

TVS Upasana Limited

ANNUAL REPORT

**for the year ended
March 31, 2018**

TVS Upasana Limited

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Twenty Sixth Annual Report, together with the audited accounts for the year ended 31st March, 2018.

FINANCIAL RESULTS

₹ in lakhs

Particulars	2017-18	2016-17
Revenue from operations	15,541.17	14,793.60
Gross Profit / (Loss) before interest & depreciation	3,291.94	2,387.34
Less: Interest	313.64	263.63
Less: Depreciation	428.07	429.53
Profit / (Loss) before tax	2,550.23	1,694.18
Add / (Less): Provision for Tax (including Deferred Tax)	805.71	587.21
Profit / (Loss) after tax	1,744.52	1,106.97
Other Comprehensive income net of deferred Tax	(2.48)	(4.17)
Total Comprehensive Income for the year	1,742.04	1,102.80
Add : Brought forward	3,860.47	2,757.67
Add : Financial Guarantee	41.46	-
Less: Final Dividend Paid 2016-17	237.99	-
Less: Interim Dividend Paid 2017-18	119.00	-
Less: Dividend Distribution Tax paid	72.68	-
Balance carried forward	5,214.30	3,860.47

OPERATIONS

During the year under review, the revenue from operations of the Company amounted to ₹ 15,541.17 lakhs as against ₹ 14,793.60 lakhs in 2016 - 2017. During the year under review, the total comprehensive income of the Company for the year was at ₹ 1,742.04 lakhs as against ₹ 1,102.80 lakhs during 2016-2017

DIVIDEND

The Directors have paid an interim Dividend of ₹ 1.00 per share.

The Directors recommend 25% dividend for the year under review i.e ₹ 2.50 per share.

TRANSFER TO RESERVES

The Company has not transferred any amounts to reserves during the year 2017-2018.

BOARD MEETINGS

During the financial year 2017-2018, there were 6 (Six) board meetings, which were held on 23rd May, 2017, 15th September, 2017, 27th September, 2017, 5th October, 2017, 19th February, 2018 and 5th March, 2018.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:-

- in the preparation of the annual accounts, the applicable accounting standards had been followed;
- we 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.

- we 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.
- we had prepared the annual accounts on a going concern basis.
- we 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 (AGM).

Accordingly, Ms Arundathi Krishna (DIN 00270935), Managing Director of the Company, becomes liable to retire by rotation, at the ensuing AGM, and being eligible, offers herself for re-appointment.

Mr R Krishnan, (DIN 00271938) Independent Director, has resigned from the Board effective October 5, 2017. The Board recorded its appreciation for the services rendered by Sri R Krishnan

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

The Independent Director 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 Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013.

AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, B S R & Co LLP, Chartered Accountants, Chennai, (Registration No. 101248 W / W- 100022 with the Institute of Chartered Accountants of India), were appointed as Statutory Auditors of the Company at the Twenty Fifth Annual General Meeting of the Company for a consecutive period of 5 years commencing from 28th June, 2017.

RELATED PARTY TRANSACTIONS

All related party transactions were entered at arm's 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 I** 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-II**.

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.

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. There is on technology absorption during the year under review.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The total foreign exchange earned and used are as under:

Rs in lakhs

Particulars	2017-18	2016-17
Foreign exchange earned - Exports	3,952.80	3,642.79
Foreign Exchange earned - Others	-	7.44
Foreign exchange used - imports	957.60	1,019.36
Foreign exchange used – others	50.44	34.44

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

During the year under review, Sri R Dilip Kumar, Chief Financial Officer and Company Secretary resigned effective October 5, 2017.

In view of the resignation of Sri R Dilip Kumar, Sri R Krishnan, a qualified Company Secretary and Cost and Management Accountant, having more than 30 years' of experience in the areas of finance, accounting, taxation and legal, is appointed as Chief Financial Officer and Company Secretary of the Company effective October 5, 2017.

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 2017 - 2018, 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 AND NOMINATION AND REMUNERATION COMMITTEE

The Audit Committee met once during the year on 23rd May, 2017. All the members attended the meeting.

Pursuant to the amendments on Companies (Appointment and Qualification of Directors) Rules, 2014 and Companies (Meetings of Board and its Powers) Rules, 2014 vide MCA notifications dated July 5, 2017 and July 13, 2017 respectively, the Board of directors had resolved for the dissolution of Audit Committee and Nomination and Remuneration Committee at its meeting held on September 15, 2017 effective from that date.

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 15th September, 2017.

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-III** forming part of this report.

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 calendar year 2017.

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

April 30, 2018
Chennai

Suresh Krishna
Chairman

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	Purchase of goods, sale of Goods, services rendered, services availed, lease rent paid, interest paid, dividend paid, canteen services	2017-18	At arm's length in the ordinary course of business (Aggregate amount ₹ 2,258.51 lakhs)	As the transactions fall under the third proviso to Section 188(1), Board approval is not applicable	Nil
2.	TVS Infotech Limited	Services availed	2017-18	At arm's length in the ordinary course of business (Aggregate amount ₹ 29.26 lakhs)		
3.	Upasana Finance Limited	Interest paid on Inter Corporate deposits	2017-18	At arm's length in the ordinary course of business (Aggregate amount ₹ 4.69 lakhs)		

On behalf of the Board

April 30, 2018
Chennai**Suresh Krishna**
Chairman

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS

CIN	U65991TN1992PLC022619
Registration Date	6 th May 1992
Name of the Company	TVS Upasana 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 Email: rkn@uel.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)	-	-	-	-	-	-	-	-	-
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

TVS Upasana Limited

(v) Shareholding of Directors and Key Managerial Personnel:

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 Dilip Kumar, CFO & CS* (resigned effective October 5, 2017)	1	0.00	1	0.00
3	At the beginning, during and end of the year	R Krishnan* (Director till October 5, 2017 and CFO & CS from October 5, 2017)	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, 2018)

₹ in lakhs

S. No.	Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
1.	Indebtedness at the beginning of the financial year				
	i) Principal amount	4,506.90	690.00	-	5,196.90
	ii) Interest due but not paid	9.68	10.35	-	20.03
	iii) Interest accrued but not due	-	-	-	-
	Total of (i) + (ii) + (iii)	4,516.58	700.35		5,216.93
2.	Change in indebtedness during the financial year				
	- Addition	1,033.75	-	-	1,033.75
	- Reduction	-	115.00	-	115.00
	Net Change	1,033.75	(115.00)		918.75
3.	Indebtedness at the end of the financial year				
	i) Principal amount	5,540.65	575.00	-	6,115.65
	ii) Interest due but not paid	25.83	-	-	25.83
	iii) Interest accrued but not due	-	-	-	-
	Total of (i) + (ii) + (iii)	5,566.48	575.00	-	6,141.48

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year 2017-2018, no remuneration was paid to Directors.

No remuneration was paid to Sri R Dilip Kumar, Chief Financial Officer and Company Secretary till 5th October 2017 i.e date of his resignation. The remuneration paid to Sri R Krishnan, Chief Financial Officer and Company Secretary with effect from 5th October 2017 is as follows:

₹ in lakhs

S. No.	Particulars of Remuneration	Name of Chief Financial Officer & Company Secretary
		Sri R Krishnan
1	Gross salary- (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	15.09 - -
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit - others, specify	-
5	Others, specify PF & Superannuation	1.39
	Total	16.48

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year 2017-2018, 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.

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 (CSRC) shall formulate and recommend to the Board the CSR Policy, which shall include statutorily recognized activities.
- b. CSRC 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 CSRC 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 CSRC 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

The Company made a CSR contribution amounting to Rs 26,48,625/- (Twenty Six Lakhs Forty Eight Thousand Six Hundred and Twenty Five Only) to World Wide Fund – India (WWF – India) towards the project titled "Eco-Trails" with the objectives of highlighting native urban biodiversity, urban degradation and solutions for conservation and restoration

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

(iv) 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. Arundathi Krishna
4. Sri R Ramakrishnan

(v) Average net profits

Average net profits of the company for the last three financial years is Rs. 1,223.80 Lakhs.

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

Prescribed CSR expenditure is Rs. 24.48 Lakhs

(vii) Details of CSR spent during the financial year 2017-2018

Total amount to be spent for the financial year 2017-2018	24.48 Lakhs
Amount unspent	-

Manner in which the amount spent during the financial year	Towards the project titled "Eco-Trails" by WWF – India with the objectives of highlighting native urban biodiversity, urban degradation and solutions for conservation and restoration
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(viii) 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) O v e r h e a d s : (₹ In Lakhs)	Cumulative expenditure up to the reporting period (₹ In Lakhs)	Amount spent: Direct or through implementing agency (₹ In Lakhs)
1	World Wide Fund – India for the project titled "Eco Trail"	Environmental sustainability / Ecological balance	1. Others 2. Tamil Nadu	₹ 26.48 Lakhs*	₹ 26.48 Lakhs	₹ 26.48 Lakhs	₹ 26.48 Lakhs In association with World Wide Fund – India

* Refund (Rs 1.50 lakhs) received from Kalakshetra Foundation is spent towards CSR activity in FY 2017 - 18.

(ix) 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

April 30, 2018
Chennai

Suresh Krishna
Chairman

B S R & Co. LLP
Chartered Accountants

KRM Tower, 1st & 2nd Floor, No. 1, Harrington Road,
Chetpet, Chennai 600 031, India
Phone : +91 44 4608 3100
Fax : +91 44 4608 3199

Independent Auditor's Report

To the Members of TVS Upasana Limited

Report on the Audit of Indian Accounting Standards ('Ind AS') financial statements

We have audited the accompanying Ind AS financial statements of **TVS Upasana Limited** ("the Company"), which comprise the balance sheet as at March 31, 2018, the statement of profit and loss, the statement of changes in equity and the statement of cash flows for the year then ended and summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit or loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Act.

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

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

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 the 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 the Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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, of the state of affairs of the Company as at March 31, 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matters

The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on May 23, 2017. Our opinion is not modified in respect to this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, the statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - (e) on the basis of written representations received from the directors as on March 31, 2018, taken on record by the board of directors, none of the directors are disqualified as on March 31, 2018

-
- from being appointed as a director in terms of section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) with respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – refer note 30 (a) to the Ind AS financial statements;
 - (ii) the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and
 - (iv) the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended March 31, 2017 have been disclosed – refer note 13 to the Ind AS financial statements.

for B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman

Partner

Membership No.: 203491

Place : Chennai

Date : April 30, 2018

B S R & Co. LLP
Chartered Accountants

KRM Tower, 1st & 2nd Floor, No. 1, Harrington Road,
Chetpet, Chennai 600 031, India
Phone : +91 44 4608 3100
Fax : +91 44 4608 3199

Annexure A to the Independent Auditor's Report

To the Members of TVS Upasana Limited on the Ind AS financial statements for the year ended March 31, 2018

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in note 4 of the Ind AS financial statements are held in the name of the Company, except for freehold land amounting to ₹ 5.13 lakhs which is pending registration with relevant authorities.
- (ii) The inventory, except goods in transit and certain stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material. For stock lying with third parties at the year end, written confirmations have been obtained by the management.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has complied with the provision of Sections 185 and 186 of the Act, in respect of loans, guarantees, securities and investments, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under subsection (1) of Section 148 of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of cess.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, service tax, duty of customs, duty of excise and other material statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the dues set out Appendix I in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, have not been deposited by the Company on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any dues to financial institutions or debenture holders or government during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to information and explanations given to us, money raised through term loans during the year has been utilised for the purpose for which there were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid or provided for any managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Act, where applicable and details of such related party transactions have been disclosed in the Ind AS financial statements as required under applicable accounting standards. According to the information and explanations given to us, provisions of section 177 is not applicable to the Company.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

for B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No: 203491

Place : Chennai
Date : April 30, 2018

Appendix I as referred to under para (vii)(b) of Annexure A to the Independent Auditor's Report

**To the Members of TVS Upasana Limited on the Ind AS financial statements
for the year ended March 31, 2018**

Name of the Statute	Nature of the Dues	Amount* (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income-tax dues	0.14	AY 2012-13	The Commissioner of Income-tax (Appeals)
Income Tax Act, 1961	Income-tax dues	7.39	AY 2013-14	The Income tax Appellate Tribunal
Income Tax Act, 1961	Income-tax dues	27.80	AY 2015-16	The Income tax Appellate Tribunal
Tamil Nadu Value Added Tax Act, 2006, Central Sales Tax Act, 1956	Sales Tax	9.40	2006-07	Appellate Deputy Commissioner- Chennai
	Sales Tax	10.12	2007-08	Appellate Deputy Commissioner- Chennai
	Sales Tax	2.68	2010-11	Commercial Tax Officer - Chennai
	Sales Tax	4.56	2011-12	Appellate Deputy Commissioner- Chennai
	Sales Tax	16.52	2013-14	High Court of Judicature at Madras
	Sales Tax	540.73	2014-15	High Court of Judicature at Madras
	Sales Tax	22.14	2015-16	Appellate Deputy Commissioner- Chennai

** net of amount paid under protest*

Annexure B to the Independent Auditor's Report

To the Members of TVS Upasana Limited on the Ind AS financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls with reference to financial statements under clause (j) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **TVS Upasana Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively as at March 31, 2018 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal financial controls with reference to financial statements

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

Inherent limitations of internal financial controls with reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for B S R & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 101248W/W-100022

S Sethuraman

Partner

Membership No.: 203491

Place : Chennai

Date : April 30, 2018

Balance sheet as at March 31, 2018

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,391.34	3,195.20
Capital work-in-progress	4	2,502.02	672.46
Other intangible assets	5	3.70	4.63
Financial assets			
- Investments	6	18.50	18.50
- Loans	7	19.14	20.79
- Others	8	328.72	329.18
Other tax assets, net	9	190.99	192.81
Other non-current assets	10	3,166.51	2,588.16
		<u>9,620.92</u>	<u>7,021.73</u>
Current assets			
Inventories	11	2,268.76	1,626.53
Financial assets			
- Investments	6	350.85	267.25
- Trade receivables	12	3,342.88	2,872.36
- Cash and cash equivalents	13	3.38	4.41
- Loans	7	11.32	8.74
- Others	8	27.28	37.85
Other current assets	10	342.14	734.16
		<u>6,346.61</u>	<u>5,551.30</u>
Total assets		15,967.53	12,573.03
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	1,189.97	1,189.97
Other equity		5,214.30	3,860.47
Total equity		6,404.27	5,050.44
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	16	4,800.00	2,568.52
Provisions	17	152.57	113.17
Deferred tax liabilities, net	9	230.76	252.63
		<u>5,183.33</u>	<u>2,934.32</u>
Current liabilities			
Financial liabilities			
- Borrowings	16	1,315.65	1,728.37
- Trade payables	18	2,142.75	1,437.13
- Other financial liabilities	19	365.13	1,265.56
Other current liabilities	20	111.56	94.33
Provisions	17	19.36	19.19
Other tax liabilities, net	9	425.48	43.69
		<u>4,379.93</u>	<u>4,588.27</u>
Total liabilities		9,563.26	7,522.59
Total equity and liabilities		15,967.53	12,573.03
Significant accounting policies	3		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
ICAI Firm registration No.: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491

For and on behalf of the Board of Directors of
TVS Upasana Limited
CIN: U65991TN1992PLC022619

Suresh Krishna
Chairman
DIN: 00046919

Arundathi Krishna
Managing Director
DIN: 00270935

R Krishnan
Chief Financial Officer &
Company Secretary
ACS Membership No.: 9994

S Meenakshisundaram
Director
DIN: 00513901

Place : Chennai
Date : April 30, 2018

Statement of profit and loss for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	Note	Year ended March 31, 2018	Year ended March 31, 2017
INCOME			
Revenue from operations	21	15,541.17	14,793.62
Other income	22	233.72	65.60
Total Income		15,774.89	14,859.22
EXPENSES			
Cost of materials consumed	23	5,812.75	4,804.44
Changes in inventories of finished goods and work-in-progress	24	(369.54)	336.07
Excise duty		291.91	1,220.72
Employee benefits expense	25	1,702.90	1,499.98
Finance costs	26	313.64	263.63
Depreciation and amortisation expense	27	428.07	429.51
Other expenses	28	5,044.93	4,610.65
Total expenses		13,224.66	13,165.00
Profit before exceptional items and tax		2,550.23	1,694.20
Exceptional items		-	-
Profit before tax		2,550.23	1,694.20
Tax expense			
- Current tax	9	820.00	540.00
- Deferred tax		(20.56)	46.89
- Tax relating to earlier years		6.27	0.32
Total tax expense		805.71	587.21
Profit for the year		1,744.52	1,106.99
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Re-measurement loss on defined benefit plans		(3.79)	(10.05)
(ii) Income tax effect on above		1.31	5.88
Total other comprehensive income		(2.48)	(4.17)
Total comprehensive income for the year		1,742.04	1,102.82
(Comprising profit and other comprehensive income for the year)			
Earnings per equity share			
Basic (in ₹)	15	14.66	9.30
Diluted (in ₹)		14.66	9.30
Significant accounting policies	3		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for B S R & Co. LLP
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ICAI Firm registration No.: 101248W/W-100022

S Sethuraman
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For and on behalf of the Board of Directors of
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Managing Director
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R Krishnan
Chief Financial Officer &
Company Secretary
ACS Membership No.: 9994

S Meenakshisundaram
Director
DIN: 00513901

Place : Chennai
Date : April 30, 2018

TVS Upasana Limited

Statement of changes in equity for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

(a) Equity share capital

Particulars	Note	Amount
Balance as at April 1, 2016	14A	1,189.97
Changes in equity share capital during the year		-
Balance as at March 31, 2017	14A	1,189.97
Changes in equity share capital during the year		-
Balance as at March 31, 2018	14A	1,189.97

(b) Other equity

Particulars	Reserves and surplus		Items of other comprehensive income	Total
	Deemed Equity	Retained Earnings	Re-measurement gain on defined benefit plan, net of tax	
Balances as at April 1, 2016	-	2,810.92	(53.25)	2,757.67
Profit for the year	-	1,106.97	-	1,106.97
Other comprehensive income for the year	-	-	(4.17)	(4.17)
Balance as at March 31, 2017	-	3,917.89	(57.42)	3,860.47
Profit for the year	-	1,744.52	-	1,744.52
Other comprehensive income for the year	-	-	(2.48)	(2.48)
Fair value of finance guarantee given by parent company	41.46	-	-	41.46
Dividends (refer note 14B(i))	-	(429.67)	-	(429.67)
Balance as at March 31, 2018	41.46	5,232.74	(59.90)	5,214.30

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
ICAI Firm registration No.: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491

For and on behalf of the Board of Directors of
TVS Upasana Limited
CIN: U65991TN1992PLC022619

Suresh Krishna
Chairman
DIN : 00046919

Arundathi Krishna
Managing Director
DIN: 00270935

R Krishnan
Chief Financial Officer &
Company Secretary
ACS Membership No.: 9994

S Meenakshisundaram
Director
DIN: 00513901

Place : Chennai
Date : April 30, 2018

Statement of cash flows for the year ended March 31, 2018

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities		
Profit for the year	2,550.23	1,694.20
Adjustments for:		
Fair value gain on financial instruments measured at fair value through profit or loss	(83.59)	(47.86)
Depreciation and amortisation expense	428.07	429.51
Finance costs	313.64	230.01
Interest income	(16.61)	(16.01)
Loss on sale of property, plant and equipment	13.06	4.50
Financial guarantee expenses, net	2.12	-
Dividend income	(0.93)	(0.58)
Unrealised foreign exchange (gain)/loss	(50.70)	64.68
	3,155.29	2,358.46

Working capital adjustments

(Increase)/decrease in inventories	(642.23)	460.49
Increase in financial liabilities	862.60	208.87
Increase in financial assets	(407.82)	(133.57)
Increase in non financial liabilities	52.98	5.57
Decrease/(increase) in other non financial assets	414.02	(2,676.14)
Cash generated from operating activities	3,434.84	223.68
Income tax paid, net	(424.36)	(486.82)
Net cash from/(used in) operating activities (A)	3,010.48	(263.14)

Cash flow from investing activities

Acquisition of property, plant and equipment (including capital work-in-progress and capital advances)	(3,045.26)	(1,570.39)
Proceeds from sale of property, plant and equipment	0.06	0.67
Acquisition of investments	-	(18.50)
Proceeds from sale of investments	-	24.01
Dividend received	0.93	0.58
Interest received	16.61	16.01
Net cash used in investing activities (B)	(3,027.66)	(1,547.62)

Cash flow from financing activities

Proceeds from borrowings	1,653.66	3,729.64
Repayment of borrowings	(900.00)	(1,696.50)
Interest paid	(307.84)	(220.33)
Dividend paid (including dividend distribution tax)	(429.67)	-
Net cash from financing activities (C)	16.15	1,812.81

Net (decrease)/increase in cash and cash equivalents (A+B+C)

Cash and cash equivalents at the beginning of the year	4.41	2.36
Cash and cash equivalents at the year end	3.38	4.41

Reconciliation of the cash and cash equivalents as per the cash flow statement

Cash on hand	0.74	1.06
Balances with banks in current accounts	2.64	3.35
Cash and cash equivalents	3.38	4.41

Significant accounting policies 3

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
ICAI Firm registration No.: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491

For and on behalf of the Board of Directors of
TVS Upasana Limited
CIN: U65991TN1992PLC022619

Suresh Krishna
Chairman
DIN : 00046919

R Krishnan
Chief Financial Officer &
Company Secretary
ACS Membership No.: 9994

Arundathi Krishna
Managing Director
DIN: 00270935

Place : Chennai
Date : April 30, 2018

1. Corporate information

TVS Upasana Limited (“TUL” or “the Company”) is incorporated in India and is a subsidiary of Sundram Fasteners Limited (SFL). The registered office of the Company is situated at No. 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004. The Company manufactures spokes and nipples, tools, small screws, dowel, kits and cold extrusion components.

2. Basis of preparation

2.1 Statement of compliance

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the ‘Act’) and other relevant provisions of the Act.

The financial statements for the year ended March 31, 2018 (including comparatives) are authorised by the Board on April 30, 2018.

Details of the Company’s accounting policies are included in note 3.

2.2 Functional and presentation currency

These financial statements are presented in Indian Rupees which is also the Company’s functional currency. All amounts have been presented in lakhs of Indian Rupees (Rs.), except share data and as otherwise stated.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items;

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Significant management judgment

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 33 leases: whether an arrangement contains a lease; and
- Note 33 lease classification

Assumptions and estimation 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 from these estimates.

2.4.1 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. (also refer note 9)

2.4.2 Impairment of financial and non-financial assets

In assessing impairment, management has estimated economic use of 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 of uncertainty relates to assumptions about future operating cash flows and determination of a suitable discount rate. (also refer note 3.7)

2.4.3 Useful lives of depreciable assets

Management reviews estimate of useful lives of depreciable assets at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technological obsolescence that may change utility of assets (also refer note 3.2.5)

2.4.4 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.

2.4.5 Defined benefit obligation (DBO)

The actuarial valuation of the DBO is based on a number of critical underlying management’s 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 (also refer note 17)

2.4.6 Recognition and measurement of provisions and contingencies:

Key assumptions about the likelihood and magnitude of an outflow of resources (also refer note 3.10 and note 30).

2.5 Measurement of fair values

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.) (All amounts are in lakhs of Indian Rupees, except share data and as stated)

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The inputs used to measure the fair value of assets or a liability fall into different levels of the fair value hierarchy. Accordingly, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the low level input that is significant to the entire measurement.

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on 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 (also refer note 29). The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 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.

3. Summary of accounting policies

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

1. Revenue recognition

1.1 Sale of products:

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. It includes excise duty but excludes value added tax, sales tax, service tax and goods and service tax. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. The timing of transfers of risks and rewards varies depending on the individual terms of sale.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.) (All amounts are in lakhs of Indian Rupees, except share data and as stated)

1.2 Revenue from Services:

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date based on agreements with customer. The stage of completion is assessed by reference to surveys of work performed.

1.3 Interest and dividend income:

Dividend income is recognised in statement of profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2. Property, plant and equipment

2.1 Recognition and measurement

Free hold land is stated at historical cost. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises:

- a. purchase price, including import duties and non-refundable taxes on purchase (goods and service tax, value added tax), after deducting trade discounts and rebates.
- b. any directly attributable cost of bringing the item to its working condition for its intended use estimated costs of dismantling and removing the item and restoring the site on which it is located.
- c. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any gain/ loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

2.2 Subsequent expenditure

Subsequent costs are included in 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.

2.3 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.

2.4 Depreciation:

- a. Depreciation is recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II.
- b. Depreciation on property, plant and equipment 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 property, plant and equipment on technical assessment followed by the Company is furnished below:

Asset category	Management estimate of useful life (in years)
Buildings	3-60
Plant and machinery	8-30
Furniture and fixtures	8-10
Office equipment	3-10
Vehicles	8-10

- d. The residual value for all the above assets are retained at 5% of the cost.
- e. Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period.
- f. On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.

3. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Upon initial recognition, an investment property is measured at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation.

The Company has depreciated assets based on Straight line method as per Schedule II to the Companies Act 2013. Any gain or loss on disposal of an investment property is recognised in the statement of profit and loss.

4. Inventories

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of

business, less the estimated cost of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis. The cost of raw materials, components, consumable stores and spare parts are determined using the weighted average method and includes freight, taxes and duties, net of duty credits wherever applicable. Finished goods, including stock in trade and work in progress are valued at lower of cost and net realisable value. Cost includes all direct costs including excise duty and applicable manufacturing overheads incurred in bringing them to their present location and condition.

4.1 Raw materials

Raw materials are valued at cost of purchase net of duties and includes all expenses incurred in bringing such materials to the location of its use.

4.2 Work-in-process and finished goods

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

4.3 Stores, spares and tools

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

5. Leases

5.1 Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of arrangement that contains a lease, payments and other consideration required by such an arrangement are separated into those for lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

5.2 Assets held under leases

i. Assets leased out

As per terms of lease agreements there is no substantial transfer of risk and reward of the property to the lessee. Accordingly such leased out assets are treated as belonging to the Company.

ii. Assets taken on lease

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 on operating lease are recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Associated costs, such as maintenance and insurance, are expensed.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
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5.3 Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

6. Financial instruments

6.1 Recognition and initial measurement:

Trade receivables are initially recognised when they are originated.

All other financial assets 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.

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 if the transaction do not contain significant financing component.

6.2 Financial assets

6.2.1 Classification and subsequent measurement of financial assets:

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

- a. Those to be measured at Fair value through other comprehensive Income (FVTOCI)
- b. Those to be measured at Fair value through profit and loss (FVTPL) and;
- c. Those measured at amortized cost.

- i. Financial assets at amortised cost

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

These assets are measured subsequently at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses, if any and impairment are recognised in profit or loss. Any gain or loss on de recognition is recognised in statement of profit and loss.

- ii. Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Includes assets that are held within a business model where objective is both collecting contractual cash flows and selling financial assets along with contractual terms giving rise on specified dates to cash flows that are

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solely payments of principal and interest on principal amount outstanding. The Company has made an irrevocable election to present in other comprehensive income changes in the fair value of an investment in an equity instrument that is not held for trading. This selection is made on an instrument-by instrument basis.

Dividends are recognised as income in profit or loss unless it clearly represents a recovery of part of cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to 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.

- iii. 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 FVTOCI. 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 expected credit losses for next 12 months and credit risk exposure. The Company also measures loss allowance for financial instrument at an amount equal to lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The allowance shall be recognised in profit and loss.

6.2.2 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.

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

6.3 Financial Liabilities

6.3.1 Classification of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost. The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

6.3.2 Subsequent measurement

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for derivatives and financial liabilities 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.

6.3.3 De recognition

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 de recognition 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.

6.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

7. Impairment

7.1 Impairment of financial instruments

The Company recognise loss allowance for expected credit loss on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are credit losses that result from all possible default events over expected life of financial instrument.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The Company assumes that credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when:

- the recipient is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due.

7.1.1 Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

7.1.2 Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

7.1.3 Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
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7.2 Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine recoverable amount. Such a reversal is made only to an extent that asset's carrying amount does not exceed carrying amount that would have been determined, net of depreciation/ amortisation, if no impairment loss was recognised.

8. Income Taxes

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. 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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
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the reporting period. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously

Deferred tax is recognised in respect of temporary difference between carrying amount of assets and liabilities for financial reporting purposes and corresponding amounts used for tax purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised/ recognised, are reviewed at each reporting date and are recognised/ reduced to an extent that it is probable/ no longer probable respectively that related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by same tax authority on same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or its tax assets and liabilities will be realised simultaneously.

9. Post-employment benefits and short-term employee benefits

9.1 Short term employee benefit obligations:

Short term employee benefit obligations are those that are expected to be settled within 12 months after end of reporting period. They are recognised up to end of the reporting period at amounts expected to be paid at the time of settlement.

With respect to bonus, 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.

9.2 Other long term employee benefit obligations:

These obligation represent liability towards compensated absences that are not expected to be settled wholly within

a period of 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 up to 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.

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

9.3 Post-employment obligation:

The Company operates the post-employment schemes comprising of defined benefit and contribution plans and such as gratuity and group terminal benefit plan, provident fund contributions for its eligible employees.

9.3.1 Gratuity:

The liability or asset recognised in the balance sheet in respect of these defined benefit obligation is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an Independent actuary using projected unit credit method. The present value of defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of 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. 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 amendment or curtailment are recognised immediately in the statement of profit or loss or service cost.

9.3.2 Provident Fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, partly a defined benefit obligation and partly a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. The provident fund contributions are made partly to employee provident fund organisation. The Company is liable for annual contributions

10. Provisions, contingent liabilities and contingent assets

10.1 Provisions:

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow

of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

10.1.1 Provision for warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

10.1.2 Onerous contract

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

10.2 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.

10.3 Contingent assets:

The Company does not recognise contingent assets. These are assessed continually to ensure that the developments are appropriately disclosed in the financial statements.

11. Earnings per share

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). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

12. 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

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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 cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of three months or less.

13. Segment reporting

The Company is engaged in manufacture and sale of spokes and nipples, tools, small screws, dowel, kits and cold extrusion components which largely have applications primarily in automobile industry and thus the Company has only one reportable segment.

14. Government grants

Government grants and subsidies are recognised when there is reasonable assurance that the conditions attached to them will be complied and grant/subsidy will be received. Government grants relating to income are deferred and recognized in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating revenues. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating revenue on a systematic basis in the periods in which such expenses are recognised.

15. Foreign currency transactions

In preparing the financial statements, transactions in currencies other than Company's functional currency (i.e. foreign currencies) are recognised at rates of exchange prevailing on date of transactions or an average rate if average rate approximates actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at exchange rate when fair value was determined. Non-monetary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.) (All amounts are in lakhs of Indian Rupees, except share data and as stated)

assets and liabilities that are measured based on historical cost in a foreign currency are translated at exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised 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 an adjustment to interest costs.

3A. New standards and amendment to existing standards issued but not yet effective

New standard - Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 on Revenue, Ind AS 11 on Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. This standard is effective from annual periods beginning on or after April 1, 2018 and will be applied accordingly. In this regard, the Company is in process of carrying out assessment of potential impact on adoption of Ind AS 115 on accounting policies followed and accordingly impact on its financial statements on initial application of this standard is not reasonably estimable at present.

Amendment to existing standard - Ind AS 21, The effect of changes in Foreign Exchange rates

The amendment to Ind AS 21 clarifies on accounting of transactions that include receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. In this regard, the Company is in the process of carrying out its assessment of potential impact on adoption of this amendment on accounting policies followed in its financial statements.

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4 a) Property, plant and equipment and other intangible assets							
Gross block	Freehold land *	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
As at April 1, 2016	79.99	443.63	2,488.40	14.85	44.33	1.01	3,072.21
Additions	-	23.80	908.11	1.60	5.48	-	938.99
Disposal	-	-	(6.39)	-	(0.24)	-	(6.63)
As at March 31, 2017	79.99	467.43	3,390.12	16.45	49.57	1.01	4,004.57
Additions	-	-	629.27	-	6.22	-	635.49
Disposal	-	-	(22.34)	(1.13)	(3.16)	(0.01)	(26.64)
As at March 31, 2018	79.99	467.43	3,997.05	15.32	52.63	1.00	4,613.42
Accumulated depreciation							
As at April 1, 2016	-	26.66	346.69	4.00	7.11	0.15	384.61
For the year	-	16.43	397.44	4.04	8.19	0.11	426.21
Disposals	-	-	(1.35)	-	(0.10)	-	(1.45)
Other Adjustments	-	-	0.13	-	(0.13)	-	-
As at March 31, 2017	-	43.09	742.91	8.04	15.07	0.26	809.37
For the year	-	17.58	397.99	2.40	8.33	0.11	426.41
Disposals	-	-	(11.12)	(0.80)	(1.78)	-	(13.70)
As at March 31, 2018	-	60.67	1,129.78	9.64	21.62	0.37	1,222.08
Net block							
As at March 31, 2017	79.99	424.34	2,647.21	8.41	34.50	0.75	3,195.20
As at March 31, 2018	79.99	406.76	2,867.27	5.68	31.01	0.63	3,391.34
* Cost of Land includes pending registration - Rs. 5.13 of title deeds.							
b) Capital work-in-progress							
As at March 31, 2017	-	86.63	585.83	-	-	-	672.46
As at March 31, 2018	-	1,736.60	765.42	-	-	-	2,502.02

5 Other intangible assets	Software	6 Investments	As at March 31, 2018	As at March 31, 2017
Gross block		(l) Non-current investments		
As at April 1, 2016	16.47	Investments measured at fair value through statement of profit and loss		
Additions	-	(i) Unquoted		
Disposal	-	a) 3,000 (March 31, 2017: 3,000) Class A equity shares of ₹10/- each fully paid of Clean Switch India Private Limited	4.50	4.50
As at March 31, 2017	16.47	b) 140,000 (March 31, 2017: 40,000) Class B equity shares of ₹10/- each fully paid of Clean Switch India Private Limited	14.00	14.00
Additions	0.91	Total non-current investments	18.50	18.50
Disposal	(2.11)			
As at March 31, 2018	15.27			
Accumulated amortization				
As at April 1, 2016	8.53			
For the year	3.31			
Disposals	-			
As at March 31, 2017	11.84			
For the year	1.66			
Disposals	(1.93)			
As at March 31, 2018	11.57			
Net block				
As at March 31, 2017	4.63			
As at March 31, 2018	3.70			

TVS Upasana Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	As at March 31, 2018	As at March 31, 2017
(II) Current investments		
Investments measured at fair value through statement of profit and loss		
Investments in equity instruments		
(i) Quoted		
a) 1,000 (March 31, 2017: 1,000) equity shares of ₹ 2/- each, fully paid up of Sterling Tools Limited	3.63	2.24
b) 83 (March 31, 2017: 83) equity shares of ₹ 10/- each, fully paid up of Lakshmi Precision Screws Limited	0.03	0.03
c) 500 (March 31, 2017: 500) equity shares of ₹ 2/- each, fully paid up of Simmonds-Marshall Limited	0.58	0.47
d) 25 (March 31, 2017: 25) equity shares of ₹ 2/- each, fully paid up of Bharat Forge Limited	0.35	0.26
e) 13,900 (March 31, 2017: 13,900) equity shares of ₹ 10/- each, fully paid up of Sundaram Brake Linings Limited	70.25	57.16

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	As at March 31, 2018	As at March 31, 2017
f) 660 (March 31, 2017: 300) equity shares of ₹ 1/- each, (March 31, 2017: ₹ 10/-) fully paid up of State Bank of India	1.65	1.83
g) 1,994 (March 31, 2017: 1,994) equity shares of ₹ 5/- each, fully paid up of Sundaram Clayton Limited	96.05	72.63
h) 1,994 (March 31, 2017: 1,994) equity shares of ₹ 5/- each, fully paid up of WABCO-INDIA Limited	158.14	116.17
i) 1,968 (March 31, 2017: 1,968) equity shares of ₹ 10/- each, fully paid up of India Motor Parts and Accessories Limited	20.17	16.46
Total current investments	350.85	267.25
Total (i+ii)	369.35	285.75
Aggregate amount of quoted investments and market value thereof	350.85	267.25
Aggregate value of unquoted investments	18.50	18.50
Aggregate amount of impairment in value of investments	-	-

7 Loans

(Unsecured considered good, unless otherwise stated)

Loans to employees

As at March 31, 2018		As at March 31, 2017	
Non-current	Current	Non-current	Current
19.14	11.32	20.79	8.74
19.14	11.32	20.79	8.74

8 Other financial assets

(Unsecured considered good, unless otherwise stated)

Security deposits

Claims receivable

Interest receivable

328.72	-	329.18	1.00
-	27.25	-	36.82
-	0.03	-	0.03
328.72	27.28	329.18	37.85

9 Income Tax

A Amount recognised in statement of profit and loss

	Year ended March 31, 2018	Year ended March 31, 2017
Current tax (a)		
Current period	820.00	540.00
Tax relating to earlier years (b)	6.27	0.32
Deferred tax (c)		
Attributable to - origination and reversal of temporary differences	(20.56)	46.89
Tax expense (a) + (b) + (c)	805.71	587.21

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

B Income tax recognised in other comprehensive income

	As at March 31, 2018			As at March 31, 2017		
	Amount	Tax benefit	Net of tax	Amount	Tax benefit	Net of tax
Remeasurements of defined benefit liability	(3.79)	1.31	(2.48)	(10.05)	5.88	(4.17)
Total	(3.79)	1.31	(2.48)	(10.05)	5.88	(4.17)

C Income tax recognised directly in equity

	Year ended March 31, 2018	Year ended March 31, 2017
	-	-

D Reconciliation of effective tax rate

	Year ended March 31, 2018		Year ended March 31, 2017	
	%	Amount	%	Amount
Profit before tax		2,550.23		1,694.20
Tax using the Company's domestic tax rate	34.61%	882.58	34.61%	586.33
Effect of:				
- Fair valuation of investments	(1.13%)	(28.93)	(0.98%)	(16.56)
- CSR expenditure disallowance, net	0.34%	8.59	0.40%	6.83
- Loss on sale of assets	0.18%	4.52	0.27%	4.50
- Others	(0.64%)	(61.05)	0.36%	6.11
Effective tax rate / tax expense	31.59%	805.71	34.66%	587.21

E Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

	Deferred tax assets		Deferred tax liabilities		Net deferred tax (assets) / liabilities	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Property, plant and equipment and other intangibles	-	-	271.14	286.92	271.14	286.92
Provision for employee benefits	33.41	34.29	-	-	(33.41)	(34.29)
Loss allowance on trade receivables	6.97	-	-	-	(6.97)	-
Others	-	-	-	-	-	-
	40.38	34.29	271.14	286.92	230.76	252.63

Movement in temporary differences for the year ended March 31, 2018

	Balance as at April 1, 2017	Recognized in profit and loss during 2017-18	Recognized in OCI during 2017-18	Balance as at March 31, 2018
Property, plant and equipment and other intangibles	286.92	(15.78)	-	271.14
Provision for employee benefits	(34.29)	(0.43)	1.31	(33.41)
Loss allowance on trade receivables	-	(6.97)	-	(6.97)
Others	-	-	-	-
	252.63	(23.18)	1.31	230.76

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

Movement in temporary differences for the year ended March 31, 2017

	Balance as at April 1, 2016	Recognized in profit and loss during 2016-17	Recognized in OCI during 2016-17	Balance as at March 31, 2017
Property, plant and equipment and Investment property	239.33	47.59	-	286.92
Provision for employee benefits	27.72	(67.89)	5.88	(34.29)
Loss allowance on trade receivables	-	-	-	-
Others	-	-	-	-
	267.05	(20.30)	5.88	252.63

F Other tax assets/liabilities

	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
i) Advance tax, net	190.99	-	192.81	-
ii) Provision for taxation, net	-	425.48	-	43.69

10 Other assets

(Unsecured considered good, unless otherwise stated)

	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
Prepaid expenses	459.88	26.26	469.26	56.91
Capital advances	591.13	-	11.82	-
Claims receivable	-	230.73	-	388.77
Balance with statutory/government authorities	-	51.55	-	208.26
Advances to suppliers	-	2.69	-	58.68
Prepaid guarantee charges	29.96	9.37	-	-
Unamortised cost of leasehold land	2,085.54	21.54	2,107.08	21.54
	3,166.51	342.14	2,588.16	734.16

11 Inventories

(Valued at lower of cost and net realizable value)

	As at March 31, 2018	As at March 31, 2017
Raw materials and components (includes goods in transit of ₹ 149.36 (March 31, 2017 ₹ 70.50))	648.60	362.43
Work-in-progress	595.39	437.85
Finished goods (includes goods in transit of ₹ 196.39 (March 31, 2017 ₹ 255.68))	696.67	484.67
Stores & spares	109.83	96.69
Loose tools	203.84	220.31
Packing materials	14.43	24.58
	2,268.76	1,626.53

12 Trade receivables

Unsecured, considered good	3,342.88	2,872.36
Doubtful	24.18	-
	3,367.06	2,872.36
Loss allowance		
Doubtful	(24.18)	-
Net trade receivables	3,342.88	2,872.36
Of the above, trade receivables from related parties are as below:-		
Total trade receivables from related parties	548.77	696.79
Loss allowance	-	-
	548.77	696.79

The Company's exposure to credit risks and loss allowances related to traded receivables are disclosed in note 29

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	As at March 31, 2018	As at March 31, 2017
13 Cash and cash equivalents		
Balances with banks in current accounts	2.64	3.35
Cash on hand	0.74	1.06
	3.38	4.41

Note:

The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made since they do not pertain to the financial year ended March 31, 2018. However amounts as appearing in the audited standalone financial statements for the period ended March 31, 2017 have been disclosed hereunder:

Disclosure required pursuant to G.S.R. 307(E) and G.S.R. 308(E) dated March 30, 2017

Particulars	Specified Bank Notes	Other denomi- nation	Total	As at March 31, 2018	As at March 31, 2017
Cash on Hand as on November 08, 2016	0.66	0.14	0.80		
Add: Permitted receipts	-	3.18	3.18		
Less: Permitted payments	-	2.41	2.41		
Less: Deposits with Banks	0.66	-	0.66		
Cash on Hand as on December 30, 2016	-	0.91	0.91		
				3.38	4.41

14 Share capital and other equity

A Share capital

Authorized

11,999,000 (March 31, 2017: 11,999,000) equity shares of ₹ 10/- each	1,199.90	1,199.90
1,000 (March 31, 2017: 1,000) redeemable preference shares of ₹ 10/- each	0.10	0.10
	1,200.00	1,200.00

Issued, subscribed and fully paid up

11,899,674 (March 31, 2017: 11,899,674) equity shares of Rs.10/- each	1,189.97	1,189.97
	1,189.97	1,189.97

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Equity shares of ₹ 10/- each fully paid up				
At the beginning of the year	11,899,674	1,189.97	11,899,674	1,189.97
Add: Equity shares issued during the year	-	-	-	-
At the end of the year	11,899,674	1,189.97	11,899,674	1,189.97

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

(b) Rights, preferences and restrictions attached to equity shares

The Company has 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. The equity shares are entitled to receive dividend as declared from time to time the same is declared. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

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.

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

	As at March 31, 2018		As at March 31, 2017	
	Nos.	% holding	Nos.	% holding
Equity shares of ₹ 10/- each fully paid up held by				
Sundram Fasteners Limited and its nominees, Holding company	11,899,674	100.00%	11,899,674	100.00%

(d) The Company does not have any shares reserved for a subsequent issuance.

(e) Capital management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk

For the purpose of the Company's capital management, capital includes issued equity share capital and borrowings obtained from external agencies including banks and financial institutions. The primary objective of the Group's capital management is to maximize 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 are summarized as follows:

	As at March 31, 2018	As at March 31, 2017
Total debt (bank and other borrowings)	6,115.65	5,196.90
Cash and cash equivalents	(3.38)	(4.41)
Capital	A 6,112.27	5,192.49
Total equity	6,404.27	5,050.44
Overall financing	B 6,404.27	5,050.44
Gearing ratio	C = (A/B)*100	95.44%
		102.81%

TVS Upasana Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	Year ended March 31, 2018	Year ended March 31, 2017
B Other equity		
Dividends		
The following dividends were declared and paid by the Company during the year:		
Final dividend ₹ 2/- per equity share (March 31, 2017: Nil)	237.99	-
Interim dividend - ₹ 1/- per equity share (March 31, 2017: Nil)	119.00	-
Dividend distribution tax (DDT) on above	72.68	-
	429.67	-

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting; these dividends have not been recognised as liabilities and would attract dividend distribution tax when declared or paid.

	Year ended March 31, 2018	Year ended March 31, 2017
Final dividend of ₹ 2.50 (March 31, 2017: Nil/-) per equity share	297.49	-
	297.49	-

15 Earnings per share (EPS)

	Year ended March 31, 2018	Year ended March 31, 2017
Net profit attributable to equity shareholders (A)	1,744.52	1,106.99
Weighted average number of equity shares outstanding as at reporting date (B)	11,899,674	11,899,674
Basic earnings per equity share (A/B) (in ₹)	14.66	9.30

Diluted EPS

The Company does not have any potential equity shares and accordingly basic and diluted EPS would remain the same.

	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
16 Borrowings				
Financial liabilities at amortised cost				
a) Secured				
Term loan (refer note 1 below)				
From banks in local currency	4,800.00	-	900.00	-
From banks in foreign currency	-	-	2,568.52	-
Working Capital Loans				
Working capital facility from bank (refer note 2 below)	-	740.65	-	1,038.37
	4,800.00	740.65	3,468.52	1,038.37

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
Less: Current maturities of long term borrowings	-	-	900.00	-
	4,800.00	740.65	2,568.52	1,038.37
b) Unsecured				
Working capital loans - from other related parties	-	-	-	115.00
Working capital loans - from holding company	-	575.00	-	575.00
	-	575.00	-	690.00
Total	4,800.00	1,315.65	2,568.52	1,728.37

Note:

(1) Term loan from banks are secured by exclusive mortgage on the factory land and building at SIPCOT, Oragadam-Vallam and first pari pasu charge on moveable fixed assets of the company.

(2) Working capital loans represents cash credit and export packing credit loans availed from banks, secured by hypothecation of current assets consisting of stocks of raw materials, work-in-process & finished goods and receivables

(iii) Reconciliation of cashflows from financing activities

	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents	3.38	4.41
Current borrowings	1,315.65	2,628.37
Non-current borrowings	4,800.00	2,568.52
Net debt	6,119.03	5,201.31

	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Current borrowings	Non-current borrowings	
Net debt as at April 1, 2017	4.41	2,628.37	2,568.52	5,201.31
Net cash flows	(1.03)	(1,312.72)	2,066.39	752.63
Foreign exchange adjustments	-	-	-	-
Other non-cash movement	-	-	165.09	165.09
Net debt as at March 31, 2018	3.38	1,315.65	4,800.00	6,119.03

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
17 Provisions				
Provision for employee benefit*				
Gratuity (refer note (i)(a))	102.23	13.63	82.51	16.58
Compensated absences (refer note (i)(b))	50.34	5.73	30.66	2.61
	152.57	19.36	113.17	19.19

(i) **Defined Benefit Plan**

(a) **Gratuity**

1) **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.

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Amount recognised in statement of profit and loss	15.25	12.88
Amount recognised in other comprehensive income	5.46	10.22
Total expense	20.71	23.10
Net employee benefit expense		
Recognised in statement of profit and loss		
Current Service cost	8.98	7.77
Interest cost on benefit obligation	6.27	5.11
	(A) 15.25	12.88

Recognised in other comprehensive income

Net actuarial loss recognized in the year	(B) 5.46	10.22
Net benefit expense	(A) +(B) 20.71	23.10

	As at	As at
	March 31, 2018	March 31, 2017
Net defined obligation		
Present value of defined benefit obligation	103.20	84.82
Fair value of plan assets	-	-
	103.20	84.82

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	As at	As at
	March 31, 2018	March 31, 2017
Changes in present value of the defined benefit obligation are as follows:		
Balance at the beginning of the year	84.82	67.74
Interest expense	6.27	5.11
Current service cost	8.98	7.77
Benefits paid	(2.33)	(6.02)
Actuarial loss on obligation	5.46	10.22
Balance at the end of the year	103.20	84.82

(iii) **Principal actuarial assumptions used :**

Discount rate	7.90%	7.50%
Salary escalation rate	7.00%	5.50%
Attrition rate	5.00%	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.

A quantitative sensitivity analysis for significant assumption as at the reporting dates are as shown below:

	Discount rate		Salary escalation rate	
	Increase	Decrease	Increase	Decrease
March 31, 2018				
- Sensitivity Level (%)	1.00%	1.00%	1.00%	1.00%
- Impact on defined benefit obligation	(8.65)	9.98	8.93	(7.90)
March 31, 2017				
- Sensitivity Level (%)	0.50%	0.50%	0.50%	0.50%
- Impact on defined benefit obligation	4.80	5.24	5.39	(4.99)

2) **Hosur unit**

With respect to Hosur unit, the Company participates 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, as determined by the holding company in respect of this unit based on actuarial valuation obtained centrally by holding company. The contribution made in this regard are as follows:-

Contribution made to the defined benefit plan	7.55	7.50
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Note: The Company believes that there is no further payment/refund expected towards its employees out of fund remittances made centrally by the holding company.

Classification

- Current	13.63	16.58
- Non-current	102.23	82.51

(b) **Compensated absences**

The Company's net obligation in respect of compensated absences is the amount of future benefit that employees have earned in return for their service in current and prior periods. Such benefit is discounted to determine its present value, and fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation obtained using the projected unit credit method.

TVS Upasana Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	As at March 31, 2018	As at March 31, 2017
18 Trade payables		
Due to related parties	65.74	55.26
Dues to Micro, Small and Medium Enterprises (MSME)	-	-
Dues to others	2,077.01	1,381.87
	2,142.75	1,437.13

Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at reporting dates have been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	As at March 31, 2018	As at March 31, 2017
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors / suppliers.

All trade payables are current. The Company's exposure to liquidity risks related to trade payables is disclosed in note 33

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

Particulars	As at March 31, 2018	As at March 31, 2017
19 Other financial liabilities		
a) Financial liabilities at fair value through profit or loss		
Derivative liability	-	165.09
b) Financial liabilities at amortised cost		
Current maturities of term loans from banks (Secured)	-	900.00
Interest accrued but not due on borrowings	25.83	20.03
Trade deposits	0.10	0.10
Employee benefits payable	188.95	180.34
Capital creditors	150.25	-
	365.13	1,265.56
20 Other current liabilities		
Advance from customer	6.44	5.05
Statutory dues	105.12	89.28
	111.56	94.33

	Year ended March 31, 2018	Year ended March 31, 2017
21 Revenue from operations		
a) Sale of products:		
Domestic	10,546.42	10,014.39
Export	3,985.76	3,845.36
	14,532.18	13,859.75
b) Other operating revenues (refer note below)	1,008.99	933.87
Total	15,541.17	14,793.62
Note:		
Other operating revenues		
Sale of services	518.97	499.80
Scrap sales	349.59	207.37
Export incentives	139.61	205.19
Others	0.82	21.51
	1,008.99	933.87

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	Year ended March 31, 2018	Year ended March 31, 2017
22 Other income		
Interest income	16.61	16.01
Net foreign exchange gain	130.16	-
Fair value gain on financial instruments measured at fair value through profit or loss	83.59	47.86
Dividend income	0.93	0.58
Profit on sale of property, plant and equipment	0.01	-
Miscellaneous income	2.42	1.15
	233.72	65.60
23 Cost of materials consumed		
Opening stock of raw materials and components	291.94	469.65
Add : Purchases made during the year	6,020.05	4,626.73
Less: Closing stock of raw materials and components	499.24	291.94
	5,812.75	4,804.44
24 Changes in inventories of finished goods and work-in-progress		
A) Opening stock:		
Work-in-progress	437.85	712.43
Finished goods	465.95	535.29
Excise duty on finished goods	18.72	10.87
	922.52	1,258.59
B) Closing stock:		
Work-in-progress	595.39	437.85
Finished goods	696.67	465.95
Excise duty on finished goods	-	18.72
	1,292.06	922.52
Total (A- B)	(369.54)	336.07
25 Employee benefits expense		
Salaries and wages	1,412.09	1,245.55
Expenses relating to post-employment benefit plans	59.42	42.33
Contribution to provident and other funds	102.88	95.29
Staff welfare expenses	128.51	116.81
	1,702.90	1,499.98

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	Year ended March 31, 2018	Year ended March 31, 2017
26 Finance costs		
Interest expense on financial liabilities measured at amortised cost	286.09	226.37
Applicable net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	27.55	37.26
	313.64	263.63
27 Depreciation and amortisation expense		
Depreciation on property, plant and equipment	426.41	426.21
Amortisation on other intangible assets	1.66	3.31
	428.07	429.51
28 Other expenses		
Consumption of stores, tools and spares	3,686.71	3,255.59
Power and fuel	624.36	579.53
Repairs and maintenance		
- building	8.90	13.79
- plant and equipment	38.32	45.25
- other assets	1.98	3.36
Rent	75.17	98.00
Rates and taxes	71.23	22.40
Insurance	16.44	15.11
Freight and cartage outward	260.85	317.90
Advertisement and sales promotion	6.61	0.71
Payment to auditors (refer (a) below)	2.50	6.55
Loss on sale of property, plant and equipment	13.07	4.50
Bank charges	4.26	8.70
Printing and stationery	17.62	18.44
Travel expenses	38.66	45.90
Postage and telecom expenses	12.09	16.88
Consultancy	55.67	73.02
Allowance towards trade receivables	24.18	-
Net foreign exchange loss(net off gain)	-	4.98
Corporate social responsibility expenditure (refer (b) below)	24.83	19.73
Fair value loss on financial instruments at fair value through profit or loss	-	-
Miscellaneous expenses	61.48	60.31
	5,044.93	4,610.65

TVS Upasana Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

28 Other expenses (Contd.)

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Payment to auditors*		
a) As auditors	2.00	2.00
b) Taxation matters	0.50	0.71
c) Other services	-	2.95
d) Reimbursement of expenses	-	0.89
	2.50	6.55

*Payments for the year ended March 31, 2017 and partly for the year ended March 31, 2018 include fees and reimbursements paid to the predecessor auditor.

29 Financial instruments - Fair values and risk management

A Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

Particulars	March 31, 2018				March 31, 2017			
	FVTPL	FVOCI	Amortised Cost	Total	FVTPL	FVOCI	Amortised Cost	Total
Financial assets								
Investments	350.85	-	-	350.85	267.25	-	-	267.25
Trade receivables	-	-	3,342.88	3,342.88	-	-	2,872.36	2,872.36
Loans	-	-	30.46	30.46	-	-	29.53	29.53
Cash and cash equivalents	-	-	3.38	3.38	-	-	4.41	4.41
Security deposits	-	-	328.72	328.72	-	-	330.18	330.18
Claims receivable	-	-	27.25	27.25	-	-	36.82	36.82
Interest receivable	-	-	0.03	0.03	-	-	0.03	0.03
Total financial assets	350.86	-	3,732.72	4,083.57	267.25	-	3,273.33	3,540.58
Financial liabilities								
Borrowings	-	-	6,115.65	6,115.65	-	-	5,196.89	5,196.89
Derivative liabilities	-	-	-	-	165.09	-	-	165.09
Trade payables	-	-	2,142.75	2,142.75	-	-	1,437.13	1,437.13
Interest accrued but not due on borrowings	-	-	25.83	25.83	8.44	-	11.59	20.03
Trade deposits	-	-	0.10	0.10	-	-	0.10	0.10
Employee benefits payable	-	-	188.95	188.95	-	-	180.34	180.34
Capital creditors	-	-	150.25	150.25	-	-	-	-
Total Financial Liabilities	-	-	8,623.53	8,623.53	173.53	-	6,826.06	6,999.58

Fair value measurement hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

A Accounting classification and fair values (continued)

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

	March 31, 2018				March 31, 2017			
	Carrying amount	Fair Value			Carrying amount	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial Assets								
Investments #	369.35	350.85	-	-	285.75	267.25	-	-
Trade receivables #	3,342.88				2,872.36			
Loans #	30.46				29.53			
Cash and cash equivalents #	3.38				4.41			
Security deposits #	328.72				330.18			
Claims receivable #	27.25				36.82			
Interest receivable #	0.03				0.03			
Total financial assets	4,102.07	350.85	-	-	3,559.08	267.25	-	-
Financial liabilities								
Borrowings #	6,115.65				5,196.89			
Derivative liabilities	-	-	-	-	165.09	-	165.09	-
Trade payables #	2,142.75				1,437.13			
Trade deposits #	0.10				0.10			
Interest accrued but not due on borrowings #	25.83				20.03			
Employee benefits payable #	188.95				180.34			
Capital creditors #	150.25				-			
Total financial liabilities	8,623.53	-	-	-	6,999.58	-	165.09	-

For those financial assets and liabilities, which are not carried at its fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

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.

B Measurement of fair values

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in balance sheet including the related valuation techniques used

Type	Valuation technique used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Derivative liabilities	Market comparison technique: The fair value is determined using quoted forward exchange rates at the reporting dates based on information obtained from respective bankers.	Not applicable	Not applicable

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

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

C Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Financial risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors along with the top management are responsible for developing and monitoring the Company's risk management policies. The Company's senior management advises on financial risks and the appropriate financial risk governance framework for the Company.

The Company's risk management policies established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's senior management oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. 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, investments and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The Company uses derivative financial instruments, such as foreign exchange forward contracts to hedge foreign currency risk exposure. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The sources of risks which the company is exposed to and their management is given below:

(i) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings. 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.

a) 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 constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings. At March 31, 2018, approximately 21% (March 31, 2017: 44%) of the Company's borrowings are at a fixed rate of interest.

Interest rate sensitivity

The following table illustrates the sensitivity to profits and equity to a reasonably possible change in interest rates of +/- 1% for the year ended March 31, 2018 (March 31, 2017: +/- 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.

Interest rate exposure

Particulars	Floating rate	Fixed rate	Total borrowings
₹ loans	4,840.65	1,275.00	6,115.65
USD	-	-	-
As at March 31, 2018	4,840.65	1,275.00	6,115.65
₹ loans	338.37	2,290.00	2,628.37
USD	2,568.52	-	2,568.52
As at March 31, 2017	2,906.90	2,290.00	5,196.90

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

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

		As at March 31, 2018	As at March 31, 2017
Increase	+1%	48.41	29.07
Decrease	-1%	(48.41)	(29.07)

The Company does not expect any change in interest rates on fixed rate borrowings and accordingly have not presented any sensitivities on such borrowings.

b) 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.

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.

The Company manages its foreign currency risk by hedging transactions through forward contracts, for the repayment of short and long term borrowings and payables arising out of procurement of raw materials and other components. 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.

Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported translated at the closing rate. Unhedged foreign currency risk exposure at the end of the reporting period has been expressed in Rupees.

	Short term exposure			Long-term exposure		
	USD	EURO	Others	USD	EURO	Others
March 31, 2018						
Financial assets	810.04	452.16	-	-	-	-
Financial liabilities	(5.12)	(60.47)	(5.49)	-	-	-
	804.92	391.69	(5.49)	-	-	-
March 31, 2017						
Financial assets	392.85	653.58	0.97	-	-	-
Financial liabilities	(1.53)	(127.56)	(11.43)	(2,568.52)	-	-
	390.32	526.02	(10.46)	(2,568.52)	-	-

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/ Rs. exchange rate and EURO/Rs. exchange rate 'all other things being equal'. If the Indian Rupee had strengthened/ weakened against the respective currency 5% during the year ended March 31, 2018 (March 31, 2017: 5%), then this would have had the following impact on profit before tax and equity:

	Strengthening		Weakening	
	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
Increase/ (decrease) in profit and equity				
USD	40.25	(108.91)	(40.25)	108.91
EURO	19.58	26.30	(19.58)	(26.30)
Others	(0.27)	(0.52)	0.27	0.52
	59.56	(83.13)	(59.56)	83.13

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

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

Derivative instruments

The Company holds derivative financial instruments such as foreign currency forward to mitigate the risk of changes in exchange rates on foreign currency exposure arising from settlement of borrowings. The counterparties of these contracts are generally banks. These derivative financial instruments are determined using quoted forward exchange rates at the reporting dates based on information obtained from respective bankers.

c) 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. As at the reporting date the investments in equity instruments amounted to Rs. 350.85 (March 31, 2017: ₹ 267.25)

(ii) 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.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Company's trade receivables, certain loans and advances and other financial assets. The Company enters into long term contracts with its customers whereby it mitigates the risk exposure on high risk customers.

The carrying amount of financial assets represents the maximum credit exposure.

Particulars	Reference	As at	As at
		31 March 2018	31 March 2017
Investments	(i)	369.35	285.75
Loans	(ii)	30.46	29.53
Cash and cash equivalents	(iii)	3.38	4.41
Trade receivables	(iv)	3,342.88	2,872.36
Security deposits	(v)	328.72	330.18
Claims receivable	(v)	27.25	36.82
Interest receivable	(v)	0.03	0.03
Total		4,102.07	3,559.08

(i) Investments

This balance represents investments made by the Company in instruments of certain listed companies in the past. These investments are liquid in nature as the same is freely transferable in the stock exchange.

(ii) Loans

This balance is primarily constituted by loans given to employees. The Company does not expect any losses from non-recoverability by these concerned parties also taking into consideration the fact that the same have been granted to the employees of the Company.

	As at March 31, 2018	As at March 31, 2017
Loans to employees	30.46	29.53
Net carrying amount	30.46	29.53

(iii) Cash and cash equivalents

The Company has its cash and bank balances deposited with credit worthy banks as at the reporting date. The credit worthiness of these banks are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

(iv) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including end-user customers, their geographic location, industry, trading history with the Company and existence of previous financial difficulties. With respect to other financial assets, the Company does not expect any credit risk against such assets except as already assessed. The Company is monitoring the economic environment in the country and is taking actions to limit its exposure to customers with customers experiencing particular economic volatility.

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

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivable and other financial assets, which comprise large number of small balances, based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. Further, the Company also makes an allowance for doubtful debts on a case to case basis.

The maximum exposure to credit risk for trade and other receivables are as follows:

	As at March 31, 2018	As at March 31, 2017
Not more than 180 days	3,349.25	2,844.93
More than 180 days	17.81	27.43
Sub-total	3,367.05	2,872.36
Less: Loss allowance in accordance with expected credit loss model	24.18	-
Total	3,342.88	2,872.36

Based on expected credit loss model, the Company has provided for Rs. 24.18 as of 31 March 2018 (31 March 2017: Nil)

(v) Others

Other financial assets comprising of security deposits and advance recoverable primarily consists of deposits with TNEB for obtaining Electricity connections, rental deposits given for lease of premises. The Company does not expect any loss from non-performance by these counterparties.

(iii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a current ratio with an optimal mix of short term loans and long term loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. 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 provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

	Carrying amount	Less than 180 days	More than 180 days
As at March 31, 2018			
Borrowings*	6,115.65	1,315.65	4,800.00
Trade payables	2,142.76	2,142.76	-
Trade deposits	-	-	-
Interest accrued but not due on borrowings	0.10	0.10	-
Employee benefits payable	25.83	25.83	-
Capital creditors	188.95	188.95	-
Other payable	150.25	150.25	-
Total	8,623.53	3,823.53	4,800.00
As at March 31, 2017			
Borrowings*	7,765.41	5,196.89	2,568.52
Derivative liabilities	165.09	165.09	-
Trade payables	1,437.13	1,437.13	-
Trade deposits	0.10	0.10	-
Interest accrued but not due on borrowings	20.03	20.03	-
Employee benefits payable	180.34	180.34	-
Total	9,568.10	6,999.58	2,568.52

*excluding contractual interest payments

(v) Offsetting financial assets and financial liabilities

The Company does not have any financial instruments that are offset or are subject to enforceable master netting arrangements and other similar agreements

TVS Upasana Limited

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

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

30 Contingent liabilities and commitments

(to the extent not provided for)

	As at March 31, 2018	As at March 31, 2017
Contingent liabilities		
(a) Claims against the company not acknowledged as debt		
- Sales tax/ Entry Tax - under appeal	585.01	673.93
- Income-tax - under appeal	92.68	72.56
(b) Guarantees excluding financial guarantees	50.24	10.66
(c) Other money for which the company is contingently liable comprising of letter of credit	659.62	10.51
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	3,947.03	160.50

31 Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

I Related Parties with whom transactions have taken place during the year:

Ultimate Holding Company	TV Sundram Iyengar & Sons Private Limited, Madurai
Holding Company	Sundram Fasteners Limited, Chennai
Fellow Subsidiaries	TVS Infotech Limited., Chennai Sundram Fasteners Investments Limited., Chennai, Sundram Non-Conventional Energy Systems Limited., Chennai, Sundram Precision Components Limited., Chennai Sundram International Limited, UK, Sundram International Inc, Michigan, USA, Arundathi Krishna, Managing Director
Key Management Personnel	
Enterprises in which key management personnel have significant influence:	Upasana Finance Limited (upto 4 October 2017)
Subsidiaries / joint ventures / associates of ultimate holding company:	Southern Roadways Ltd., Madurai TVS Electronics Limited The Associated Auto Parts Private Limited TVS Motor Company Limited Lucas TVS Limited Sundaram-Clayton Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

II The significant related party transactions during the year and outstanding balance as at the reporting date are as follows:

Nature of transaction	Holding Company	Fellow Subsidiaries	Subsidiaries / joint ventures / associates of ultimate holding company:	Enterprise in which key management personnel have significant influence
Purchases				
Goods and Materials	110.98	-	-	-
	(92.73)	-	-	-
Sales				
Goods and Materials	1,011.81	-	1,523.22	-
	(919.53)	-	(1,484.93)	-
Services				
Rendered	517.43	-	-	-
	(499.85)	-	-	-
Received	113.73	29.26	-	-
	(178.07)	(33.65)	-	-
Borrowings and finance costs				
Repayment of Loan	-	-	-	115.00
Interest on Inter Corporate Deposit	44.68	-	-	4.69
	(48.51)	-	-	(11.50)
Dividend Received	-	-	0.63	-
	-	-	(0.30)	-
Dividend Paid	356.99	-	-	-
	-	-	-	-
Others				
Leasing inward or outward (or) hire purchase arrangements	59.11	-	-	-
	(74.24)	-	-	-
Guarantees & Collaterals furnished or availed	5,540.65	-	-	-
	-	-	-	-
Freight Charges	-	-	5.45	-
	-	-	(6.37)	-
Clearance Charges	-	-	0.51	-
	-	-	-	-
Canteen Running expenses	43.76	-	-	-
	(78.69)	-	-	-
Outstanding balances				
Due to the Company	216.98	-	331.79	-
	(485.93)	-	(210.86)	-
Due by the Company	49.30	15.80	0.64	-
	(35.60)	(3.98)	(0.68)	-

(Previous year figures are in brackets)

III Terms and conditions of transactions with related parties

- Transactions with related parties are at arm's length and all the outstanding balances are unsecured.

TVS Upasana Limited

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

(All amounts are in lakhs of Indian Rupees, except share data and as stated)

32 Segment reporting

The Company primarily caters to only a single segment, manufacture and supply automobile parts primarily comprising of spokes & nipples and cold extrusion components and accordingly has not presented segment information.

33 Leases

The company has entered into lease agreements with respect of plant and equipments for a period up to five years, which are in the nature of operating leases. Lease agreements are renewable for further period or periods on terms and conditions mutually agreed between the parties. Any variations in lease rentals are made in the event of a change in the basis of computation of lease rentals by the lessor. There are no restrictions imposed by the lease arrangements, concerning dividends, additional debt & further leasing.

(i) Future minimum lease payments

The future minimum lease payments to be made under non-cancellable operating leases are as follows:

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Payable in less than one year	7.16	48.34
Payable between one and five years	-	7.16
(ii) Amounts recognised in the statement of profit and loss	75.17	98.00

34 Events after the reporting period

The Board of Directors of the Company has proposed final dividend in its meeting held on April 30, 2018 as disclosed under note 14B.

35 Prior year comparatives

The previous year financial statements have been audited by a firm other than B S R & Co. LLP. Prior year figures have been reclassified wherever necessary to conform to current year classification.

As per our report of even date attached

for **B S R & Co. LLP**
Chartered Accountants
ICAI Firm registration No.: 101248W/W-100022

S Sethuraman
Partner
Membership No. 203491

Place : Chennai
Date : April 30, 2018

For and on behalf of the Board of Directors of
TVS Upasana Limited
CIN: U65991TN1992PLC022619

Suresh Krishna
Chairman
DIN : 00046919

R Krishnan
Chief Financial Officer &
Company Secretary
ACS Membership No.: 9994

Arundathi Krishna
Managing Director
DIN: 00270935

S Meenakshisundaram
Director
DIN: 00513901