning, during and end of the year	S Meenakshisundaram, Director*	1	0.00	1	0.00
2	At the beginning, during and end of the year	R Dilipkumar, CFO & CS*	1	0.00	1	0.00
3	At the beginning, during and end of the year	R Krishnan*	1	0.00	1	0.00

* Nominees of Sundram Fasteners Limited

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (as on 31st March, 2017) ₹

S. No.	Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
1.	Indebtedness at the beginning of the financial year				
	i) Principal amount	26,05,23,602	6,90,00,000	-	32,95,23,602
	ii) Interest due but not paid	-	10,35,000	-	10,35,000
	iii) Interest accrued but not due	-	-	-	-
	Total of (i) + (ii) + (iii)	26,05,23,602	7,00,35,000	-	33,05,58,602
2.	Change in indebtedness during the financial year				
	- Addition	25,68,52,449	-	-	25,68,52,449
	- Reduction	6,66,86,469	-	-	6,66,86,469
	Net Change	19,01,65,980	-	-	19,01,65,980
3.	Indebtedness at the end of the financial year				
	i) Principal amount	45,06,89,582	6,90,00,000	-	51,96,89,582
	ii) Interest due but not paid	-	-	-	-
	iii) Interest accrued but not due	9,67,968	10,35,000	-	20,02,968
	Total of (i) + (ii) + (iii)	45,16,57,550	7,00,35,000	-	52,16,92,550

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2016-2017, no remuneration was paid to Directors and Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year 2016-2017, there were no penalties levied by the Regional Director on the company / directors / officers in default or any compounding of offences by the company / directors / officers in default or any punishment granted by any Court against the company / directors / officers in default.

ANNEXURE - IV

Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014

(i) Brief Outline of the Company's CSR Policy

a. CSR Committee shall formulate and recommend to the Board the CSR Policy, which shall include statutorily recognized activities.

b. CSR Committee to monitor the CSR Policy of the Company.

c. CSRC shall recommend amount of expenditure to be incurred by the company on CSR activities.

d. CSRC shall institute a transparent monitoring mechanism for implementation of the activities / projects undertaken by the Company.

e. The CSR Committee shall have meetings periodically as it may deem fit with one meeting before finalization of annual accounts. The quorum shall be either two members or one third of the members of the CSR Committee, whichever is higher with a minimum of two directors, out of which one shall be an independent director.

f. The CSR Committee shall invite Managing Directors and such of the executives to be present at the meetings of the Committee as may be required by it.

g. Such other matters as may be prescribed under the Companies Act, 2013 and rules thereunder and such other rules / regulations, as may be applicable from time to time.

(ii) Overview of projects/ programmes

Contribution to Medical Research Foundation (Sankara Nethralaya) to provide door step eye care facility to rural people at free of cost amounting to ₹ 3,73,000/- (Rupees Three Lakhs Seventy Three Thousand Only).

Contribution to Kaivalam Foundation to provide vocation skills training in areas like tailoring, fashion designing, creating jute articles and screen printing to become entrepreneurs / self-employed and thereby enhance dignity and self-worth for women for free of cost amounting to ₹ 16,00,000/- (Rupees Sixteen Lakhs Only)

(iii) Web link:: www.uel.in

(iii) Composition of CSR Committee

The following directors are the members of the Corporate Social Responsibility Committee:

1. Sri Suresh Krishna (Chairman)
2. Ms. Usha Krishna
3. Ms. Arundati Krishna
4. Sri R Ramakrishnan

(iv) Average net profits

Average net profits of the company for the last three financial years is ₹ 982.35 Lakhs.

(vi) Prescribed CSR expenditure (two per cent of the amount specified above)

Prescribed CSR expenditure is ₹ 19.65 Lakhs

(vii) Details of CSR spent during the financial year 2016-2017

Total amount to be spent for the financial year 2016-2017	₹ 19.65 Lakhs
Amount unspent	-
Manner in which the amount spent during the financial year	Providing door step eye care facilities to rural people and skills training in areas like tailoring, fashion designing, creating jute articles and screen printing to become entrepreneurs/ self-employed for women.

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

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay(budget) project or programs-wise (₹ In Lakhs)	Amount spent on the projects or programs. Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads: (₹ In Lakhs)	Cumulative expenditure up to the reporting period (₹ In Lakhs)	Amount spent: Direct or through implementing agency* (₹ In Lakhs)
1	Medical Research Foundation (Sankara Nethralaya) - To provide door step eye care facility	Health care	1. Chennai 2. Tamil Nadu	₹ 3.73 Lakhs	₹ 3.73 Lakhs	₹ 3.73 Lakhs	₹ 3.73 Lakhs In association with Medical Research Foundation
2	Kaivalam Foundation- To Provide vocation skills training in areas like tailoring, fashion designing, creating jute articles and screen printing for women	Education	1. Chennai 2. Tamil Nadu	₹ 16.00 Lakhs	₹ 16.00 Lakhs	₹ 16.00 Lakhs	₹ 16.00 Lakhs In association with Kaivalam Foundation

(viii) We hereby confirm that the Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

On behalf of the Board

Chennai
May 23, 2017

SURESH KRISHNA
Chairman

Sundaram & Srinivasan
Chartered Accountants

New No.4 (Old No.23) C P Ramaswamy Road,
Alwarpet, Chennai 600 018.

Independent Auditors' Report to the Members of TVS Upasana Limited (Formerly Upasana Engineering Limited), Chennai for the year ended March 31, 2017

To
The Members of
TVS Upasana Limited, Chennai

Report on the Ind AS Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position) profit, financial performance including other comprehensive income, cash flows and Changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in term of sub-section (11) of section 143 of the Act, we give in the "Annexure - A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    c. The Balance Sheet, the Statement of Profit and Loss (including other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
    e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure - B".
    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations furnished to us :
        i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements Refer Note No.44 to the financial statements.
        ii. The Company did not have any long-term contracts including derivative contract for which there were any material foreseeable losses.
        iii. During the year, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
        iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note No.36 to the Notes to the financial statements.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Chennai
May 23, 2017

Annexure A to the Independent Auditor's Report to the members of TVS Upasana Limited (Formerly Upasana Engineering Limited), Chennai for the year ended 31st March 2017

Annexure - A referred to in our report under "Report on Other Legal and Regulatory Requirements Para I of even date on the accounts for the year ended 31st March, 2017.

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

   (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. No material discrepancies were noticed on such verification.

   (c) The title deeds of immovable properties of the Company are held in the name of the company based on the confirmation received from the Company except for lands to the extent of 0.0082 acres in respect of which registration of title deed in favour of the company is pending.

2. The inventory has been physically verified at reasonable intervals during the year by the management. The discrepancies between the physical stocks and the books were not material and have been properly dealt with in the books of account.

3. During the year, the company has not granted any loan to a company, firm, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

4. During the year, the company has not granted any loan or furnished any guarantees or provided any security. The company has made investments in equity shares in this year. The Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013.

5. The company has not accepted any deposits within the meaning of sections 73 to 76 of the Companies Act, 2013, during the year.

6. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under section 148(1) of the Companies Act, 2013 for maintenance of cost records and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. However we have observed marginal delays in remittance of Income tax deducted at source, service tax, and Works Contract Tax and Employees State Insurance.

   (b) According to information and explanations furnished to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess were in arrears as at 31st March 2017 for a period of more than six months from the date they become taxable.

   c) According to the information and explanation furnished to us, the following are the details of disputed dues that were not deposited with the conerned authorities:

Name of the statute	Nature of dues	Amount (₹ In Lakhs)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	72,35,960	Commissioner of Income Tax (Appeals) at Chennai
Income Tax Act, 1961	Income Tax	10,870	Central Processing Centre , Bengaluru
Central Sales Tax Act, 1956	Central Sales Tax	69,39,583	Appellate Deputy Commissioner – CT, Chennai
Central Sales Tax Act, 1956	Central Sales Tax	5,40,73,219	High Court of Judicature at Madras
Central Sales Tax Act, 1956	Central sales Tax	2,67,965	Commercial Tax Officer, Chennai

8. Based on our verification and according to the information and explanations furnished by the management, the company has not defaulted in repayment of dues to its banks. The company has not issued debentures and hence question of reporting delay in repayment of dues does not arise.

9. (a) The company has not raised any money by the way of initial public offer or further public offers (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.

   (b) The company has availed term loan during the year and the proceeds of the loan were applied for the purpose for which they were availed.

10. Based on the audit procedures adopted and information and explanations furnished to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.

11. No managerial remuneration has been paid by the Company and hence the provisions of Section 197 read with Schedule V of the Companies Act, 2013 are not applicable.

12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.

13. (a) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013.

    (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer Note no 38 (18)(1) to Financial statements.

14. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013.

15. According to the information and explanations furnished to us, the company has not entered into any non-cash transactions with directors or persons connected with them.

16. The company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Chennai
May 23, 2017

Sundaram & Srinivasan
Chartered Accountants

New No.4 (Old No.23) C P Ramaswamy Road,
Alwarpet, Chennai 600 018.

Annexure B to the Independent Auditors' Report to the Members of TVS Upasana Limited (Formerly Upasana Engineering Limited), Chennai for the year ended 31st March, 2017

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

We have audited the internal financial controls over financial reporting of TVS Upasana Limited (formerly Upasana Engineering Limited), Chennai ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

III. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business.

ii. continuous adherence to Company's policies.

iii. existing procedures in relation to safeguarding of Company's fixed assets, inventories, receivables, loans and advances made and cash and bank balances.

iv. existing system to prevent and detect fraud and errors.

v. accuracy and completeness of Company's accounting records; and

vi. existing capacity to prepare timely and reliable financial information.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Chennai
May 23, 2017

BALANCE SHEET AS AT MARCH 31, 2017

₹

Particulars	Note No.	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
ASSETS				
Non-current assets				
Property, plant and equipment	5	**319,520,800**	268,761,245	254,083,681
Capital work-in-progress	5	**67,246,288**	-	-
Other Intangible assets	5	**462,522**	793,851	1,300,541
Financial assets				
- Loans	7	**2,078,778**	2,448,718	2,813,303
- Others	8	**32,918,081**	8,629,940	4,972,545
Non-current tax assets (net)	9	**19,281,097**	19,312,917	13,679,385
Other non-current assets	10	**258,815,969**	5,288,419	4,480,068
		700,323,535	305,235,090	281,329,523
Current assets				
Inventories	11	**162,653,061**	208,701,861	168,202,464
Financial assets				
- Investments	6	**28,575,136**	24,340,121	23,359,866
- Trade receivables	12	**287,236,230**	304,694,006	300,982,814
- Cash and cash equivalents	13	**441,100**	235,810	334,505
- Loans	7	**183,680**	163,882	170,346
- Other	8	**4,474,690**	933,938	991,786
Other current assets	10	**73,416,461**	64,385,056	53,411,225
		556,980,358	603,454,674	547,453,006
Total assets		**1,257,303,893**	908,689,764	828,782,529
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	14	**118,996,740**	118,996,740	118,996,740
Other equity		**386,047,287**	275,767,140	231,285,282
Total equity		**505,044,027**	394,763,880	350,282,022
Liabilities				
Non-current liabilities				
Financial liabilities				
- Borrowings	16	**256,852,449**	90,000,000	150,000,000
Provisions	17	**11,316,610**	9,592,506	8,714,807
Deferred tax liabilities (Net)	18	**25,262,608**	21,161,438	18,209,225
		293,431,667	120,753,944	176,924,032
Current liabilities				
Financial liabilities				
- Borrowings	16	**172,837,133**	179,523,602	177,396,910
- Trade payable due to	19			
micro and small enterprises		**-**	-	-
others		**135,642,343**	117,054,284	93,399,584
- Other financial liabilities	20	**134,626,988**	85,078,791	20,251,211
Other current liabilities	21	**9,433,226**	9,589,827	8,313,939
Provisions	17	**1,919,238**	1,925,436	2,214,831
Current tax liabilities (net)	22	**4,369,271**	-	-
Total liabilities		**458,828,199**	393,171,940	301,576,475
Total equity and liabilities		**1,257,303,893**	908,689,764	828,782,529

Notes 1 to 46 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For and on behalf of the Board of Directors of TVS UPASANA LIMITED

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Place : Chennai
Date : May 23, 2017

SURESH KRISHNA
Chairman

ARUNDATHI KRISHNA
Managing Director

R DILIP KUMAR
Chief Financial Officer & Secretary

S. MEENAKSHISUNDARAM
Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

₹

Particulars	Note No.	Year ended 31 March 2017	Year ended 31 March 2016
Revenue from operations	23	**1,479,360,425**	1,156,679,890
Other income	24	**6,560,162**	16,543,473
Total Income		**1,485,920,587**	1,173,223,363
Expenses			
Cost of materials consumed	26	**480,444,092**	426,867,172
Changes in inventories of finished goods, stock-in-trade and work in progress	27	**33,607,205**	(48,276,787)
Excise duty on sale of goods	23	**122,071,606**	96,934,128
Employee benefits expense	28	**149,997,640**	135,978,750
Finance costs	29	**26,362,880**	26,934,828
Depreciation and amortization expense	30	**42,952,614**	39,457,747
Other expenses	31	**461,066,602**	390,886,564
Total expenses		**1,316,502,639**	1,068,782,402
Profit before exceptional items and tax		**169,417,948**	104,440,961
Exceptional item			-
Profit before tax		**169,417,948**	104,440,961
Tax expense			
a) Current tax	32	**54,000,000**	32,000,000
b) Deferred tax		**4,689,283**	2,965,299
c) Adjustment of tax relating to earlier periods		**31,820**	989,628
		58,721,103	35,954,927
Profit for the year		**110,696,845**	68,486,034
Other comprehensive income	25		
i) Items that will not be reclassified to profit or loss		**(1,004,811)**	(385,610)
- Income tax relating to items that will not be reclassified to profit or loss		**588,113**	13,086
		(416,698)	(372,524)
ii) Items that will be reclassified to profit or loss			
- Income tax relating to items that will be reclassified to profit or loss		**-**	-
		-	-
		-	-
Total comprehensive income for the year		**110,280,147**	68,113,510
(Comprising Profit and Other Comprehensive Income for the year)			
Earnings per equity share	33		
Basic and Diluted (in ₹)		**9.30**	5.76

Notes 1 to 46 form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date

For and on behalf of the Board of Directors of TVS UPASANA LIMITED

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Place : Chennai
Date : May 23, 2017

SURESH KRISHNA
Chairman

ARUNDATHI KRISHNA
Managing Director

R DILIP KUMAR
Chief Financial Officer & Secretary

S. MEENAKSHISUNDARAM
Director

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

₹

A. Equity Share Capital

Particulars	Note No.	Amount
Balance at the 01 April 2015	**16**	**118,996,740**
Changes in equity share capital during the year		-
Balance at the 31 March 2016		**118,996,740**
Changes in equity share capital during the year		-
Balance at the 31 March 2017		**118,996,740**

B. Other Equity

Particulars	Note No.	Reserves and Surplus		Accumulated other comprehensive income		Total
		General reserve	Retained Earnings	Equity instru-ments	Other Items	
Balances at 31 March 2016		**-**	**281,092,342**	**-**	**(5,325,202)**	**275,767,140**
Profit for the year		-	110,696,845	-	(416,698)	110,280,147
Other comprehensive income	**25**	-	-	-	-	-
Transferred from Retained earnings to general reserves		-	-	-	-	-
Dividends		-	-	-	-	-
Balances at 31 March 2017		**-**	**391,789,187**	**-**	**(5,741,900)**	**386,047,287**

Particulars	Note No.	Reserves and Surplus		Accumulated other comprehensive income		Total
		General reserve	Retained Earnings	Equity instru-ments	Other Items	
Balances at 31 March 2015		**-**	236,237,960	**-**	**(4,952,678)**	**231,285,282**
Profit for the year		-	68,486,034	**-**	**-**	68,486,034
Other comprehensive income	**25**	**-**	**-**	-	(372,524)	(372,524)
Transferred from Retained earnings to general reserves		-	-	-	-	-
Dividends		-	(23,631,652)	-	-	(23,631,652)
Balances at 31 March 2016		**-**	**281,092,342**	**-**	**(5,325,202)**	**275,767,140**

This is the statement of changes in Equity referred to in our report of even date

This is the statement of changes in equity referred to in our report of even date

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Place : Chennai
Date : May 23, 2017

For and on behalf of the Board of Directors of TVS UPASANA LIMITED

SURESH KRISHNA
Chairman

ARUNDATHI KRISHNA
Managing Director

R DILIP KUMAR
Chief Financial Officer & Secretary

S. MEENAKSHISUNDARAM
Director

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

₹

		Year ended 31 March 2017	Year ended 31 March 2016
A.	**Cash flows from operating activities**		
	Profit before tax	**169,417,948**	104,440,961
	Adjustments to reconcile net income to net cash provided by operating activities		
	Fair Valution of Current Investments through Profit or Loss	**(4,786,015)**	(960,255)
	Depreciation and amortization	**42,952,614**	39,457,747
	Finance Cost (Net)	**21,399,826**	24,925,744
	(Profit)/loss on Sale of Fixed assets	**450,104**	(648,867)
	Dividend Received	**(58,139)**	(152,694)
	Unrealised foreign exchange gain/(loss)	**6,468,378**	(3,138,223)
	Total adjustments	**66,426,768**	59,483,452
	Operating profit before working capital changes	**235,844,716**	163,924,413
	Adjustments for Changes in Working Capital		
	Non current Financial assets	**(23,918,201)**	(3,292,810)
	Non Current Tax Assets and other non current assets	**(254,476,358)**	(1,672,562)
	Inventories	**46,048,800**	(40,499,397)
	Trade Receivables	**14,123,160**	(232,379)
	Financial assets - Loans and others	**(3,560,550)**	64,312
	Other Current Assets	**(9,031,405)**	(10,973,831)
	Provisions	**713,095**	202,694
	Trade payables	**18,816,060**	23,441,611
	Other financial liabilities	**2,070,916**	4,827,579
	Other current liabilities	**(156,601)**	1,275,888
	Total adjustments in Working Capital	**(209,371,084)**	(26,858,895)
	Cash from/ (used) in operating activities	**26,473,631**	137,065,518
	Direct taxes paid, net	**48,681,920**	37,758,950
	Net cash from/ (used) in operating activities	**(22,208,288)**	99,306,568
B.	**Cash flow from investing activities**		
	Purchase of assets (including capital work-in-progress and capital advances)	**(161,145,579)**	(54,245,111)
	Proceeds from sale of fixed assets	**68,347**	1,265,357
	Purchase of investments	**(1,850,000)**	(20,000)
	Proceeds from sale of investments	**2,401,000**	-
	Dividend received	**58,139**	152,694
	Interest received	**1,601,290**	1,881,584
	Net cash from/ (used) in investing activities	**(158,866,803)**	(50,965,476)
C.	**Cash flow from financing activities**		
	Proceeds from borrowings	**372,963,530**	26,999,192
	Repayment of borrowings	**(169,650,000)**	(25,000,000)
	Interest paid to banks and others	**(22,033,149)**	(26,807,327)
	Dividend and Corporate Dividend Taxes paid	**-**	(23,631,652)
	Net cash generated from financing activities	**181,280,381**	(48,439,787)
D.	**Net cash flows during the year**	**205,290**	(98,695)
E.	Cash and cash equivalents at the beginning	**235,810**	334,505
F.	**Cash and cash equivalents at the end**	**441,100**	235,810
	Cash and cash equivalents comprise of:		
	Balances with banks in current accounts	**335,132**	204,384
	Cash on hand	**105,968**	31,426
	Cash and cash equivalents as per note 13	**441,100**	235,810

This is the statement of cash flow referred to in our report of even date

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Place : Chennai
Date : May 23, 2017

For and on behalf of the Board of Directors of TVS UPASANA LIMITED

SURESH KRISHNA
Chairman

ARUNDATHI KRISHNA
Managing Director

R DILIP KUMAR
Chief Financial Officer & Secretary

S. MEENAKSHISUNDARAM
Director

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

1. **Corporate Information**

TVS Upasana Limited ("TUL" or ''the Company''), a company limited by shares, is incorporated in India and is a wholly owned subsidiary of Sundram Fasteners Limited, India.

The registered office of the Company is situated at No. 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004.

The Company is engaged in the business of manufacture of Spoke & Nipple, Small Screw Fasteners, automobile kits, dowel pins, tools and cold extrusion components.

2. **Basis of Preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 [as prescribed by Ministry of Corporate Affairs under Companies (Indian Accounting Standards) Rules, 2015] and the provisions of the Companies Act 2013, to the extent notified and pronouncements of the Institute of Chartered Accountants of India.

IND AS has become applicable to the company in view of the fact that it is subsidiary of Sundram Fasteners Limited, Chennai to which such provisions have become applicable.

Disclosure under IND AS are made only in respect of material items and which will enable the users to make economic decisions.

The financial statements for the year ended 31 March 2017 (including comparatives) are duly adopted by the Board on May 24, 2017 for consideration of approval by the shareholders.

Financial Statement upto 31st March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 and as per the provisions of the Companies Act 2013 to the extent notified.

3. **Summary of accounting policies**

1) Overall considerations

The financial statements have been prepared applying the significant accounting policies and measurement bases summarized below.

2) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties. It includes excise duty but excludes Value Added Tax, Sales Tax and Service Tax.

i. Sale of Products:

Revenue from sale of products is recognised when all significant risk and rewards of ownership of goods are transferred to the customers, as per the terms of the contract and when it is probable that the economic benefits associated with the transactions will flow to the Company.

ii. Revenue from Services:

Revenue from Services is recognised in the accounting period in which the services are rendered and when invoices are raised.

iii. Interest and Dividend Income:

Interest incomes are recognized using the time proportion method based on the rates implicit in the transaction. Interest income is included in finance income in the statement of profit and loss.

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established and it is probable that the economic benefits associated with the dividend will flow to the Company.

3) Property, plant and equipment

i. Free hold land is stated at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition/construction less accumulated depreciation/amortization and impairment, if any. Cost includes:

1. Purchase Price (net of trade discounts and rebates)
2. Taxes and Duties
3. Labour cost and
4. Any cost directly attributable in bringing the asset to condition necessary for it to be capable for operation as intended by management.

However, cost excludes excise duty, value added tax and service tax, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

ii. Component Accounting:

The component of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of the respective asset, the life of the component in assets are determined based on technical assessment and past history of replacement of such components in the assets. The carrying amount of any component accounted for as separate asset is derecognised when replaced.

iii. Other cost:

All other repairs and maintenance cost are charged to the statement of profit and loss during the reporting period in which they are incurred.

Profit or Losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss under other income/ expense.

iv. Depreciation and amortization:

a. Depreciation is recognized on a straight-line basis, over the useful life of the buildings and other equipments after retaining their residual value as prescribed under Schedule II of the Companies Act, 2013, except in respect of certain category of plant and equipments, where useful life is different from those prescribed under schedule II.

b. Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset(after considering double/triple shifts) as evaluated on technical assessment on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

c. The estimated useful life of the tangible fixed assets on technical assessment followed by the Company is furnished below:

Description	Useful lives in years
Buildings	3 - 60
Plant & Equipment	10 - 30
Furniture & Fixtures	8 - 10
Office equipments	3 - 6
Vehicles	8 - 10

Material residual value estimates and estimates of useful life are assessed as required.

d. The residual value for all the above assets are retained at 5% of the cost. Residual values and useful lives are reviewed and adjusted, if appropriate, for each reporting period.

e. On tangible fixed assets added/disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.

f. Depreciation in respect of tangible asset costing individually less than Rs.5000/- is provided at 100%.

v. Ind AS Transition

As there is no change in the functional currency as at the date of transition to IND AS, the Company has elected to adopt the carrying value of Plant property and equipment under the erstwhile GAAP as the deemed cost for the purpose of transition to Ind AS. Capital–work-in progress, plant and equipment is stated at cost less accumulated impairment losses, if any.

4) Intangible assets

Computer Software

1) Expenditure incurred and cost directly attributable to the acquisition of software as at the date of acquisition of software are recognised as intangible asset.

2) Cost associated with maintaining of software programme are recognised as expenses.

3) Amortisation methods and period

a) The company amortises the asset with a finite useful life using straight line method over the period of 3 years

b) The residual value of intangible assets with a finite useful life is assumed to be zero unless there is commitment by third party to purchase or active market for sale is available.

5) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

In respect of assets whose impairment are to be assessed with reference to other related assets and such group of assets have independent cash flows (Cash Generating Units), such assets are grouped and tested for impairment.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of the each reporting period.

6) Leases

Assets taken on lease as Lessee

As per the terms of lease agreements there is no substantial transfer of risk and reward of the property to the Company and hence such leases are treated as operating lease.

The payments under operating lease are recognized as an expense in statement of Profit and Loss in a straight line basis over the lease term. Associated costs, such as maintenance and insurance are expensed.

7) Financial instruments

7.1 Recognition, initial measurement and derecognition:

Financial assets (other than trade receivables) and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Trade receivables are recognised at their transaction value as the same do not contain significant financing component.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value as the same do not contain significant financing component.

7.2 Financial Assets **Classification and subsequent measurement of financial assets:**

i. For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

a. Those to be measured subsequently at fair value either through other comprehensive income (Fair Value Through Other Comprehensive Income-FVTOCI) or through profit or loss (Fair Value Through Profit and Loss-FVTPL) and;

b. Those measured at amortized cost.

1) Financial assets at Amortised Cost

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure.

The Company also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition

2) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance is recognised in other comprehensive income and will not reduce the carrying amount of the financial asset in the balance sheet.

3) Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance in respect of FVTPL at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company also measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The allowance are recognised in statement of profit and loss.

ii. Impairment of financial assets:

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

iii. Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

These arrangements have been entered into to mitigate currency exchange risk arising from certain legally binding sales and purchase orders denominated in foreign currency. For the reporting periods under review, the Company has not designated any forward currency contracts as hedging instruments.

iv. Trade receivables

The Company follows ‘simplified approach’ for recognition of impairment loss allowance based on lifetime Expected Credit Loss at each reporting date, right from its initial recognition.

v. Derecognition of financial assets

A financial asset is derecognised only when;

a. The Company has transferred the rights to receive cash flows from the financial asset or

b. The Company retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company examines and assesses whether it has transferred substantially all risk and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risk and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

7.3 Financial Liabilities

i. Classification, subsequent measurement and derecognition of financial liabilities

1. Classification

Financial liabilities are classified, at amortised cost except for such liabilities including derivative liabilities that shall subsequently measured at fair value through statement of profit and loss. The Company’s financial liabilities include borrowings, trade and other payables and derivative financial instruments.

2. Subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for derivatives and financial liabilities which designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or finance income.

3. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

8) Inventories

Inventories are valued at lower of cost or net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Cost is ascertained on weighted average basis in accordance with the method of valuation prescribed by the Institute of Chartered Accountants of India.

Raw materials

Raw materials are valued at cost of purchase net of duties (credit availed w.r.t taxes and duties) and includes all expenses incurred in bringing the materials to location of use.

Work-in-process and Finished Goods

Work-in-process and finished goods include conversion costs in addition to the landed cost of raw materials.

Stores and spares

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

9) Income Taxes

Tax expense is recognized in the statement of profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates in accordance with tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at reporting date. Deferred taxes pertaining to items recognised in other comprehensive income (OCI) are disclosed under OCI.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future tax liability. This is assessed based on the Company's forecast of future earnings, excluding non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognized in full, although Ind AS 12 'Income Taxes' specifies some exemptions.

10) Post-employment benefits and short-term employee benefits

i. Short term employee benefits :

Short term employee benefits are those that are expected to be settled fully within 12 months after the end of the reporting period in which employee rendered service, are measured at amounts expected to be paid when liabilities are settled.

ii. Other long term employee benefit obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after end of the period in which the employees render the related service. They are, therefore, recognised and provided for at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Other Comprehensive Income (OCI).

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii. Post-employment obligation:

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees

b) Defined contribution plan such as provident fund

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

Gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is provided for on the basis of an actuarial valuation made at the end of each financial year for unit at Chennai. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method. The liability is unfunded.

In respect of unit at Hosur the contribution payable is determined by the holding company and the unit remits the contribution to the holding company. In respect of this unit the company participates and shares risks in regard to net benefit plan with the holding company.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in employee benefit expenses in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.Changes in present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss.

Provident Fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary as per statute. The provident fund contributions are made to Provident Fund Commissioner, Chennai and Salem.

Bonus Payable:

The Company recognises a liability and an expense for bonus. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

11) Provisions and contingent liabilities

i. Provisions:

A Provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii. Contingent liabilities:

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand. Contingent liabilities are not recognised in the statement of Profit and Loss but are disclosed.

iii. Contingent Assets:

A Contingent asset arise from unplanned or other unexpected event that give rise to the possibility of an inflow of economic benefit to the company. The Company does not recognise contingent assets. If it is virtually certain then they will be recognised as an asset, these are assessed continually to ensure that the developments are appropriately disclosed in the financial statement.

12) Earnings per share

a) Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

b) Diluted earnings per share For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is adjusted by after tax effect of any dividends or other items related to dilutive potential ordinary shares and any interest recognised in the period related to dilutive potential ordinary shares and any income or expense that would result on conversion of dilutive potential ordinary shares and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential ordinary shares.

13) Cash and Cash equivalents and Cash Flow Statement

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within three months from the date of acquisition and which are readily convertible into cash and which are subject to only an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is appropriately classified for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents include cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of three months or less, as applicable.

14) Segment reporting

The Company has considered business segment as the primary segment for disclosure. The identified segments are Spoke & Nipple and Cold Extrusion Components and others. The Company sells its products in India and also outside India. This is recognised as Secondary Segment as geographical segment. The details are furnished in note no.39 to the financial statements.

15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost. During the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred under finance costs. Borrowing cost also includes exchange differences to the extent regarded as part of interest cost.

4) Significant management judgment in applying accounting policies and estimation of uncertainty

While preparing the financial statements, management has made a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

(i) Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have significant effect on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues.

(ii) Estimation of uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is mentioned below. Actual results may be different.

a. Impairment of non-financial assets

In assessing impairment, management has estimated economic use of the assets, the recoverable amount of each asset or cash- generating units based on expected future cash flows and use an interest rate to discount them. Estimation uncertainty relates to assumptions about economically future operating cash flows and the determination of a suitable discount rate

b. Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including Intangible Assets.

c. Inventories

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes.

d. Defined benefit obligation (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 (as analysed in Note 17).

e. Fair value measurement

Management has used valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 40).

f. Current and non-current classification

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 the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

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

5. a) PROPERTY, PLANT AND EQUIPMENT ₹

Particulars	Tangible assets							Intangible assets	As at 31st March 2017
	Land - Freehold*	Buildings	Plant and Equipment	Furniture and fixtures	Office Equipments	Vehicles	Total	Software	
Deemed Cost as at 1 April 2015	**7,998,878**	**39,786,357**	**201,559,586**	**1,390,603**	**3,246,956**	**101,301**	**254,083,681**	**1,300,541**	**255,384,222**
Additions	-	4,577,118	48,040,567	94,824	1,186,041	-	53,898,550	346,561	**54,245,111**
Disposal	-	-	(3,069,153)	-	-	-	(3,069,153)	-	**(3,069,153)**
Other Adjustments	-	-	-	-	-	-	-	-	**-**
- Transfer	-	-	-	-	-	-	-	-	
As at 31 March 2016	**7,998,878**	**44,363,475**	**246,531,000**	**1,485,427**	**4,432,997**	**101,301**	**304,913,078**	**1,647,102**	**306,560,180**
Additions	**-**	**2,380,115**	**90,811,170**	**160,180**	**547,826**	**-**	**93,899,291**	**-**	**93,899,291**
Disposal	**-**	**-**	**(700,000)**	**-**	**(117,275)**	**-**	**(817,275)**	**-**	**(817,275)**
Other Adjustments									
- Transfer	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
As at 31 March 2017	**7,998,878**	**46,743,590**	**336,642,170**	**1,645,607**	**4,863,548**	**101,301**	**397,995,094**	**1,647,102**	**399,642,196**
Accumulated depreciation/ amortisation									
As at 1 April 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For the year	-	2,665,691	34,812,631	399,836	711,361	14,977	38,604,496	853,251	39,457,747
Deduction on disposal	-	-	(2,452,663)	-	-	-	(2,452,663)	-	(2,452,663)
Other Adjustments	-	-	-	-	-	-	-	-	-
- Transfer	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Charged to retained earnings as per companis act	-	-	-	-	-	-	-	-	-
As at 31 March 2016	**-**	**2,665,691**	**32,359,968**	**399,836**	**711,361**	**14,977**	**36,151,833**	**853,251**	**37,005,084**
For the year	**-**	**1,642,997**	**39,743,806**	**403,973**	**819,581**	**10,928**	**42,621,285**	**331,329**	**42,952,614**
Deduction on sale or discards	**-**	**-**	**(193,958)**	**-**	**(104,866)**	**-**	**(298,824)**	**-**	**(298,824)**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Other Adjustments									
- Transfer	**-**	**-**	**12,797**	**-**	**(12,797)**	**-**	**-**	**-**	
- Impairment loss/(reversal)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	
As at 31 March 2017	**-**	**4,308,688**	**71,922,613**	**803,809**	**1,413,279**	**25,905**	**78,474,294**	**1,184,580**	**79,658,874**
Net block									
As at 01 April 2015	7,998,878	39,786,357	201,559,586	1,390,603	3,246,956	101,301	254,083,681	1,300,541	255,384,222
As at 31 March 2016	7,998,878	41,697,784	214,171,032	1,085,591	3,721,636	86,324	268,761,245	793,851	269,555,096
As at 31 March 2017	**7,998,878**	**42,434,902**	**264,719,557**	**841,798**	**3,450,269**	**75,396**	**319,520,800**	**462,522**	**319,983,322**
* Cost of Land includes pending Registration - ₹ 5,12,751/-of title deeds.									

b) CAPITAL WORK-IN-PROGRESS

As at 01 April 2015	-	-	-	-	-	-	-	-	-
As at 31 March 2016	-	-	-	-	-	-	-	-	-
As at 31 March 2017	**-**	**8,662,921**	**58,583,367**	**-**	**-**	**-**	**67,246,288**	**-**	**67,246,288**

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

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
6 CURRENT INVESTMENTS			
1 Fair value through Statement of Profit and Loss			
Investments in Equity instruments			
Quoted			
a. 1000 Equity shares of ₹ 2/- each fully paid up in Sterling Tools Ltd New Delhi (Last Year 200 Equity Shares of ₹ 10/- each) (01-04-2015 200 Equity Shares of ₹ 10/- each)	**224,400**	90,120	55,360
b. 83 Equity Shares of Rs 10/- each fully paid up in Lakshmi Precision Screws Limited, Rohtak (Last year 83 shares) (01-04-2015 83 Equity shares)	**3,254**	2,573	3,523
c. 500 Equity Shares of ₹ 2/- each fully paid up in Simmonds-Marshall Limited, Pune (Last Year 500 shares) (01-04-2015 500 Equity Shares)	**46,600**	33,450	36,575
d. 25 Equity Shares of ₹ 2/- each fully paid up in Bharat Forge Limited, Pune (Last Year 25 shares) (01-04-2015 25 Equity shares)	**26,053**	21,828	31,921
e. 13,900 Equity Shares of ₹ 10/- each fully paid up in Sundaram Brake Linings Limited, Chennai (Last Year 13900 shares) (01-04-2015 13,900 shares)	**5,716,375**	3,612,610	4,329,850
f. 300 Equity Shares of ₹ 10/- each fully paid up in State Bank of Travancore, Thiruvananthapuram (Last Year 300 Equity shares) (01-04-2015 250 Equity Shares)(Now 660 Equity Shares of ₹ 1/- each of State Bank of India (SBI), Mumbai was allotted to the Company as on 01/04/2017 pursuant to the acquisition of State Bank of Travancore by SBI)	**182,625**	114,435	109,588

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

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
g. 1,994 Equity Shares of ₹ 5/- each fully paid up in Sundaram Clayton Ltd, Chennai (Last Year 1994 Shares of ₹ 5 each) (01-04-2015 1994 Equity shares)	**7,262,846**	4,282,215	3,704,553
h. 1,994 Equity Shares of ₹ 5/- each fully paid up in WABCO-INDIA Limited, Chennai (Last Year 1,994 shares) (01-04-2015 1994 Equity shares)	**11,617,243**	12,458,312	11,387,435
i. 1968 Equity Shares of ₹ 10/- each fully paid up in India Motor Parts and Accessories Limited, Chennai (Last Year 1968 Shares) (01-04-2015 1968 shares)	**1,645,740**	1,323,578	1,300,061
Current Investments			
Unquoted			
a. Nil Equity shares of ₹ 10/- each fully paid up PPS Enviro Power Pvt. Ltd., Hyderabad (last year 37,240 shares) (01-04-2015 37,240 shares)	**-**	2,401,000	2,401,000
b. 3000 Class A Equity shares of ₹ 10/- each fully paid in Clean Switch India Private Limited, Chennai (last year NIL) (01-04-2015 NIL)	**450,000**	-	-
c. 40000 Class B Equity shares of ₹10/- each fully paid in Clean Switch India Private Limited, Chennai (last year NIL) (01-04-2015 NIL)	**400,000**	-	-
d. 100000 Class B Equity shares of ₹10/- each fully paid in Clean Switch India Private Limited, Chennai (last year NIL) (01-04-2015 NIL)	**1,000,000**	-	-
Total	**28,575,136**	24,340,121	23,359,866
Aggregate cost of quoted investments	**1,152,162**	1,152,162	1,132,162
Aggregate market value of quoted investments	**26,725,136**	21,939,121	20,958,866
Aggregate cost of unquoted investments	**1,850,000**	2,401,000	2,401,000
Aggregate amount of impairment in value of investments	-	-	-

Note No.	Particualrs	As at 31 March 2017 Long-term	As at 31 March 2017 Short-term	As at 31 March 2016 Long-term	As at 31 March 2016 Short-term	As at 01 April 2015 Long-term	As at 01 April 2015 Short-term
7	**LOANS**						
	Loans and advances to Related Parties (refer note on related party)	-	-	-	-	-	-
	Loans to employees	2,078,778	183,680	2,448,718	163,882	2,813,303	170,346
		2,078,778	**183,680**	2,448,718	163,882	2,813,303	170,346
	Break up of loans and advances						
	Secured, considered good	-	-	-	-	-	-
	Unsecured, considered good	2,078,778	183,680	2,448,718	163,882	2,813,303	170,346
	Doubtful	-	-	-	-	-	-
		2,078,778	**183,680**	**2,448,718**	**163,882**	**2,813,303**	**170,346**
	Provision for doubtful receivables	-	-	-	-	-	-
8	**OTHER FINANCIAL ASSETS (Unsecured considered good unless otherwise stated)**						
	Security deposits	11,744,290	100,000	8,629,940	-	4,972,545	-
	Claims Receivable	-	3,681,655	-	139,712	-	102,264
	Advances to Employees	-	690,275	-	780,226	-	878,722
	Interest receivable	-	2,760	-	14,000	-	10,800
	Derivative Assets	-	-	-	-	-	-
	Rental Deposits	21,173,791	-	-	-	-	-
		32,918,081	**4,474,690**	**8,629,940**	**933,938**	**4,972,545**	**991,786**
9	**TAX ASSETS (NET)**						
	Advance Income-tax (net of provision for taxation 31 March 2017: ₹ 6,24,00,000, 31 March 2016: ₹ 6,24,00,000, 01 April 2015: ₹ 3,20,00,000)	15,000,746	-	15,041,536	-	9,408,004	-
	Income tax receivable	4,280,351	-	4,271,381	-	4,271,381	-
		19,281,097	**-**	**19,312,917**	**-**	**13,679,385**	**-**
10	**OTHER ASSETS (Unsecured, considered good)**						
	Prepaid expenses	46,926,323	5,691,214	-	5,304,658	-	1,225,381
	Capital advance	1,181,705		5,288,419	-	4,480,068	-
	Claims Receivable	-	38,876,749	-	27,128,144	-	32,754,296
	Balance with statutory/government authorities	-	20,826,421	-	26,265,229	-	10,966,410
	Advance to suppliers	-	5,867,961	-	5,687,025	-	8,465,138
	Unamortised portion of leasehold land	210,707,941	2,154,116	-	-	-	-
		258,815,969	**73,416,461**	**5,288,419**	**64,385,056**	**4,480,068**	**53,411,225**

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

Note No.	Particualrs	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
11	**INVENTORIES**			
	Raw Materials and components	**29,193,754**	46,964,619	56,961,515
	Raw Materials and components in Transit	**7,049,603**	333,787	6,017,914
	Work-in-process	**43,784,741**	71,242,636	60,672,425
	Finished Goods	**22,898,674**	27,726,453	16,909,466
	Finished Goods in Transit	**25,568,060**	26,889,590	-
	Stores & Spares	**9,669,477**	10,511,318	8,086,205
	Loose tools	**22,030,613**	23,473,235	17,445,087
	Loose tools in transit	**-**	144,682	480,000
	Packing Materials	**2,458,139**	1,415,541	1,629,852
		162,653,061	208,701,861	168,202,464

a) Inventory written down ₹ 14,16,066/-and Reversal of written down inventory Nil.

b) In veiw of the varieties of the products involved, it is impractical to determine the carrying amount of inventory attributable to sales

c) Refer note 16 for security on borrowings.

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

Note No.	Particualrs	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
12	**TRADE RECEIVABLES (Unsecured, considered good unless otherwise stated)**			
	Trade receivables (Also refer note 41(f))	**287,236,230**	304,694,006	300,982,814
		287,236,230	304,694,006	300,982,814
	Doubtful			
	Less : Provision for bad and doubtful debts	-	-	-
		287,236,230	304,694,006	300,982,814
13	**CASH AND CASH EQUIVALENTS**			
	Balances with banks in current accounts	**335,132**	204,384	286,830
	Cash on hand	**105,968**	31,426	47,675
		441,100	235,810	334,505

		As at 31 March 2017 Number	₹	As at 31 March 2016 Number	₹	As at 01 April 2015 Number	₹
14	**SHARE CAPITAL**						
	Authorised						
	Equity shares of Rs.10/- each	**11,999,000**	**119,990,000**	11,999,000	119,990,000	11,999,000	119,990,000
	Redeemable Preference shares of Rs.10/- each	**1,000**	**10,000**	1,000	10,000	1,000	10,000
		12,000,000	**120,000,000**	12,000,000	120,000,000	12,000,000	120,000,000
	Issued, subscribed and fully paid up						
	Equity shares of Rs.10/- each	**11,899,674**	**118,996,740**	11,899,674	118,996,740	11,899,674	118,996,740
		11,899,674	**118,996,740**	11,899,674	118,996,740	11,899,674	118,996,740

a) **There were no movement in the share capital during the current and previous year.**

b) **Shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	Nos.	% holding	Nos.	% holding	Nos.	% holding
Sundram Fasteners Limited, Chennai and its six nominees	**11,899,674**	**100.00%**	11,899,674	100.00%	11,899,674	100.00%
	11,899,674	**100%**	11,899,674	100%	11,899,674	100%

c) **Rights, preferences, restrictions attached to each class of shares**

The Company's Authorised capital consists of two class of shares viz., Redeemable Preference shares of face value of Rs. 10/- each and Equity shares of face value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share. As and when the company declares dividend, it will be paid in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The terms and conditions of redeemable preference shares will be determined at the time of issue of such shares. The Company has not issued any redeemable preference shares and paid up capital consists only of equity shares.

d) Bonus Shares/ Buy Back/ Shares for consideration other than cash issued during the period of five years immediately preceding the financial year ended 31 March 2017:

(i) Aggregate number of equity shares allotted as fully paid up pursuant to contracts without payment being received in cash : Nil

(ii) Aggregate number of equity shares allotted as fully paid up by way of Bonus Shares : Nil

(iii) Aggregate number of equity shares bought back : Nil

e) **Shares held by holding company**

Name of the Company		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Sundram Fasteners Limited, Chennai and its six nominees	Nos	**11,899,674**	11,899,674	11,899,674

f) **Capital Management**

The Company' s capital management objectives are:

- to ensure the Company's ability to continue as a going concern

- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk

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

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The amounts managed as capital by the Company for the reporting periods under review are summarised as follows:

	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Borrowings	**519,689,582**	329,523,602	327,396,910
Cash and cash equivalents	**(441,100)**	(235,810)	(334,505)
	519,248,482	329,287,792	327,062,405
Capital			
Total equity	**505,044,027**	394,763,880	350,282,022
Overall financing	**505,044,027**	394,763,880	350,282,022
Gearing ratio	**1.03**	0.83	0.93

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

Note No.	Particulars	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 01 April 2015
15	**DIVIDENDS**			
	Dividend to parent		19,634,462	
	Interim dividend declared and paid (for 31 March 2016/2015)			
	Nil during 31st March 2017 Rs.1.65 per share during 31 March 2016: Nil during 31st March 2015	-	19,634,462	-
	Dividend distribution tax	-	3,997,190	-
		-	**23,631,652**	-

Note No.		As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
16	**BORROWINGS**	**Long-term ***	**Short-term*****	Long-term**	Short-term***	Long-term**	Short-term***
	a) **Secured**						
	Term loan from banks	**256,852,449**	-	90,000,000	-	150,000,000	-
	Working Capital Loans						
	Cash credit	-	**33,837,133**	-	60,828,602	-	37,846,767
	Export packing credit	-	-	-	49,695,000	-	23,850,143
	Export packing credit Rupee		**70,000,000**				21,700,000
		256,852,449	**103,837,133**	90,000,000	110,523,602	150,000,000	83,396,910
	b) **Unsecured**						
	Term loan from banks	-	-	-	-	-	-
	Working Capital Loans - from other related parties	-	**11,500,000**	-	11,500,000	-	11,500,000
	Working Capital Loans - from Holding company	-	**57,500,000**	-	57,500,000	-	82,500,000
		-	**69,000,000**	-	69,000,000	-	94,000,000
	Total	**256,852,449**	**172,837,133**	90,000,000	179,523,602	150,000,000	177,396,910

c) **Maturity profile of the loans are as follows**

Particulars	**2017-18**	**2018-19**	2019-20	2020-21	2021-22	After 2022-23
Term Loans - Secured	90,000,000	-	16,875,000	67,500,000	67,500,000	118,125,000
Total	90,000,000	-	16,875,000	67,500,000	67,500,000	118,125,000

*Secured by exclusive mortgage on the factory land and building at SIPCOT, Oragadam and first pari pasu charge on moveable fixed assets of the company for HDFC Bank Loan

** Secured by Hypothecation of Movable Fixed Assets i.e. specific plant and equipments

*** Secured by Hypothecation of current assets viz stocks of rawmaterials, work-in-process & finished goods and receivables

		As at 31 March 2017		As at 31 March 2016		As at 01 April 2015	
17	**PROVISIONS**	**Non-Current**	**Current**	Non-Current	Current	Non-Current	Current
	Provision for employee benefits						
	Gratuity (Also refer, note a(ii) below)	**8,251,235**	**1,658,184**	6,612,228	1,771,927	5,772,709	2,053,371
	Compensated absences (Also refer, note a(iii) below	**3,065,375**	**261,054**	2,980,278	153,509	2,942,098	161,460
		11,316,610	**1,919,238**	9,592,506	1,925,436	8,714,807	2,214,831

		As at 31 March 2017	**As at 31 March 201**	**As at 01 April 2015**
a) **Provision for employee benefits**				
i) **Defined Contribution Plan**				
Employers Contribution to Provident Fund is recognised as Expense.				
Contribution to Provident Fund are made to Provident Fund Commissioner, Chennai and Salem				
Employer's Contribution to Provident Fund		**6,946,272**	6,237,039	5,213,699

ii) **Defined Benefit Plan**

i) **Gratuity**

Chennai Unit

Retirement Benefit in the form of Gratuity Liability is a defined benefit obligation and is provided on the basis of an actuarial valuation made at the end of each financial year for unit located at Chennai. The gratuity scheme is unfunded and the actuarial liability is shown in the Balance Sheet.

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Gratuity.

		As at 31 March 2017	As at 31 March 201	As at 01 April 2015
Net employee benefit expense				
Recognised in Statement of Profit and Loss				
Current Service cost		**777,134**	641,051	360,834
Interest cost on benefit obligation		**511,327**	450,772	381,862
	(A)	**1,288,461**	1,091,823	742,696
Recognised in Other Comprehensive Income				
Net actuarial loss recognized in the year	(B)	**1,022,355**	37,813	1,077,533
Net benefit expense	(A) + (B)	**2,310,816**	1,129,636	1,820,229

₹

	As at 31 March 2017	As at 31 March 201	As at 01 April 2015
17 PROVISIONS (Contd.)			
Balance sheet			
Details of Provision for Gratuity			
Present value of Defined benefit obligation	**8,482,080**	6,773,730	5,914,167
Fair value of plan assets	**-**	-	-
Defined Benefit Obligation recognised in Balance Sheet	**8,482,080**	6,773,730	5,914,167
Changes in present value of the defined benefit obligation are as follows:			
Defined benefit obligation at the beginning of the year	**6,773,730**	5,914,167	4,298,640
Interest cost	**511,327**	450,772	381,862
Current Service cost	**777,134**	641,051	360,834
Benefits paid	**(602,466)**	(270,073)	(204,702)
Actuarial loss on obligation	**1,022,355**	37,813	1,077,533
Defined benefit obligation at the year end	**8,482,080**	6,773,730	5,914,167
Changes in the fair value of plan assets are as follows:			
Fair value of plan assets at the beginning of the year			
Contribution by employer	**602,466**	270,073	204,702
Benefits paid	**(602,466)**	(270,073)	(204,702)
Defined benefit obligation at the year end	**-**	-	-
Principal actuarial assumptions used :	%	%	%
Discount rate	**7.50**	7.90	7.80
Salary escalation rate	**5.50**	7.00	7.00
Attrition rate	**2.00**	2.00	2.00

The estimates of future salary increases, considered in actuarial valuation taking into account of inflation, seniority, promotion, attrition and relevant factors, such as supply and demand in the employment market.

Hosur Unit

In respect of this unit the company partcipates in the gratuity policy maintained by the holding company with Life Insurance Corporation of India. The net defined benefit cost is recognised based on the contribution payable, determined by the holding company in respect of this unit.

The amount recognised in the statement of profit and loss	**750,339**	541,526	1,068,899
The amount recognised in the other comprehenisve income	**677,000**	-	-
	1,427,339	541,526	1,068,899

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:
Assumptions Method :- Projected Unit credit method

	Discount rate		Future salary increases	
	Increase	**Decrease**	**Increase**	**Decrease**
31 March 2017				
> Sensitivity Level (%)	0.50	0.50	0.50	0.50
> Impact on defined benefit obligation	480,448	523,821	539,459	(498,666)

	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
(ii) Compensated absences				

The Company also extends defined benefit plans in the form of Compensated absences to employees. The Employee Benefits towards Compensated absences are provided based on actuarial valuation made at the end of the year.

Recognised in Statement of Profit and Loss

Current Service cost		**1,187,329**	423,022	295,998
Interest cost on benefit obligation		**226,756**	205,192	171,648
		1,414,085	628,214	467,646
Net actuarial (gain)/ loss recognised in other comprehensive income		**(694,544)**	347,797	969,571
		719,541	976,011	1,437,217
Principal actuarial assumptions used :	**Hosur**	**Chennai**	Chennai & Hosur	Chennai & Hosur
Discount rate (%)	**7.30**	**7.50**	7.90	7.80
Salary escalation rate (%)	**7.00**	**5.50**	7.00	7.00
Attrition rate (%)	**5.00**	**2.00**	2.00	2.00

The estimates of future salary increases, considered in actuarial valuation taking into account of inflation, seniority, promotion, attrition and relevant factors, such as supply and demand in the employment market.

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

Note No.			As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
18	**DEFERRED TAX LIABILITY, (NET)**				
	The breakup of net deferred tax liability is as follows:				
	Deferred tax liability				
	Arising on account of Temporary difference between written down value of fixed assets as per financials and tax books		**28,692,060**	23,933,491	20,748,397
		A	**28,692,060**	23,933,491	20,748,397
	Less: Deferred tax asset				
	Arising on account of Provision for employee benefits		**3,429,452**	2,772,053	2,539,172
		B	**3,429,452**	2,772,053	2,539,172
	Net deferred tax liability	**(A-B)**	**25,262,608**	**21,161,438**	**18,209,225**

Amount recognised in	01 April 2016	Recognised in Other comprehensive Income	Recognised in Statement of Profit and loss	31 March 2017
Deferred tax liability				
Arising on account of Temporary difference between written down value of fixed assets as per financials and tax books	23,933,491	-	4,758,569	28,692,060
Less: Deferred tax asset				
arising on account of Provision for employee benefits	2,772,053	588,113	69,286	3,429,452
Total	**21,161,438**	**(588,113)**	**4,689,283**	**25,262,608**

Amount recognised in	01 April 2015	Recognised in Other comprehensive Income	Recognised in Statement of Profit and loss	31 March 2016
Deferred tax liability				
arising on account of Temporary difference between written down value of fixed assets as per financials and tax books	20,748,397	-	3,185,094	23,933,491
Less: Deferred tax asset				
arising on account of Provision for employee benefits	2,539,172	13,086	219,795	2,772,053
Total	**18,209,225**	**(13,086)**	**2,965,299**	**21,161,438**

		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
19	**TRADE PAYABLES**			
	Dues to micro and small enterprises (also, refer note (a) below)	-	-	-
	Dues to others			
		-	-	-
	Trade payables	130,116,107	108,883,239	87,452,382
	Interest due on trade payables	-	-	-
	Trade payables due to related parties	5,526,236	8,171,045	5,947,202
		135,642,343	**117,054,284**	**93,399,584**

a)	**Dues to micro, small and medium enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006*:**			
i)	Principal amount remaining unpaid	-		
ii)	Interest due thereon	-		
iii)	Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-		
iv)	Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-		
v)	Interest accrued and remaining unpaid as at 31 March 2015	-		
vi)	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-		
		-	**-**	**-**

* Based on the information available with the Company in respect of Micro, Small & Medium Enterprises (as defined in 'The Micro, Small & Medium Enterprises Development Act, 2006'). The Company is generally regular in making payments of dues to such enterprises. Hence the question of payments of interest or provision towards belated payments does not arise.

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

Note No.		As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
20	**OTHER FINANCIAL LIABILITIES**			
	Financial liabilities at fair value through profit or loss			
	Derivative Liabilities	**16,509,313**		
	Others - carried at amortised cost			
	Current maturities of term loans from banks (Secured)	**90,000,000**	60,000,000	-
	Interest accrued but not due	**2,002,968**	1,035,000	1,035,000
	Unclaimed dividend	**-**		
	Unclaimed wages & salaries	**402,331**	433,183	537,389
	Unclaimed bonus	**-**		
	Trade deposits	**10,000**	10,000	10,000
	Non statutory dues	**1,612,842**	1,614,551	1,172,838
	Bonus payable	**-**		
	Outstanding liabilities	**24,089,534**	21,986,057	17,495,984
		134,626,988	85,078,791	20,251,211
21	**OTHER CURRENT LIABILITIES**			
	Customer advances	**505,460**	764,961	277,927
	Statutory dues	**3,705,065**	3,602,165	2,813,311
	Cenvat availed on Plant & Equipment taken on lease	**5,222,701**	5,222,701	5,222,701
		9,433,226	9,589,827	8,313,939
22	**CURRENT TAX LIABILITIES (NET)**			
	Provision for Tax (Net of Advance Income-tax & Tax Deducted at Source ₹ 4,96,30,729/-	**4,369,271**	-	-

Note No.		Year ended 31 March 2017	Year ended 31 March 2016
23	**REVENUE FROM OPERATIONS**		
	Sale of products		
	Domestic sales	**1,001,439,059**	842,737,294
	Export sales	**384,535,525**	241,139,781
	Revenue from operations (Gross)	**1,385,974,584**	1,083,877,075
	Other Operating Revenue		
	Sub-contract receipts	**49,979,782**	46,424,718
	Scrap Sales [Includes excise duty of ₹ 22,80,590/- (Last Year ₹ 24,18,955/-]	**20,736,612**	21,932,293
	Lease Income	**-**	
	Export Incentives	**20,518,707**	3,053,614
	Others (Tools development cost recovered)	**2,150,740**	1,392,189
		93,385,841	72,802,814
	Revenue from operations (Gross)	**1,479,360,425**	1,156,679,890
	Excise duty	**122,071,606**	96,934,128
24	**OTHER INCOME**		
	Interest income	**1,601,290**	1,881,584
	Net foreign exchange gain	**-**	12,899,591
	Dividends - Companies	**58,139**	152,694
	Miscellaneous Income	**114,718**	-
	Profit on Sale of Assets	**-**	649,350
	Fair value gain on financial instruments at fair value through profit or loss	**4,786,015**	960,255
		6,560,162	16,543,473

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

Note No.		Year ended 31 March 2017	Year ended 31 March 2016
25	**OTHER COMPREHENSIVE INCOME**		
	Other Comprehensive Income shall be classified into Items that will not be reclassified to profit or loss		
	- Re-measurement gains (losses) on defined benefit plans	**(1,004,811)**	(385,610)
	Income tax effect	**588,113**	13,086
		(416,698)	(372,524)
26	**COST OF RAW MATERIALS AND COMPONENTS CONSUMED**		
	Opening stock of raw materials and components	**46,964,619**	56,961,515
	Add : Purchases during the year	**462,673,227**	416,870,276
	Less: Closing stock of raw materials and components	**29,193,754**	46,964,619
		480,444,092	426,867,172
27	**CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**		
	Finished goods		
	Opening stock	**53,528,971**	14,756,249
	Less: Closing stock	**46,594,812**	53,528,971
		6,934,159	(38,772,722)
	Work in progress		
	Opening stock	**71,242,636**	60,672,425
	Less: Closing stock	**43,784,741**	71,242,636
		27,457,895	(10,570,211)
	Excise duty on opening stock of finished goods	**1,087,072**	2,153,218
	Less : Excise duty on Closing stock of finished goods	**1,871,921**	1,087,072
		(784,849)	1,066,145
	Net decrease/(increase) in inventories	**33,607,205**	(48,276,787)
28	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries and wages	**126,593,851**	112,560,979
	Leave salary	**2,194,047**	628,214
	Contribution to provident and other funds	**9,528,986**	10,436,937
	Staff welfare expenses	**11,680,756**	12,352,620
		149,997,640	135,978,750
29	**FINANCE COSTS**		
	Interest expenses	**22,637,367**	24,839,659
	Other borrowing costs	**-**	-
	Applicable net loss on foreign currency transactions and translation including borrowing cost	**3,725,513**	2,095,169
		26,362,880	26,934,828
30	**DEPRECIATION AND AMORTIZATION EXPENSE**		
	Depreciation of tangible assets	**42,621,285**	38,604,496
	Amortization of intangible assets	**331,329**	853,251
		42,952,614	39,457,747

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

Note No.		Year ended 31 March 2017	Year ended 31 March 2016
31	**OTHER EXPENSES**		
	Stores and tools consumed	**325,558,762**	273,282,617
	Power & fuel	**57,953,352**	55,157,481
	Rent	**9,799,886**	9,571,098
	Rates & taxes	**2,239,669**	2,098,949
	Insurance	**1,510,540**	314,312
	Repairs and maintenance		
	- Building	**1,379,154**	2,407,958
	- Plant & Equipment	**4,525,287**	5,047,531
	- Other assets	**335,791**	308,527
	Freight & Cartage Outward	**31,790,381**	19,585,704
	Commission on sales	**-**	-
	Advertisement & Sales Promotion	**71,142**	260,662
	Audit fee	**654,836**	706,490
	Loss on sale of assets	**450,104**	483
	Bank Charges	**870,247**	789,849
	Printing & Stationery	**1,843,801**	1,591,751
	Travel Expenses	**4,590,402**	6,664,617
	Postage & Telecom Expenses	**1,688,481**	1,505,140
	Consultancy	**7,302,401**	7,691,236
	Net Foreign exchange loss(net off gain)	**497,788**	-
	Corporate Social Responsibility Expenditure [Refer Note 34]	**1,973,427**	1,665,000
	Miscellaneous expenses (No Expenditure is in excess of one percent of revenue from operation or ₹ 10,00,000 whichever is higher)	**6,031,151**	2,237,159
		461,066,602	390,886,564
32	**INCOME TAX**		
	The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the entity at 34.607% and the reported tax expense in the statement of profit and loss are as follows:		
	Profit before tax	**169,417,948**	104,440,961
i)	Income tax at 34.607% (31 March 2016: 33.063%)	**58,630,469**	34,531,315
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
ii)	Disallowances:		
	a) Other items	**1,383,863**	837,670
iii)	Allowances		
	a) Differential impact on account of book depreciation and income tax depreciation	**(3,539,182)**	(2,480,449)
	b) Dividend income from domestic companies	**(20,120)**	(50,419)
	c) Fair value of investments	**(1,656,296)**	(317,489)
	d) Other items	**3,899,201**	2,012,372
iv)	Deductions under the provision of Income Tax Act, 1961	**(8,652)**	432,299
v)	Adjustments for current tax of previous years	**31,820**	989,628
		58,721,103	35,954,927
	Tax expense comprises of:		
	Current income tax:		
	Current income tax charge (net of Minimum alternate tax)	**54,000,000**	32,000,000
	Adjustments in respect of current income tax of previous year	**31,820**	989,628
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**4,689,283**	2,965,299
	Income tax expense	**58,721,103**	35,954,927
	Income tax on other comprehensive income.		
	Deferred tax related to items recognised in OCI during the year:		
	a) Provision for employee benefits	**(588,113)**	(13,086)
		(588,113)	(13,086)

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

Note No.		Year ended 31 March 2017	Year ended 31 March 2016
33	**EARNINGS PER EQUITY SHARE**		
	Nominal value of equity shares	**10.00**	10.00
	Profit attributable to equity shareholders (A)	**110,696,845**	68,486,034
	Weighted average number of equity shares outstanding during the year (B)	**11,899,674**	11,899,674
	Basic earnings per equity share (A/B) (in ₹)	**9.30**	5.76
	Dilutive effect on profit (C)	**-**	-
	(Loss)/profit attributable to equity shareholders for computing diluted EPS (D) = (A+C)	**110,696,845**	68,486,034
	Dilutive effect on weighted average number of equity shares outstanding during the year (E)	**-**	-
	Weighted average number of equity shares for computing diluted EPS (F) = (B+E)	**11,899,674**	11,899,674
	Diluted earnings per equity share (D/F) (in ₹)	**9.30**	5.76
34	**REMUNERATION TO AUDITORS CONSIST OF**		
	a) As Auditors	**200,000**	200,000
	b) Taxation Matters	**70,600**	50,000
	c) Company Law Matters	**-**	-
	d) Other Services	**295,000**	285,027
	e) Reimbursement of expenses	**89,236**	171,463
		654,836	706,490
35	**EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)**		
	a) Gross amount required to be spent	**1,963,674**	1,620,197
	b) Amount Spent on*:		
	(i) Construction / acquisition of any asset	**-**	-
	(ii) On purposes other than (i) above		
	a) Education	**-**	-
	b) Healthcare	**373,427**	665,000
	c) Mental Health Education	**-**	-
	d) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art	**1,600,000**	1,000,000
	* All the amount has been spent in cash.	**1,973,427**	1,665,000

36 **Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016**

Particulars	SBNs	Other Denominations	Total
Closing cash in hand as on 08.11.2016	66,000	13,806	79,806
(+) Permitted receipts	-	318,180	318,180
(-) Permitted payments	-	241,240	241,240
(-) Amount deposited in Banks on 16.11.16	66,000	-	66,000
Closing cash in hand as on 30.12.2016	**-**	**90,746**	**90,746**

37 Directors have waived the sitting fees and expenses incurred for attending the meetings of the Board/Committees

38 RELATED PARTY DISCLOSURES

Related Parties :

(I) Where Control exists:

(A) Holding Company

Sundram Fasteners Limited, Chennai

(B) Fellow Subsidiary Companies

Domestic Subsidiaries

1. Sundram Fasteners Investments Ltd., Chennai,
2. Sundram Non-Conventional Energy Systems Ltd., Chennai,
3. Sundram Precision Components Limited (formerly Sundram Bleistahl Ltd, Chennai)
4. TVS Infotech Ltd., Chennai
5. TVS Next Private Ltd.,Chennai(formerly Blisslogix Techonology Solutions Private Limited,Chennai) with effect from 11th April 2016

Foreign Subsidiaries

1. Cramlington Precision Forge Ltd., Northumberland, United Kingdom,
2. Sundram Fasteners (Zhejiang) Ltd., Zhejiang, Peoples Republic of China,
3. Sundram International Inc, Michigan, USA,
4. TVS Infotech Inc., Michigan, USA
5. Sundram International Limited, Northumberland, United Kingdom

(II) Other Related Parties with whom transactions have been entered into during the year :

(A) Key Management Personnel

Ms Arundathi Krishna and

Mr R Dilip Kumar*

(B) Enterprise in which Key Management Personnel have significant influence

Upasana Finance Limited, Chennai

* Key Management personnel as per Companies Act, 2013

(III) Transactions with related parties referred in (I) and (II) above, in the ordinary course of business:

Nature of transaction	Sundram Fasteners Limited	TVS Infotech Limited	Upasana Finance Limited
Purchases			
Goods and Materials	**9,272,930** (10,622,099)		**-** -
Fixed Assets	10,407 -	- -	- -
Sales			
Goods and Materials	**91,953,075** (78,183,325)		**-** -
Fixed Assets	- (844,663)	- -	- -
Services			
Rendered	**49,985,274** (46,939,635)	**-** -	
Received	**17,807,197** (10,994,925)	**3,364,902** (2,660,000)	
Finance			
Inter Corporate Deposit Paid (Net)	**-** (25,000,000)	**-** -	
Interest on Inter Corporate Deposit	**4,851,267** (6,715,479)	-	**1,150,000** (1,150,000)
Outstanding amount payable by company	**57,500,000** (57,500,000)	-	**12,535,000** (12,535,000)
Dividend Paid	**-** (19,634,462)		
Others			
Leasing or hire purchase arrangements	**7,424,322** (7,424,322)	**-** -	
Reimbursements	**7,869,441**	**-** -	
Outstanding balances			
Due to the Company	**48,859,103** (26,684,607)		
Due by the Company	**5,127,760** (6,329,915)	**398,476** (1,841,130)	
(Previous year figures are in brackets)			

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39 DETAILS OF SEGMENT INFORMATION

Particulars/Segment		Spokes & Nipples		Cold Extrusion Components		Others		Total	
		Domestic	Exports	Domestic	Exports	Domestic	Exports	Domestic	Exports
Sales	Year ended 31-03-2017	555,331,460	-	334,551,488	381,023,792	111,556,110	3,511,733	1,001,439,059	384,535,525
	Year ended 31-03-2016	512,090,638	-	239,294,596	235,826,735	93,096,579	5,313,046	844,481,813	241,139,781
Profit before Interest & Depreciation	31-03-2017	77,141,000	-	64,808,016	73,810,451	20,419,165	2,554,810	162,368,181	76,365,260
	Year ended 31-03-2016	71,762,000	-	41,933,248	41,325,550	13,685,821	781,053	127,381,068	42,106,604
Assets	Year ended 31-03-2017	161,244,192	-	616,330,458	-	479,729,243	-	1,257,303,893	-
	Year ended 31-03-2016	147,957,000	-	606,612,553	-	154,120,210	-	908,689,763	-
Liabilities	Year ended 31-03-2017	35,032,132	-	107,608,446	-	609,619,288	-	752,259,866	-
	Year ended 31-03-2016	23,167,000	-	93,816,003	-	396,942,881	-	513,925,884	-
Additions-Fixed Assets	Year ended 31-03-2017	3,936,205	-	85,065,020	-	4,898,066	-	93,899,291	-
	Year ended 31-03-2016	5,504,126	-	33,700,268	-	15,040,716	-	54,245,110	-
Depreciation	Year ended 31-03-2017	4,543,407	-	35,051,113	-	3,026,765	-	42,621,285	-
	Year ended 31-03-2016	5,875,510	-	30,320,434	-	2,408,552	-	38,604,496	-
Amortisation	Year ended 31-03-2017	-	-	200,446	-	130,883	-	331,329	-
	Year ended 31-03-2016	-	-	207,886	-	645,365	-	853,251	-

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

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40 FAIR VALUE MEASUREMENT HIERARCHY

The company for the purpose of determining and disclosing fair value of financial instruments , classifies the financial instruments in three levels of hierarchy depending on the inputs employed in determining its fair value.

Level 1: This hierarchy includes financial instruments measured using quoted (unadjusted) prices in active markets for identical assets or liabilities. This includes listed equity instruments , whose fair value is valued using closing price at the reporting period.

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation techniques which maximise the use of observable market data.

Level 3: The fair value of instruments is determined by one or more significant inputs not based on observable market data. This includes unlisted equity securities.

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Particulars	As at 31st March 2017					As at 31st March 2016					As at 31st March 2015				
	Carrying Amount	Fair Value			Total	Carrying Amount	Fair Value			Total	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
Financial Assets															
(i) Non-current															
Loans to employees	2,078,778	-	-	-	2,078,778	2,448,718	-	-	-	2,448,718	2,813,303	-	-	-	2,813,303
Security deposits	11,744,290	-	-	-	11,744,290	8,629,940	-	-	-	8,629,940	4,972,545	-	-	-	4,972,545
Rental Deposits	-	-	21,173,791	-	21,173,791	-	-	-	-	-	-	-	-	-	-
(ii) Current															
Loans to employees	183,680	-	-	-	183,680	163,882	-	-	-	163,882	170,346	-	-	-	170,346
Security deposits	100,000	-	-	-	100,000					-					-
Claims Receivable	3,681,655	-	-	-	3,681,655	139,712	-	-	-	139,712	102,264	-	-	-	102,264
Advances to Employees	690,275	-	-	-	690,275	780,226	-	-	-	780,226	878,722	-	-	-	878,722
Interest receivable	2,760	-	-	-	2,760	14,000	-	-	-	14,000	10,800	-	-	-	10,800
Current Investments	1,850,000	26,725,136	-	-	28,575,136	2,401,000	21,939,121	-	-	24,340,121	2,401,000	20,958,866	-	-	23,359,866
Trade Receivables	287,236,230	-	-	-	287,236,230	304,694,006	-	-	-	304,694,006	300,982,814	-	-	-	300,982,814
Cash and Cash equivalents	441,100	-	-	-	441,100	235,810	-	-	-	235,810	334,505	-	-	-	334,505
Total Financial Assets	308,008,768	26,725,136	21,173,791	-	355,907,695	319,507,294	21,939,121	-	-	341,446,415	312,666,299	20,958,866	-	-	333,625,165
Financial Liabilities															
(i) Non-current															
Borrowings	-	-	256,852,449	-	256,852,449	90,000,000				90,000,000	150,000,000				150,000,000
(ii) Current															
Borrowings	172,837,133				172,837,133	129,828,602		49,695,000		179,523,602	153,546,767		23,850,143		177,396,910
Trade payables	135,642,343	-	-	-	135,642,343	117,054,284				117,054,284	93,399,584				93,399,584
Derivative Liabilities	-	-	16,509,313	-	16,509,313	-				-	-				-
Current maturities of term loans from banks (Secured)	90,000,000	-	-	-	90,000,000	60,000,000				60,000,000	-				-
Unclaimed wages & salaries	402,331	-	-	-	402,331	433,183				433,183	537,389				537,389
Trade deposits	10,000	-	-	-	10,000	10,000				10,000	10,000				10,000
Non statutory dues	1,612,842	-	-	-	1,612,842	1,614,551				1,614,551	1,172,838				1,172,838
Outstanding liabilities	24,089,534	-	-	-	24,089,534	21,986,057				21,986,057	17,495,984				17,495,984
Interest accrued but not due	1,158,575		844,393		2,002,968	1,035,000				1,035,000	1,035,000				1,035,000
Total Financial Liabilities	425,752,758	-	274,206,155	-	699,958,913	421,961,677	-	49,695,000	-	471,656,677	417,197,562	-	23,850,143	-	441,047,705

Note: Security deposits and loans to employees included in other financial assets, not being material, have not been fair valued.

41	FAIR VALUE DISCLOSURE												
	Particulars	31-Mar-17				31-Mar-16				01-Apr-15			
		FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
	Financial Assets												
	Investments	**26,725,136**	**-**	**1,850,000**	**28,575,136**	21,939,121	-	2,401,000	24,340,121	20,958,866	-	2,401,000	23,359,866
	Trade receivables	**-**	**-**	**287,236,230**	**287,236,230**	-	-	304,694,006	304,694,006	-	-	300,982,814	300,982,814
	Cash and Cash equivalents	**-**	**-**	**441,100**	**441,100**	-	-	235,810	235,810	-	-	334,505	334,505
	Loans to employees	**-**	**-**	**2,262,458**	**2,262,458**	-	-	2,612,600	2,612,600	2,983,649	-	-	2,983,649
	Other financial assets	**-**	**-**	**16,218,980**	**16,218,980**	-	-	9,563,878	9,563,878	-	-	5,964,331	5,964,331
	Rental Deposits	**21,173,791**			**21,173,791**	-	-	-	-	-	-	-	-
	Total Financial Assets	**47,898,927**	**-**	**308,008,768**	**355,907,695**	21,939,121	-	319,507,294	341,446,415	23,942,515	-	309,682,650	333,625,165
	Financial Liabilities												
	Borrowings	**256,852,449**	**-**	**172,837,133**	**429,689,582**	49,695,000	-	219,828,602	269,523,602	23,850,143	-	303,546,767	327,396,910
	Trade payables	**-**		**135,642,343**	**135,642,343**			117,054,284	117,054,284			93,399,584	93,399,584
	Other Financial Liabilities	**844,393**	**-**	**117,273,282**	**118,117,675**	-	-	85,078,791	85,078,791	-	-	20,251,211	20,251,211
	Derivative Liabilities	**16,509,313**		**-**	**16,509,313**	-	-	-	-	-	-	-	-
	Total Financial Liabilities	**274,206,155**	**-**	**425,752,758**	**699,958,913**	49,695,000	-	421,961,677	471,656,677	23,850,143	-	417,197,562	441,047,705
	FVTPL - Fair value through Statement of Profit and Loss												
	FVOCI - Fair value through other comprehensive income												

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

42 Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and short-term deposits that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the holding company that advises on financial risks and the appropriate financial risk governance framework for the Company. All derivative activities for risk management purposes are carried out by holding company's specialist teams that have the appropriate skills, experience and supervision. As per Company's policy no trading in derivatives for speculative purposes is undertaken.. The Company has the following policies for managing each of these risks, which are summarised below.

a) **Market risk**

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

b) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

c) **Interest rate sensitivity**

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for the year ended 31 March 2017 (31 March 2016: +/- 1%, 1 April 2015: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

		As at 31 March 2017	As at 31 March 2016
Profit before tax			
Increase	+1%	**42.46**	32.85
Decrease	-1%	**(42.46)**	(32.85)

d) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's borrowings in foreign currency.

The Company manages its foreign currency risk by hedging transactions through forward contracts, for the repayment of borrowings. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated at the closing rate:-

Foreign currency risk exposure at the end of the reporting period expressed in INR

	Short term exposure			Long-term exposure		
	USD	EURO	Others	USD	EURO	Others
31 March 2017						
Financial assets	39,284,675	65,357,755	96,635	-	-	-
Financial liabilities	152,526	12,756,250	1,142,933	256,852,449	-	-
	39,132,149	52,601,505	(1,046,298)	(256,852,449)	-	-
31 March 2016						
Financial assets	53,442,879	75,271,965	-	-	-	-
Financial liabilities	50,571,620	15,716,666	-	-	-	-
	2,871,259	59,555,299	-	-	-	-

Currency risk (or foreign exchange risk) arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this Ind AS, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Foreign currency sensitivity

The following table illustrates the sensitivity of profit and equity in regards to the Company's financial assets and financial liabilities and the USD/INR exchange rate and EURO/INR exchange rate 'all other things being equal'. It assumes a +/- 5% change of the INR /USD exchange rate for the year ended at 31 March 2017 (31 March 2016: 5%). A +/- 5% change is considered for the INR /EURO exchange rate for the year ended (31 March 2016: 5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Rupee had strengthened against the USD by 5% during the year ended 31 March 2017 (31 March 2016: 5%) and EURO by 5% during the year ended 31 March 2017 (31 March 2016: 5%) respectively then this would have had the following impact profit before tax and equity before tax:

		31 March 2017	31 March 2016
Profit before tax			
USD	+5%	**(10,886,015)**	143,563
EURO	+5%	**2,630,075**	2,977,765
		(8,255,940)	3,121,328

If the INR had weakened against the USD by 5% during the year ended 31 March 2017 (31 March 2016: 5%) and EURO by 5% during the year ended 31 March 2017 (31 March 2016: 5%) respectively then this would have had the following impact:

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		31 March 2017	31 March 2016
Profit before tax			
USD	-5%	**10,886,015**	(143,563)
EURO	-5%	**(2,630,075)**	(2,977,765)
		8,255,940	(3,121,328)

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in US dollars and EURO. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

e) **Equity price risk**

The Company's investments in listed and unlisted equity securities are current. All the investments in the equity portfolio are reviewed and approved by the Board of Directors.

At the reporting date, the exposure to listed equity securities at fair value was Rs.2,67,25,136/- (31 March 2016: Rs. 2,19,39,121/-)

f) **Credit risk**

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

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. The Company enters into long term contracts with its customers whereby it mitigates the risk exposure on high risk customers. Further, the Company makes a continuous effort in expanding its customer base. Outstanding customer receivables are regularly monitored and reviewed. At 31 March, the Company has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The amounts at 31 March, analysed by the length of time past due, are:

₹

	As at 31 March 2017	As at 31 March 2016
Not more than 180 days	**284,492,930**	281,476,648
More than 180 days	**2,743,300**	23,217,358
	287,236,230	304,694,006

g) **Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investments of surplus funds are made by way of fixed deposits with scheduled banks within the limits assigned by the Board of Directors.

h) Liquidity risk

The Company's objective is to maintain a current ratio of 1.10 with an optimal mix of short term loans and long term loans. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders. The Board of Directors periodically reviews the Company's business requirements vis-a-vis the source of funding.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

₹

Year ended 31 March 2017	**Less than 180 days**	**More than 180 days**
Interest-bearing loans and borrowings	172,837,133	256,852,449
Other financial liabilities	104,626,988	30,000,000
Trade and other payables	135,642,343	-
	413,106,464	**286,852,449**
Year ended 31 March 2016	**Less than 180 days**	**More than 180 days**
Interest-bearing loans and borrowings (other than convertible preference shares)	179,523,602	90,000,000
Other financial liabilities	85,078,791	-
Trade and other payables	117,054,284	-
	381,656,677	**90,000,000**

43 Events after the reporting period

Non-Adjusting Event: The Board has declared today i.e. 23/05/2017 a Dividend of Rs.2/- per share . This is the only non adjusting event that has occurred.

No adjusting events have occurred between the 31 March 2017 i.e reporting date and the date of authorisation.

44 Commitments, contingent liabilities and contingent assets

₹

a) **Operating lease commitments**	**31 March 2017**	**31 March 2016**	**01 April 2015**
(i) The company has entered into lease agreements for a period up to five years, which are in the nature of operating leases.			
Future minimum lease rentals payable under non-cancellable operating leases as at 31 March 2017 are, as follows			
a) Upto one year	4,834,059	6,794,322	6,794,322
b) One to five years	715,798	4,118,258	10,912,580
	5,549,857	10,912,580	17,706,902

(ii) During the year Rs.67,94,322 (Previous Year Rs.67,94,322) of Lease payments recognised in the statement of profit and loss, in respect of operating lease agreements entered into on or after 01.04.2001

(iii) Significant Leasing arrangements:

The company has entered into leasing arrangements in respect of plant and equipments.

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

	31 March 2017	31 March 2016	01 April 2015
(a) Basis of determining contingent rent:			
Contingent rents are payable for excessive, improper or unauthorised use of the asset, beyond the terms of the lease agreement, prejudicially affecting the resale value of the asset, either by way of increase in lease rentals or by way of lump-sum amount, as agreed between the parties.			
b) Renewal / purchase options and escalation clauses:			
Lease agreements are renewable for further period or periods on terms and conditions mutually agreed between the parties. Variations in lease rentals are made in the event of a change in the basis of computation of lease rentals by the lessor.			
c) There are no restrictions imposed by the lease arrangements, concerning dividends, additional debt & further leasing.			
b) **Capital commitments**			
Estimated amount of contracts remaining to be executed on capital account and not provided for	**16,050,047**	65,158,274	24,855,823
c) **Contingent liabilities**			
- Claims against the company not acknowledged as debt;			
Legal claims			
- Sales Tax / entry Tax - under appeal	**67,392,826**	63,810,193	566,329
- Income-tax - under appeal	**7,255,800**	7,244,930	7,007,830
- Others	**-**	-	2,456,094
- Guarantees excluding financial guarantees			
(i) On Letters of Guarantee	**1,065,841**	677,000	-
- Other money for which the company is contingently liable			
(i) On Letters of Credit	**1,051,250**	17,601,726	20,035,403

₹

45. FIRST TIME ADOPTION OF IND AS

The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016. This note explains how the transition from IGAAP statement of financial position as at 1 April 2015 and its previously published IGAAP financial statement as at and for the year ended 31 March 2016 to IND AS has affected the companies financial position, performance and cash flows.

IND AS requirements have become applicable to the company because holding company Sundram Fasteners Limited is covered by IND AS.

First time adoption exemptions applied

Upon transition, IND AS 101 permits certain exemptions from full retrospective application of IND AS. The Company has applied the mandatory exceptions and certain optional exemptions, as set out below:

a) Mandatory exceptions adopted by the Company:

(i) De-recognition of financial assets and liabilities

The de-recognition criteria of Ind AS 109 Financial Instruments has been applied prospectively for transactions occurring on or after the date of transition to Ind AS. Non-derivative financial assets and non-derivative financial liabilities derecognized before date of transition under previous GAAP are not recognized on the opening Ind AS balance sheet.

(ii) Estimates

The estimates made by the Company under Indian GAAP were not revised for the application of Ind AS except where necessary to reflect any differences in accounting policies or errors.

b) Optional exceptions adopted by the Company:

(i) Business Combination

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, or of interests in associates and joint ventures that occurred before 1 April 2015. Use of this exception means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with Ind AS. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

(ii) Property, Plant and Equipment

The Company has elected to use carrying value under GAAP as the deemed cost on the date of transition to Ind AS for all property, plant and equipments (including intangible assets).

(iii) Leases

The Company has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement constitutes a lease.

46 RECONCILIATION OF EQUITY

	Particulars			As at 01-04-2015	As at 31-03-2016
a)	**Reconciliation of equity as at 1 April 2015 (date of transition to Ind AS)**				
	Equity as per IGAAP *			**211,456,957**	254,978,009
	Add:				
	Restatement of Investments at Fair Value (net of Provision for Dimunition)	Note below		**19,829,103**	961,102
	Reversal of Deferred Tax Asset on Provision for Dimunition of Investments			**(778)**	(295)
	Impact on 01-04-2015				19,828,325
	Equity as per IND AS		-	**231,285,282**	275,767,141

Note: Investments

The Company has classified certain short term investments under IGAAP at the cost of investments less provision for diminution in the value of investments; Under Ind AS these investments were measured at fair value through profit and loss. At the date of transition to Ind AS, difference between the instrument's fair value and IGAAP carrying amount to the tune of Rs.1,98,29,103 has been recognised in retained earnings. Also for the year ended 31 March 2016, the Company has fair valued these investments resulting in a gain of Rs. 9,61,102. The Company has also reversed the provision for Dimuniton of Investments and Deferred tax on provison.

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

b)	**Reconcialation of Profit before tax for the year ended 31/03/2016**	
	Profit before Tax As per IGAAP	103,094,250
	Add: fair value of Investments as per IND AS	961,101
	Less: Actuarial (Gain)/ or Loss on Employee Benfit	385,610
		104,440,961

c) **Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016**

There is no material impact of the transition from IGAAP to Ind AS on the statement of cash flows.

d) Other adjustments

i) **Excise duty**

Under IGAAP, revenue from sale of products has been presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. There is no impact on the total equity and profit.

ii) **Turnover Discount**

Under IGAAP Turnover discount was accounted as other expenses. Under IND AS turnover discount is deducted from Revenue from operations. There is no impact on total equity and profit

iii) **Defined benefit obligation**

Both under IGAAP and Ind AS, the Company has recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income including its tax effect.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn. No. 004207S

M BALASUBRAMANIYAM
Partner
Membership No. F 7945

Place : Chennai
Date : May 23, 2017

For and on behalf of the Board of Directors of TVS UPASANA LIMITED

SURESH KRISHNA
Chairman

ARUNDATHI KRISHNA
Managing Director

R DILIP KUMAR
Chief Financial Officer & Secretary

S. MEENAKSHISUNDARAM
Director