TVS Infotech Limited

ANNUAL REPORT

for the year ended
March 31, 2019

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the Twenty Fifth Annual Report, together with the audited Balance Sheet as at 31st March 2019.

FINANCIAL RESULTS

	2018-19	2017-18
	₹ in Lakhs	₹ in Lakhs
Software services, Sales and other income	**2770.87**	**2195.73**
Gross Profit / (Loss) before depreciation	**214.93**	**183.85**
Depreciation	**41.15**	**43.01**
Profit / (Loss) before tax	**173.78**	**140.84**
Add/(Less): Provision for Income Tax	**00.00**	**64.30**
Add/(Less): Provision for Deferred Tax	**(139.20)**	**(9.64)**
Profit / (Loss) after tax	**312.93**	**86.18**
Add/(Less): Other Comprehensive income	**7.52**	**1.15**
Balance carried forward	**320.50**	**87.33**

TRANSFER TO RESERVES

The Company has not transferred any amounts to reserves during the year 2018 -19.

DIVIDEND

The Directors do not recommend any dividend for the year under review.

OPERATIONS

The domestic and export sales were ₹ **1060.90 lakhs** and ₹ **1670.64 Lakhs** respectively. The Company achieved a profit of ₹ **312.95 lakhs**.

The Company focuses on offshore and outsourcing operations for clients in India and United States of America.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sri R Dinesh, Director, is liable to retire by rotation and being eligible, offers himself for re-appointment in the ensuing Annual General Meeting.

STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS UNDER SUBSECTION (6) OF SECTION 149

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

AUDIT COMMITTEE

The Audit Committee comprises of Sri R Dinesh, Sri G B Prabhat and Sri R Dilip Kumar, all non-executive Directors with Sri R Dinesh as Chairman.

The Audit Committee had met once during the year on 26th April 2018. All the members attended the meeting.

The role and terms of reference of Audit Committee cover the matters specified for Audit Committee under Section 177 of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure I.

BOARD MEETINGS

During the financial year 2018 -19, there were seven Board meetings, which were held on 26th April 2018, 14th May 2018, 31st July 2018, 24th September 2018, 24th December 2018, 22nd January 2019 and 14th February 2019.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that: -

1. in the preparation of annual accounts, the applicable accounting standards have been followed.
2. appropriate accounting policies have been selected and applied consistently, and judgements 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 period.
3. proper and sufficient care has been taken 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.
4. the annual accounts have been prepared on a going concern basis.
5. proper system had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION AND REMUNERATION POLICY

Policy for appointment and removal of Director, KMP and Senior Management

Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience criteria of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board, his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel

a) General:

The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) **Fixed pay:**

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) **Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Remuneration to Non- Executive / Independent Director:

a) **Remuneration / Commission:**

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Act.

b) **Sitting Fees:**

The Board shall decide on quantum of sitting fees payable to the Directors including Non- Executive and Independent Directors.

c) **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

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

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

RELATED PARTY TRANSACTIONS

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 clause(h) of sub-section (3) of Section 134 of the Act and rule 8(2) of the Companies (Accounts) Rules, 2014 is enclosed vide Annexure II forming part of this report.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments, affecting the financial position of the Company, which have occurred during the financial year 2018 -19.

THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN SUCH A MANNER AS MAY BE PRESCRIBED.

The Company has no activity relating to conservation of energy or technology absorption.

The total foreign exchange earned and used are as under:

a) Foreign exchange earned ₹ 1432.72 lakhs

b) Foreign exchange used ₹ 30.84 Lakhs

RISK MANAGEMENT

The Company had formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat the risk. The Board shall review on a quarterly basis, the risk trend, exposure, potential impact analysis carried out by the management, verify whether the mitigation plans are finalised and up to date, and the progress of mitigation actions are monitored

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 is not applicable to the company as the company has not met the specified turnover or net worth or profit criteria and hence there is no requirement for the company to undertake CSR activities.

BOARD EVALUATION

The Nomination and Remuneration Committee (NRC) has laid down the criteria for performance evaluation of independent directors and other directors, Board of Directors and Committees of the Board of Directors. The criteria for performance evaluation cover the areas relevant to their functioning as independent directors or other directors, member of Board or Committees of Board.

Evaluation of all Board members is done by the Board, NRC and Independent Directors on an annual basis with specific focus on the performance and effective functioning of the Board and individual directors. During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual directors. The exercise was carried out through an evaluation process covering various aspects of the Boards' functioning such as composition of the Board and committees, frequency of meetings, administration of meeting, flow of information to the Board, experience and competencies, performance of specific duties and obligations, disclosure of information to stakeholders etc. Separate exercise was carried out to evaluate the performance of individual directors on parameters such as attendance, contribution at the meetings and independent judgment. The directors were satisfied by the evaluation results which reflected the overall engagement of the Board and its Committees.

PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Report on the performance and financial position of each of the subsidiaries, associates and joint venture companies of the Company is prepared and same is enclosed vide Annexure III to this Report.

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 2018 -19, 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 is of the view that those controls are adequate with reference to the financial statements.

PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISION OF RULES 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Remuneration received more than 60 lakhs per annum covered under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) rules, 2014.

Total remuneration received Rs.61.33 lakhs per annum.

STATUTORY AUDITORS

Pursuant to Section 139 of the Companies Act, 2013, M/s. B S R & Co. LLP, Chartered Accountants, Chennai (Firm Registration No.101248W/W-100022 with the Institute of Chartered Accountants of India) were appointed as Statutory Auditors of the Company at the Annual General Meeting held on August 17,2017 for a consecutive period of five years till the conclusion of Annual General Meeting for the financial year 2021 -22.

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

The Company has instituted the Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been constituted and is entrusted to redress complaints regarding sexual harassment. No complaint was received during the year 2018 -19.

Chennai	Vinod Krishnan	R Dilip Kumar
June 3, 2019	Managing Director	Director

Annexure - I

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March, 2019

[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	U72300TN1994PLC029467
Registration Date	07th December, 1994
Name of the Company	TVS Infotech Limited
Category / Sub-Category of the Company	Closely held Public Limited Company
Address of the Registered Office and contact details	98-A, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004
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	Software Services	6209	100

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 Investments Limited 98-A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004	U65991TN1992PLC022618	Investor Company	11.23%	2(46)
2	Sundram Fasteners Limited 98-A, VII Floor, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004	L35999TN1962PLC004943	Investor Company	56.43%	2(46)
3	TVS Infotech Inc 7152, East Independence Blvd. STE#102, Charlotte, North Carolina 28227	Company incorporated in USA	Subsidiary	100%	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)	-	95,93,994	95,93,994	33.69%	-	95,93,994	95,93,994	32.35%	1.34%
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	1,88,80,940	1,88,80,940	66.31%	-	2,00,67,389	2,00,67,389	67.65%	-1.34%
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)		2,84,74,934	2,84,74,934	100%	-	2,96,61,383	2,96,61,383	100%	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)	-	2,84,74,934	2,84,74,934	**100%**	-	2,96,61,383	2,96,61,383	**100%**	**Nil**
B. Public Shareholding									
1.Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)									
2.Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to ₹ 1lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
Grand Total = A+B+C	-	**2,84,74,934**	**2,84,74,934**	**100**	-	**2,96,61,383**	**2,96,61,383**	**100**	**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 Investments Ltd	33,30,050	11.69%	0.00	33,30,050	11.23%	0.00	0.47%
2	Sundram Fasteners Ltd	1,55,50,890	54.61%	0.00	1,67,37,344	56.43%	0.00	-1.82%
3	Usha Krishna	95,93,989	33.69%	0.00	95,93,989	32.35%	0.00	1.35%
	Total	**2,84,74,929**	**99.99%**	**0.00**	**2,96,61,383**	**100%**	**0.00**	Nil

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

S. No.		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
	At the beginning of the year	**2,84,74,924**	**99.99%**	**2,84,74,924**	**99.99%**
	Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	**11,86,454**	**NIL**	**11,86,454**	**NIL**
	At the end of the year	**2,96,61,383**	**99.99%**	**2,96,61,383**	**99.99%**

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

S. No.	For Each of the Top 10 Shareholders	Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	**R Narayanan**	**1**	**0.00**	**1**	**0.00**
	Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	**Transfer to Mr. Pasupathy**	**-1**	**0.00**	**-1**	**0.00**
	At the end of the year (or on the date of separation, if separated during the year)	**Mr. Pasupathy**	1	0.00	1	0.00
2	At the beginning of the year	**C S Narasimhulu**	**1**	**0.00**	**1**	**0.00**
	Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	**Share transfer to Mrs.Kumari**	**-1**	**0.00**	**-1**	**0.00**
	At the end of the year (or on the date of separation, if separated during the year)	**Mrs.Kumari**	1	0.00	1	0.00
3	At the beginning of the year	**R Dilip Kumar**	1	0.00	1	0.00
	Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)		-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)		1	0.00	1	0.00

S. No.	For Each of the Top 10 Shareholders	Name of the shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4	At the beginning of the year	**S Meenakshi sundaram**	1	0.00	1	0.00
	Date wise Increase / Decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)		-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)		1	0.00	1	0.00

(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 of the year	R Dilip Kumar, Director	1	0.00	1	0.00
	Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)		-	-	-	-
	At the End of the year		1	0.00	1	0.00

VI. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,35,47,893	50,00,000	-	2,85,47,893
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-		-	-
Total (i+ii+iii)	2,35,47,893	50,00,000	-	2,85,47,893
Change in Indebtedness during the financial year				
* Addition	54,68,449	-	-	-
* Reduction	-	45,32,337	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	2,58,16,461	4,67,663	-	2,62,84,123
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	15,263	15,263
Total (i+ii+iii)	2,58,16,461	4,67,663	**15,263**	**2,62,84,123**

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount (₹)
	Name	Vinod Krishnan	
	Designation	Managing Director	
1	Gross salary	51,70,105	51,70,105
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	51,70,105	51,70,105
	(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	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5	Others		
	a) Leave travel concession, once in a year, as per the rules of the Company.	50,000	50,000
	b) Payment of premium on personal accident insurance	0	0
	c) Company's contribution to provident fund as per the rules of the Company.	6,20,143	6,20,143
	d) Madras Club Subscription & Entertainment Expense	2,92,997	2,92,997
	Total (A)	**61,33,514**	**61,33,514**
	Ceiling as per the Act	**84,00,000**	**84,00,000**

B. Remuneration to other Directors

S. No.	Particulars of Remuneration	Name of Directors		Total Amount
				(₹/Lac)
1	Independent Directors	R Dinesh	G B Prabhat	
	Fee for attending board committee meetings	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL
	Total (1)			
2	Other Non-Executive Directors	R Dilip Kumar		
	Fee for attending board committee meetings	NIL		NIL
	Commission	NIL		NIL
	Others, please specify	NIL		NIL
	Total (2)	NIL		NIL
	Total (B)=(1+2)	NIL		NIL
	Total Managerial Remuneration	NIL		NIL
	Overall Ceiling as per the Act	NIL		NIL

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

S. No.	Particulars of Remuneration			Name of Key Managerial Personnel		Total Amount
	Name			-	-	(₹/Lac)
				-	-	
	Designation			-	-	-
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			-	-	-
2	Stock Option			-	-	-
3	Sweat Equity			-	-	-
4	Commission			-	-	-
	- as % of profit			-	-	-
	- others, specify			-	-	-
5	Others, please specify			-	-	-
	Total			-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		
B. DIRECTORS					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		

Annexure - II

Disclosure of Particulars of Contracts/Arrangements entered into by the Company Form No. AOC-2

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

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. There are no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arm's length basis.

2. Contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arms length basis:

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	Software Services	1 year	Manage Information Technology(IT) requirements to meets its business expectations in terms of increasing speed to market, increasing performance efficiency with customers, real time inventory management, improving IT connectivity to business, scaling up of IT to align with business growth in phased manner	22nd May,2018	
2	TVS Infotech Inc	Software Services and Reimbursement of Expenses	1 year	IT Services and Reimbursement of Expenses		
3	TVS Upasana Limited (formerly Upasana Engineering Limited)	Software Services and Reimbursement of Expenses	1 Year	Provision of End to End IT Services including Managing Infrastructure Services, ERP and Application Development services with Life care support.	22nd May 2018	

Annexure III

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ lakhs)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	TVS Infotech Inc
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No Change in Reporting period
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD
4.	Share capital	254.63
5.	Reserves & surplus	68.38
6.	Total assets	682.86
7.	Total Liabilities	682.86
8.	Investments	NIL
9.	Turnover	1835.91
10.	Profit before taxation	64.70
11.	Provision for taxation	2.56
12.	Profit after taxation	62.14
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

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

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

June 3, 2019

CHAIRMAN

Independent Auditor's Report

To the Members of TVS Infotech Limited

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

We have audited the Ind AS financial statements of TVS Infotech Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/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 Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; an tatements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Ind AS financial statements

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

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

· Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

· Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Other matters

The comparative financial information of the Company for the year ended March 31, 2018 has been restated to give effect to the merger of an erstwhile wholly owned subsidiary TVS Next Private Limited ('TNPL'). TNPL was merged with the Company pursuant to the order of National Company Law Tribunal (NCLT) and the merger has been given effect from the beginning of the preceding period in the financial statements as the merger is a common control transaction. TNPL was audited by their erstwhile auditors whose report has been furnished to us by management and our report in so far as it relates to the amounts and disclosures included in respect of TNPL is based solely on the reporting of the other auditor

Report on Other Legal and Regulatory Requirements

(A) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India 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, to the extent applicable.

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash 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 Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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".

(C) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its Ind AS financial statements - Refer Note 28 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

(iv) The disclosures in the Ind AS 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 in these Ind AS financial statements since they do not pertain to the financial year ended March 31, 2019

(D) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanations given to us, the Company has not paid any managerial remuneration to its directors duringthe current year.

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

S Sethuraman
Partner
Membership No.:203491

Place : Chennai
Date : June 3, 2019

Annexure A to the Independent Auditor's Report

To the Members of TVS Infotech Limited on the Ind AS financial statements for the year ended March 31, 2019

(i) 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 and this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not have any immovable property.

(ii) The Company is a service company, primarily providing IT services, accordingly it does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to information and explanations given to us, 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 provisions of Section 186 of the Act, with respect to investments made. As explained, the company has not given any loans, guarantees or securities that are outstanding as at March 31, 2019.

(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) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for any of the activities of the Company and accordingly, paragraph 3 (vi) of the Order is not applicable to the Company

(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, 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, sales tax, service tax, duty of customs, duty of excise, value added tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, duty of customs, and other material statutory dues were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(a) According to the information and explanations given to us, the dues set out in Appendix I in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and Goods and Service tax have not been deposited by the Company on account of disputes.

Name of statute	Nature of dues	Amount in INR	Period to which amount relates to	Forum where pending
Finance Act, 1994	Service tax	1,202,834	FY 2004-2007	CESTAT
Finance Act, 1994	Service tax	122,959	FY 2008-2009	Commissioner of Central Excise, Appeals

(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 has not taken any loans or borrowings from government, financial institutions and have not issued any debentures.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(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 based on our examination of the records, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(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 sections 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. 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
Firm's Registration Number: 101248W/W-100022

S Sethuraman
Partner
Membership No.:203491

Place : Chennai
Date : June 3, 2019

Annexure B to the Independent Auditor's Report

To the Members of TVS Infotech Limited on the Ind AS financial statements for the year ended March 31, 2019

Report on the internal financial controls with reference to the aforesaid Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph ((B)(f)) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of TVS Infotech Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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 were operating effectively as at March 31, 2019, 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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI').

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 issued by ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively as at March 31, 2019 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 judgement, including the assessment of the risks of material misstatement of the Ind AS 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 controls 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 controls 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.

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

S Sethuraman
Partner
Membership No.:203491

Place : Chennai
Date : June 3, 2019

Balance Sheet as at 31 March 2019 In ₹

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

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5A	**84.24**	67.61
Capital work-in progress	5B	**21.76**	-
Goodwill	5C	**334.00**	334.00
Intangible assets	5C	**-**	6.57
Financial assets	5C	**324.00**	334.00
- Investments	6	**168.73**	168.73
- Others	7	**69.58**	73.97
Deferred tax assets, net	8	**213.99**	37.38
Other tax assets, net	8	**233.42**	299.36
Other non-current assets	9	**0.79**	0.79
		1,126.51	988.41
Current assets			
Financial assets			
- Trade receivables	10	**748.72**	582.63
- Cash and cash equivalents	11	**99.42**	298.93
- Others	7	**318.35**	124.77
Other current assets	9	**57.61**	76.61
		1,224.10	1,082.94
Total assets		**2,350.61**	2,071.35
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**2,966.14**	2,847.49
Other equity		**(1,343.91)**	(1,485.60)
Total equity		**1,622.23**	1,361.89
Liabilities			
Non-current liabilities			
Provisions	14	**64.13**	25.89
		64.13	25.88
Current liabilities			
Financial liabilities			
- Borrowings	13	**262.84**	253.48
- Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and			
Total outstanding dues of creditors other than micro enterprises and small enterprises	15	**229.79**	158.28
- Other financial liabilities	16	**35.15**	69.76
Other current liabilities	17	**61.18**	99.31
Provisions	14	**75.29**	102.74
		664.25	683.57
Total liabilities		**728.38**	709.46
Total equity and liabilities		**2,350.61**	2,071.35
Significant accounting policies	3-4		

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
Firm's registration number: 101248W/W-100022

S Sethuraman
Partner
Membership No.: 203491

Place: Chennai
Date: June 3, 2019

For and on behalf of the Board of Directors of TVS Infotech Limited
CIN: U72300TN1994PLC029467

Vinod Krishnan
Managing Director
DIN No.: 00503518

R Dilip Kumar
Director
DIN No.: 00240372

G Anand Babu
Chief Financial Officer and Company Secretary
ACS Membership No. 19848

Place: Chennai
Date: June 3, 2019

Statement of profit and loss for the year ended 31 March 2019 In ₹

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

	Note	Year ended 31 March 2019	Year ended 31 March 2018
INCOME			
Revenue from operations	18	**2,731.54**	2,138.76
Other income	19	**59.33**	56.97
Total income		**2,790.87**	2,195.73
EXPENSES			
Employee benefits expense	20	**1,862.86**	1,385.95
Finance costs	21	**12.49**	24.51
Depreciation and amortisation expense	22	**41.15**	43.01
Other expenses	23	**700.59**	601.42
Total expenses		**2,617.09**	2,054.89
Profit before tax		**173.78**	140.84
Tax expense			
- Current tax		**-**	64.30
- MAT credit entitlement		**-**	-
- Current tax relating to earlier years		**-**	-
- Deferred tax		**(139.20)**	(9.64)
Total tax expense		**(139.20)**	54.66
Profit for the year		**312.98**	**86.18**
Other comprehensive income			
(i) Items that will not be reclassified to statement of profit or loss			
(i) Remeasurement gains of defined benefit liability		**10.42**	(1.63)
(ii) Income tax effect on above		**(2.90)**	2.78
		7.52	1.15
Total comprehensive income for the period (comprising of profit and other comprehensive income)		**320.50**	87.33
Earnings per equity share			
Basic (in ₹)	24	**1.09**	0.30
Diluted (in ₹)		**1.09**	0.30
Significant accounting policies	3-4		

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
Firm's registration number: 101248W/W-100022

S Sethuraman
Partner
Membership No.: 203491

Place: Chennai
Date: June 3, 2019

For and on behalf of the Board of Directors of TVS Infotech Limited
CIN: U72300TN1994PLC029467

Vinod Krishnan
Managing Director
DIN No.: 00503518

R Dilip Kumar
Director
DIN No.: 00240372

G Anand Babu
Chief Financial Officer and Company Secretary
ACS Membership No. 19848

Place: Chennai
Date: June 3, 2019

Statement of changes in equity for the year ended 31 March 2019

In ₹

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

(a) Equity Share Capital

Particulars	Note	Amount
Balance at April 1, 2017	12	**2,847.49**
Changes in equity share capital during the year 2017-18		-
Balance at the March 31, 2018	12	**2,847.49**
Changes in equity share capital during the year 2018-19		118.65
Balance at the March 31, 2019	12	**2,966.14**

(b) Other equity

Particulars	Reserves and surplus			Items of other comprehensive income	Total equity attributable to equity holders of the company
	Retained earnings	Securities premium	Capital reserve	Re-measurement gain on defined benefit plan, net of tax	
Balance at April 1, 2017	**(1,521.96)**	**-**	**(60.00)**	**9.03**	**(1,572.93)**
Profit for the year	86.18	-	-	-	86.18
Other comprehensive income for the year	-	-	-	1.15	1.15
Balance at March 31, 2018	**(1,435.78)**	**-**	**(60.00)**	**10.18**	**(1,485.60)**
Premium on issue of equity shares	-	71.19	-	-	71.19
Acquisition of non-controlling interests	(250.00)	-	-	-	(250.00)
Profit for the year	312.98	-	-	-	312.98
Other comprehensive income for the year	-	-	-	7.52	7.52
Transfer to retained earnings	17.70	-	-	(17.70)	-
Balance at March 31, 2019	**(1,355.10)**	**71.19**	**(60.00)**	**-**	**(1,343.91)**

Significant accounting policies 3-4

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
Firm's registration number: 101248W/W-100022

S Sethuraman
Partner
Membership No.: 203491

Place: Chennai
Date: June 3, 2019

For and on behalf of the Board of Directors of TVS Infotech Limited
CIN: U72300TN1994PLC029467

Vinod Krishnan
Managing Director
DIN No.: 00503518

R Dilip Kumar
Director
DIN No.: 00240372

G Anand Babu
Chief Financial Officer and Company Secretary
ACS Membership No. 19848

Place: Chennai
Date: June 3, 2019

Cash flow statement for the year ended 31 March 2019

In ₹

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

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities			
Profit for the year		**173.78**	140.83
Adjustments for:			
Depreciation and amortisation expense	22	**41.15**	43.01
Asset written off		**-**	13.08
Finance costs	21	**12.49**	24.51
Interest income	19	**(23.64)**	(11.39)
(Profit)/Loss on sale of assets		**(1.13)**	0.05
Unrealized foreign exchange (gain)/loss		**5.29**	(5.86)
		207.94	204.23
Working capital adjustments:			
Decrease in trade payables and other financial liabilities		**36.89**	325.74
Increase in trade receivables and other financial assets		**(360.52)**	(484.07)
(Increase)/ decrease in provisions		**21.21**	(23.01)
(Increase)/ decrease in other non financial liabilities		**(38.13)**	28.63
Decrease in other non financial assets		**18.96**	120.48
Cash generated from operating activities		**(113.65)**	172.00
Income tax paid (net)		**25.63**	(123.27)
Net cash (used in)/from operating activities (A)		**(88.02)**	48.73
B. Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		**2.67**	0.17
Purchase of property, plant and equipment (including capital work-in progress)		**(74.51)**	(0.38)
Interest received	19	**23.64**	11.39
Cash paid for acquiring non controlling interest in TVS Next Pvt. Ltd.		**(250.00)**	-
Net cash flow from/ (used in) investing activities (B)		**(298.20)**	11.18
C. Cash flow from financing activities			
Proceeds from issue of equity share capital	12	**189.84**	-
Interest paid	21	**(12.49)**	(24.51)
Proceeds from borrowings		**9.36**	(32.00)
Net cash flow from/ (used in) financing activities (C)		**186.71**	(56.51)
D. Net increase in cash and cash equivalents (A+B+C)		**(199.51)**	3.40
E. Cash and cash equivalents at the beginning of the year		**298.93**	295.53
F. Cash and cash equivalents at the year end		**99.42**	298.93
Reconciliation of the cash and cash equivalents as per the cash flow statement			
Cash on hand		**0.09**	0.14
Balances with banks in current accounts		**19.33**	148.79
Deposits with original maturity of less than 3 months		**80.00**	150.00
	11	**99.42**	298.93

Significant accounting policies 3-4

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
Firm's registration number: 101248W/W-100022

S Sethuraman
Partner
Membership No.: 203491

Place: Chennai
Date: June 3, 2019

For and on behalf of the Board of Directors of TVS Infotech Limited
CIN: U72300TN1994PLC029467

Vinod Krishnan
Managing Director
DIN No.: 00503518

R Dilip Kumar
Director
DIN No.: 00240372

G Anand Babu
Chief Financial Officer and Company Secretary
ACS Membership No. 19848

Place: Chennai
Date: June 3, 2019

1. Corporate Information

TVS Infotech Limited ("the Company") is incorporated in India and is a subsidiary of Sundram Fasteners Limited, Chennai. The Company was incorporated under the provisions of the Companies Act, 1956 and the registered office of the Company is situated at No. 98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004. The Company is primarily engaged in the business of providing IT services to varied customers.

2. Basis of Preparation

2.1. Statement of compliance

The 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, 2019 (including comparatives) are duly adopted by the Board on June 3, 2019 for consideration of approval by shareholders.

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 the Company's functional currency. All amounts have been presented in lacs of Indian Rupees (₹), 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 the 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 accounting 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 consolidated financial statements is included in the following notes:

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

- Note 27 - leases: whether an arrangement contains a lease; and
- Note 27 - lease classification

Assumptions and estimation of uncertainty

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

2.4.1 Recognitions 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 8 below)

2.4.2 Impairment of Financial and non-financial assets:

In assessing impairment, management has estimated economic use of the assets, the recoverable amount of each asset or cash- generating units based on expected future cash flows and use an interest rate to discount them. Estimation of uncertainty relates to assumptions about future operating cash flows and the determination of a suitable discount rate. (also refer note 7 below)

2.4.3 Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of assets including Intangible Assets. (also refer note 2 and 3 below)

2.4.4 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 9 below).

2.4.5 Recognition and measurement of provisions and contingencies

Key assumptions about the likelihood and magnitude of an outflow of resources (also refer note 11 below and note 34 to financial statements)

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.

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

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.

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 (refer note 26). 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 services 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. Significant accounting policies

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

1) Revenue Recognition

The Company earns revenue primarily from providing IT services. Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Performance obligations and revenue recognition policies:

a. **Sales of services**

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue. Revenue from fixed-price contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

b. **Interest and Dividend Income:**

Dividend income is recognised in 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 the financial instrument to:

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

In calculating interest income, 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

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 or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

2.2 Subsequent expenditure

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

2.3 Other cost:

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

2.4 Depreciation and amortization:

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

(b) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset 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)
Plant and equipment	3-15
Furniture and fixtures	10
Office equipment	5
Vehicles	8

(d) Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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

(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) Goodwill and other intangible assets

Goodwill:

Goodwill represents the cost of acquired business as established at the date of acquisition of the business in excess of the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities less accumulated impairment losses, if any. Goodwill is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Other intangible assets including those acquired by the Company other than in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of profit and loss.

The estimated useful lives are as follows:

Asset category	Management estimate of useful life
Computer Software	3-5 Years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

4) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

5) Leases

5.1 Determining whether an arrangement contains a lease

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

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the 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.

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.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

6) Financial instruments

6.1 Recognition, 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.

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

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 entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- Those to be measured subsequently at fair value through other comprehensive income (FVTOCI).
- Those to be measured at Fair Value Through Profit and Loss (FVTPL) and;
- Those measured at amortized cost

a. Financial assets at amortised cost:

Includes assets that are held within a business model where the 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.

Company has made an irrevocable election to present in other comprehensive income the 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.

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

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election to present in other comprehensive income the 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 the dividend clearly represents a recovery of part of the 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.

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

Financial assets at FVTPL include financial assets designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or FVOCI. 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 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 the 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.

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

6.2.3 De-recognition of financial assets

A financial asset is derecognised only when;

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

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

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

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

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 recognises loss allowances for expected credit losses 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 loan or advance by Company on terms that Company would not consider otherwise;
- it is probable that 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 always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a 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.

7.1 Impairment of financial instruments (continued)

The Company assumes that credit risk on financial asset has increased significantly if it is more than 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 gross carrying amount of 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.

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 Company 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 higher of its value in use and its fair value less costs to sell. Value in use is based on 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 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 the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been 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 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 differences between carrying amounts 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 credits. Deferred tax is not recognised for:

- temporary differences arising on initial recognition of assets or liabilities in transaction that is not a business combination and that affects neither accounting nor taxable profit/ loss at the time of 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 the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

Deferred tax is measured at tax rates that are expected to apply to 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 the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

9.1 Short_term obligations:

Short term obligations are those expected to be settled fully within 12 months after the end of the reporting period. They are recognised up to the 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.

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

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 the entity does not have unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when actual settlement is expected.

9.3 Post-employment obligation:

The Company operates the following post-employment schemes:

9.3.1 Gratuity obligation:

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 the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to net balance of the defined benefit obligation and 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 balance sheet. Changes in present value of defined benefit obligation resulting from plan amendment or curtailment are recognised immediately in statement of profit or loss.

9.3.2 Provident Fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employee's salary. There are no obligations other than the contribution payable to the fund.

10) Business combination

Business combination arising from transfers of interests in entities that are under common control are accounted at historical cost under pooling of interest method. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

11) Provisions and contingent liabilities

11.1 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.

11.2 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.

11.3 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.

11.4 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.

12) 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.

13) Cash and cash equivalents and cash flow statement

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

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

14) Segment reporting

The Company is engaged in provision of IT services and thus there is only one reportable segment.

15) Government grants

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

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

or loss as other operating revenue on a systematic basis over period in which such expenses are recognised.

16) Foreign currency transactions

In preparing financial statements, transactions in currencies other than functional currency (i.e. foreign currencies) are recognised at exchange rates prevailing as at the date of transactions or average rate if it approximates actual rate as at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at exchange rate as 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 assets and liabilities that are measured based on historical cost in foreign currency are translated at exchange rate as at the date of transaction. Exchange differences are recognised in profit or loss.

17) 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.

4. New standards issued but not effective

(a) **New standard**

Ind AS 116, Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting periods beginning April 1, 2019. In this regard, the Company is in the process of carrying out assessment of potential impact on adoption on accounting policies followed and accordingly impact on financial statements on initial application of standard is not reasonably estimable at present.

(b) **Amendments to existing standard**

Ind AS 12 - Income taxes (effective annual reporting periods beginning April 1, 2019)

The amendment to Ind AS 12 require income-tax consequence of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, to be recognised when a liability to pay dividend is recognised. The income tax consequence should be recognised in statement of profit and loss, other comprehensive income (OCI) or equity according to where the past transactions or events that generated distributable profits were originally recognised.

Appendix C has been added to Ind AS 12 which seeks to bring clarity to the accounting for uncertainties on income tax treatments that are yet to be accepted by tax authorities and to reflect it in the measurement of current and deferred taxes.

In this regard, the Company is in process of carrying out assessment of potential impact on adoption.

Ind AS 19 – Employee benefits (effective annual reporting periods beginning April 1, 2019)

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify effect of plan amendment, curtailment or settlement on requirements regarding the asset ceiling. The Company does not expect this amendment to have any impact on adoption.

Ind AS 23 – Borrowing costs (effective annual reporting periods beginning April 1, 2019)

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any significant impact from this amendment.

Notes to financial statements for the year ended 31 March 2019 (Contd.)

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

5A PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Furniture and fitttings	Office equipments	Vehicles	Total
Gross block					
As at April 1, 2017	**107.37**	**10.56**	**78.64**	**4.91**	**201.48**
Additions	-	-	0.38	-	0.38
Disposals	(13.10)	(2.40)	(10.52)	(0.56)	(26.58)
As at March 31, 2018	**94.27**	**8.16**	**68.50**	**4.35**	**175.28**
Additions	45.14	0.34	7.27	-	52.75
Disposals	(0.53)	-	-	(4.35)	(4.88)
As at March 31, 2019	**138.88**	**8.50**	**75.77**	**-**	**223.15**
Accumulated depreciation					
As at April 1, 2017	**38.16**	**3.20**	**43.49**	**2.16**	**87.01**
For the year	23.13	1.26	8.61	0.95	33.95
Disposals	(4.26)	(0.91)	(7.78)	(0.34)	(13.29)
As at March 31, 2018	**57.03**	**3.55**	**44.32**	**2.77**	**107.67**
For the year	23.25	0.95	10.26	0.12	34.58
Disposals	(0.45)	-	-	**(2.89)**	(3.34)
As at March 31, 2019	**79.83**	**4.50**	**54.58**	**-**	**138.91**
Net block					
As at March 31, 2018	37.24	4.61	24.18	1.58	67.61
As at March 31, 2019	**59.05**	**4.00**	**21.19**	**-**	**84.24**

5B Capital work in progress

As at March 31, 2018	-	-	-	-	-
As at March 31, 2019	**21.76**	**-**	**-**	**-**	**21.76**

5B Intangible assets

	Goodwill	Software
Gross block	-	
As at April 1, 2017	**-**	**35.19**
Additions	-	-
Disposals	-	-
As at March 31, 2018	334.00	**35.19**
Additions	-	-
Disposals		(35.19)
As at March 31, 2019	334.00	**-**
		-
Accumulated amortisation		-
As at April 1, 2017		**19.56**
For the year		9.06
Disposals		-
As at March 31, 2018		**28.62**
For the year		6.57
Disposals		(35.19)
As at March 31, 2019		**-**
Net block		
As at March 31, 2018	344.00	6.57
As at March 31, 2019	**344.00**	**-**

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

		As at March 31, 2019	As at March 31, 2018
6	**INVESTMENTS**		
	Investments in equity instruments measured at cost		
	Investment in subsidiaries		
	Foreign :		
ii)	20,000 (March 31, 2018: 20,000) non-assessable shares of USD 1 each and 34,817 (March 31, 2018: 34,817) non- assessable shares of USD 10 each in TVS Infotech Inc., Michigan, USA (% of holding - 100%).	**168.73**	168.73
		168.73	168.73
	Aggregate value of unquoted investments	**168.73**	168.73
	Aggregate amount of impairment in value of investments	**-**	-

7 OTHER FINANCIAL ASSETS

(Unsecured considered good unless otherwise stated)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	**Current**	Non-current	Current
Security deposits	**69.58**	**3.84**	73.97	-
Unbilled revenue	**-**	**314.05**	-	98.47
Other receivables	**-**	**0.46**	-	26.30
Other receivables	**69.58**	**318.35**	73.97	124.77

		Year ended March 31, 2019	Year ended March 31, 2018
8	**INCOME TAX**		
	A. Amount recognised in statement of profit and loss		
	Current tax (a)		
	Current period	**40.31**	41.17
	MAT credit entitlement	**(40.31)**	-
	Tax relating to earlier year	**-**	23.13
	Sub-total (a)	-	64.30
	Deferred tax (b)		
	Attributable to - Origination and reversal of temporary differences	**50.43**	(9.64)
	Deferred tax recognised due to reasonable certainty arising upon merger	**(189.63)**	-
	Sub-total (c)	**(139.20)**	(9.64)
	Tax expense (a) + (b)	**(139.20)**	54.66

(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, 2019			As at March 31, 2019		
	Amount	Tax (expense) / benefit	Net of tax	Amount	Tax (expense) / benefit	Net of tax
Remeasurements of defined benefit liability	**10.42**	**(2.90)**	**7.52**	(1.63)	2.78	1.15

	Year ended March 31, 2019	Year ended March 31, 2018
C Income tax recognised directly in equity	-	-

D Reconciliation of effective tax rate

	Year ended March 31, 2019		Year ended March 31, 2018	
	%	Amount	%	Amount
Profit before tax	**27.82%**	**48.35**	25.73%	36.24
Tax using the Company's domestic tax rate				
Effect of:				
Deferred tax recognised due to reasonable certainty arising upon merger	**(109.12%)**	**(189.63)**	-	-
Others	**1.20%**	**2.08**	13.08%	18.42
Effective tax rate / current tax expense	**(80.10%)**	**(139.20)**	38.81%	54.66

* Deferred tax assets on carried forward losses of the Company has been recognised considering the management's estimate of utilisation of such losses which has become reasonably certain on account of the effects/ synergies from merger.

E Recognised deferred tax assets and liabilities

Particulars	Deferred tax assets		Deferred tax liabilities		Net deferred tax assets/ (liabilities)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Deferred tax assets						
Property, plant and equipment and other intangible assets	**25.45**	29.51	**-**	-	**25.45**	29.51
Carry forward business and depreciation loss	**100.08**	-	**-**	-	**100.08**	-
Provision for employee benefits	**38.79**	7.87	**-**	-	**38.79**	7.87
Loss allowance on trade receivables	**6.64**	-	**-**	-	**6.64**	-
Expenditure under section 35DD of Income-tax Act, 1961	**2.72**	-	**-**	-	**2.72**	-
	173.68	37.38	**-**	-	**173.68**	37.38
Minimum alternate tax *	**40.31**	-	**-**	-	**40.31**	-
	213.99	37.38	**-**	-	**213.99**	37.38

Movement in temporary differences for the year ended March 31, 2019

Particulars	Balance as at April 1, 2018	Recognized in profit and loss during 2018-19	Recognized in OCI during 2018-19	Other adjustments	Balance as at March 31, 2019
Property, plant and equipment and intangible assets	29.51	**(4.06)**	**-**	**-**	**25.45**
Carry forward business and depreciation loss	-	**100.08**	**-**	**-**	**100.08**
Provision for employee benefits	7.87	**33.82**	**(2.90)**	**-**	**38.79**
Loss allowance on trade receivables	-	**6.64**	**-**	**-**	**6.64**
Expenditure under section 35DD of Income-tax Act, 1961	-	**2.72**	**-**	**-**	**2.72**
	37.38	**139.20**	**(2.90)**	**-**	**173.68**
Minimum alternate tax *	**-**	**40.31**	**-**	**-**	**40.31**
	37.38	**179.51**	**(2.90)**	**-**	**213.99**

Notes to financial statements for the year ended 31 March 2019 (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, 2018

Particulars	Balance as at April 1, 2017	Recognized in profit and loss during 2017-18	Recognized in OCI during 2017-18	Other adjustments	Balance as at March 31, 2018
Property, plant and equipment and intangible assets	15.63	13.88	-	-	29.51
Provision for employee benefits	9.33	(4.24)	2.78	-	7.87
Expenditure under section 35DD of Income-tax Act, 1961	-	-	-	-	-
	24.96	9.64	2.78	-	37.38
Minimum alternate tax *	-	-	-	-	-
	24.96	9.64	2.78	-	37.38

* Minimum alternate tax available expires in assessment year 2034-35

F Other tax assets

	As at March 31, 2019		As at March 31, 2019	
	Non-current	**Current**	Non-current	Current
Advance tax and tax deducted at source, net of provision	233.42	-	299.36	-
	233.42	**-**	299.36	-

9 OTHER ASSETS

	As at 31 March 2019		As at 31 March 2018	
(Unsecured considered good unless otherwise stated)	**Non-current**	**Current**	Non-current	Current
Prepaid expenses	**-**	**54.72**	-	21.14
Balance with statutory/government authorities	**0.79**	**-**	0.79	52.66
Advances recoverable	**-**	**2.26**	-	2.64
Advances to suppliers	**-**	**0.63**	-	0.17
	0.79	**57.61**	0.79	76.61

10 TRADE RECEIVABLES

	As at March 31, 2019	As at March 31, 2018
Trade receivables considered good - Unsecured	**772.57**	594.88
Less: Loss allowance	**(23.85)**	(12.25)
Net trade receivables	**748.72**	582.63
Of the above, trade receivables from related parties are as below:-		
Total trade receivables from related parties	**225.34**	124.96
Loss allowance	**-**	-
Net trade receivables	**225.34**	124.96

The Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in Note 26.

Movement in loss allowance on trade receivables

	As at March 31, 2019	As at March 31, 2018
Opening balance	**12.25**	-
Amount written off	**(12.25)**	-
Impairment loss, net	**23.85**	12.25
Closing balance	**23.85**	12.25

11 CASH AND CASH EQUIVALENTS

	As at March 31, 2019	As at March 31, 2018
Balances with banks in current accounts	**19.33**	148.79
Deposits with original maturity of less than 3 months	**80.00**	150.00
Cash on hand	**0.09**	0.14
	99.42	298.93

Note: The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirements does not pertain to financial year ended March 31, 2019

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	As at March 31, 2019	As at March 31, 2018
12 Share capital		
Authorised		
32,010,000 (March 31, 2018: 32,000,000) equity shares of ₹ 10/- each	**3,201.00**	3,201.00
	3,201.00	**3,201.00**
Issued, subscribed and fully paid up		
29,661,383 (March 31, 2018: 28,474,929) equity shares of ₹ 10/- each	2,966.14	2,847.49
	2,966.14	**2,847.49**

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

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	**Amount**	No. of shares	Amount
Equity shares of Rs. 10/- each fully paid up				
At the beginning of the year	**28,474,929**	**2,847.49**	28,474,929	2,847.49
Add: Equity shares issued during the year	**1,186,454**	**118.65**	-	-
At the end of the year	**29,661,383**	**2,966.14**	28,474,929	2,847.49

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

The Company has only one class of equity shares having a par value of ₹ 10/- per share. 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.

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

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	**% holding**	No. of shares	% holding
Mrs Usha Krishna, Chennai	**9,593,989**	**32.35%**	9,593,989	33.69%
Sundram Fasteners Investments Limited, Chennai #	**3,330,050**	**11.23%**	3,330,050	11.69%
Sundram Fasteners Limited, Chennai, Holding company #	**16,737,344**	**56.43%**	15,550,890	54.61%
At the end of the year	**29,661,383**	**100.00%**	28,474,929	99.00%

Out of equity shares issued by the Company, these equity shares have been held by its holding company and their subsidiaries.

(d) Bonus shares/ buy-back/ shares for consideration other than cash issued during a period of five years immediately preceding financial year ended March 31, 2019:

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

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

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

(e) 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 Company's capital management, capital includes issued equity capital. The Company would obtain borrowings from external agencies including banks and financial institutions when deemed necessary to meet its financial requirements. The primary objective of Company's capital management is to maximise 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.

I order to maintain or adjust the capital structure, the Company may adjust the amount of dividends pid 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:

Notes to financial statements for the year ended 31 March 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings		
Cash and cash equivalents	**262.84**	253.48
Net debt (a)	**(99.42)**	(298.93)
Total equity	**163.42**	(45.45)
Total equity (b)	**1,622.23**	1,361.89
Net debt to total equity (a/b *100)	**1,622.23**	1,361.89

(f) Nature and purpose of reserves

(i) Securities premium

Securities premium is used to record the premium on issue of equity shares. These reserve are to be utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

(ii) Amalgamation adjustment deficit account

Amalgamation adjustment deficit account consists balance arising pursuant to amalgamation of a wholly owned subsidiary with the Company. (also refer note 29)

13 Provisions	As at March 31, 2019		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Provision for employee benefits				
Gratuity (refer note (a) below)	**47.18**	**57.71**	5.34	90.16
Compensated absences (refer note (b) below)	**16.95**	**17.58**	20.55	12.58
	64.13	**75.29**	25.89	102.74

The post-employment defined benefit plans operated by the Company are as follows;

(a)Gratuity

The Company has its defined benefit gratuity plan as per the Payment of Gratuity Act, 1972. Under this legislation, employee who has completed five years of service is entitled to specific benefit. The level of benefit provided depends on the employee's length of service and salary at retirement/ termination age. The gratuity plan is a funded plan and the Company makes its contributions to a recognised fund in India. The Company measures the liability based on an independent acturial valuation using projected units credit method.

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

	As at March 31, 2019	As at March 31, 2018
Defined benefit obligation as at the end of the year	**108.67**	99.88
Fair value of plan assets as at the end of the year	**(3.78)**	(4.38)
Net defined benefit obligations as at the end of the year	**104.89**	95.50
Classification		
- Current	**57.71**	90.16
- Non current	**47.18**	5.34

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

Changes in present value of the defined benefit obligation		
Defined benefit obligation at the beginning of the year	**99.88**	85.78
Current service cost	**22.83**	29.21
Interest cost	**6.48**	4.96
Benefits paid	**(10.09)**	(11.59)
Actuarial gain	**(10.43)**	(8.48)
Defined benefit obligation at the year end	**108.67**	99.88
Changes in the fair value of plan assets are as follows:		
Fair value of plan assets at the beginning of the year	**4.38**	6.68
Expected return on plan assets	**0.33**	0.35
Mortality charges and taxes	**(1.36)**	(1.41)
Contribution by employer	**1.43**	13.43
Benefits paid	**(0.99)**	(14.64)
Actuarial loss	**(0.01)**	(0.03)
Fair value of plan assets as at the end of the year	**3.78**	4.38
Expense recognised in statement of profit and loss:		
Current service cost	**24.19**	30.62
Interest cost	**6.15**	4.61
	30.34	35.23
Re-measurements recognised in other comprehensive income		
Actuarial loss on plan assets	**0.01**	0.03
Actuarial gain on defined benefit obligation	**(10.43)**	(8.48)
	(10.42)	(8.45)
Principal actuarial assumptions used :		
Discount rate	**6.70%**	7.20%
Salary escalation rate	**8.00%**	8.00%
Attrition rate	**42% to 49%**	33% to 34%

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 follows:-

	March 31, 2019		March 31, 2018	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount rate				
Sensitivity level	**0.50%**	**0.50%**	1.00%	1.00%
Impact on defined benefit obligation	**(1.02)**	**1.05**	(2.65)	2.80
Future salary increases				
Sensitivity level	**0.50%**	**0.50%**	1.00%	1.00%
Impact on defined benefit obligation	**(0.11)**	**0.11**	(0.45)	0.43

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

(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; that 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 using the projected unit credit method.

	Year ended March 31, 2019	Year ended March 31, 2018
Recognised in the statement of profit and loss:		
Current service cost	**10.19**	18.46
Interest cost	**1.73**	1.41
Net actuarial loss recognised	**7.70**	2.10
	19.62	21.97

		As at March 31, 2019		As at March 31, 2018	
14	**Borrowings**	**Long term**	**Short term**	**Long term**	**Short term**
a)	**Secured**				
	Term loan from bank	**-**	**-**	-	24.60
	Working capital loan from bank	**-**	**258.16**	-	178.88
		-	**258.16**	-	203.48
	Less: Current maturities of long term borrowings	**-**	**-**	-	-
		-	**258.16**	-	203.48
b)	**Unsecured**				
	Term loan from related parties	**-**	**-**	-	50.00
	Other loans	**-**	**4.68**	-	-
		-	**4.68**	-	50.00
		-	**262.84**	-	253.48

(i) Term loan from bank:

The term loan obtained from Axis bank with an outstanding balance of Rs. Nil (March 31, 2018: ₹ 24.60) is secured against the laptops of the Company, carrying an interest of one year MCLR +0.65%, repayable in 12 quarterly installments. The same has been repaid during the year.

(ii) Working capital loan from banks

The Company had availed cash credit facility from Axis bank with outstanding balance of ₹ 258.16 (March 31 2018: ₹ 178.88) for working capital requirement carrying an interest rate of 3m MCLR+0.5% payable monthly and the facility is repayable on demand and secured by current assets of the Company.

(iii) Term loan from related parties:

The Company had taken unsecured loan from Mr.Jagan Selvarajan in two tranches aggregate to ₹ 50.00 and with an outstanding balance of ₹ Nil (March 31 2018: 50.00) carrying an interest rate of 10% and repayable on demand.

(iv) Other loans:

The Company has utilised the Axis bank corporate credit card with an outstanding balance of ₹ 4.68 (March 31 2018: Nil).

(c) Reconciliation of cash flows from financing activities

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	**99.42**	(298.93)
Current borrowings	**262.84**	253.48
Net debt	**(163.42)**	(45.45)

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

	Cash and cash equivalents	Borrowings	Total
Net debt as at April 1, 2018	**(298.93)**	**253.48**	**(45.45)**
Net cash flows	199.51	9.36	**208.87**
Net debt as at March 31, 2019	**99.42**	**262.84**	**163.42**
Net debt as at April 1, 2017	**295.53**	**(285.48)**	**10.05**
Net cash flows	(594.46)	538.96	**55.50**
Net debt as at March 31, 2018	**(298.93)**	**253.48**	**(45.45)**

	As at March 31, 2019	As at March 31, 2018
15 Trade payables		
Due to related parties (refer note 25)	**137.34**	94.09
Dues to Micro, Small and Medium Enterprises (refer note below)	**-**	-
Due to others	**92.45**	64.19
	229.79	158.28

All trade payables are current. The Company's exposure to liquidity risks related to trade payables is disclosed in note 26

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, 2019**	As at March 31, 2018
(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.

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	Particulars	As at March 31, 2019	As at March 31, 2018
16	**Other financial liabilities**		
	Financial liabilities at amortised cost		
	Employee benefits payable	**35.15**	69.54
	Other payables	**-**	0.22
		35.15	69.76
17	**Other current liabilities**		
	Advance from customers	**-**	0.27
	Statutory dues	**61.18**	99.04
		61.18	**99.31**

		Year ended March 31, 2019	Year ended March 31, 2018
18	**Revenue from operations**		
	Rendering of services	2,731.54	2,138.76
		2,731.54	**2,138.76**

(a) Disaggregation of revenue from contracts with customers

The table below presents disaggregated revenues from the contractor with the customers by currency and contract-type and the company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are effected by industry, market and other economic factors.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue by customer markets		
Exports	**1,670.64**	1,084.98
Domestic	**1,060.90**	1,053.78
	2,731.54	2,138.76
Revenues by contract type		
Time and material	**1,750.18**	1,281.57
Fixed price contract	**981.35**	857.19
	2,731.54	2,138.76

(b) Contract assets

The following disclosure provide information about receivables, contract assets and liabilities from contract with customers:

Receivables which are included in		
- Trade receivables	**748.72**	582.63
- Unbilled revenue	**314.05**	98.47
	1,062.77	681.10

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

19 Other income

Interest income	**23.64**	11.39
Miscellaneous income	**34.56**	45.58
Profit on sale of assets	**1.13**	-
	59.33	56.97

20 Employee benefits expense

Salaries and wages	**1,654.49**	1,204.97
Expense related to compensated absences	**19.62**	21.97
Expense related to post-employment benefit	**30.34**	35.23
Contribution to provident and other funds	**88.30**	86.02
Staff welfare expenses	**70.11**	37.76
	1,862.86	1,385.95

21 Finance costs

Interest expense on financial liabilities measured at amortised cost	**12.49**	24.51
	12.49	24.51

22 Depreciation and amortisation expense

Depreciation on property, plant and equipment	**34.58**	33.95
Amortisation on intangible assets	**6.57**	9.06
	41.15	43.01

Notes to financial statements for the year ended 31 March 2019 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

	Year ended March 31, 2019	Year ended March 31, 2018
23 Other expenses		
Power and fuel	**39.16**	45.37
Rent	**120.28**	134.61
Rates and taxes	**5.42**	10.41
Insurance	**34.44**	20.21
Repairs and maintenance		
- building	**13.09**	16.03
- plant and equipment	**22.03**	27.98
- other assets	**36.97**	34.60
Payment to auditors (refer note below)	**3.91**	3.00
Assets written off	**-**	13.08
Recruitment and training	**24.37**	13.97
Travelling and conveyance	**105.42**	55.32
Postage and telecom expenses	**16.22**	21.53
Net foreign exchange loss	**6.20**	2.50
Consultancy charges	**97.65**	94.84
Bank charges	**9.06**	4.68
Loss allowance on trade receivables	**23.85**	12.25
Sub-contract expenses	**26.81**	-
Subscriptions	**44.74**	24.13
Bad debts written off	**-**	31.20
Miscellaneous expense	**70.97**	35.71
	700.59	601.42
Note: Payments to auditors		
As auditor		
Statutory	**2.55**	2.25
Tax audit	**0.25**	0.75
Other services	**0.50**	-
Reimbursement of expenses	**0.61**	-
	3.91	3.00

Payment for the year ended March 31 2018 include fees and reimbursements paid to predecessor auditor.

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

		As at March 31, 2019	As at March 31, 2018
24	**Earnings per share (EPS)**		
	Net profit attributable to equity shareholders (A)	**312.98**	86.18
	Weighted average number of equity shares outstanding as at reporting date (B)	**28,695,966**	28,474,929
	Basic earnings per equity share (A/B) (in ₹)	**1.09**	0.30

Diluted EPS

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

25 RELATED PARTIES

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.

Related parties with whom transactions have taken place during the year:

Nature of relationship	**Name of the entity**
Holding Company	Sundram Fasteners Limited, Chennai,
Key Management Personnel ('KMP')	Mr. Vinod Krishnan – Managing Director.
	Mr. Jegan Selvaraj, Director of erstwhile TVS Next Pvt. Ltd.
Subsidiary Company	TVS Infotech Inc., USA
Fellow subsidiaries	TVS Upasana Limited, Chennai
	Sundaram-Clayton Limited
	Global TVS Bus Body Builders Limited
	Rico Logistics Limited
	Sundram Precision Components Limited, Chennai
Enterprise in which shareholders or KMP have significant influence	Upasana Finance Limited, Chennai
	Upasana Properties Private Limited, Chennai

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

Nature of transaction	Holding company	Subsidiary company	Fellow subsidiaries	Key Management Personnel	Enterprise in which shareholder/KMP has significant influence
Transactions during the year					
Services rendered	575.74	-	31.10	-	-
	(544.01)	-	(29.26)	-	(0.15)
Reimbursement of expenses	13.38	79.54	-	-	-
	(58.37)	(47.74)	-	-	-
Services received	-		-	-	-
	-	-	-	-	-
Reimbursement of expenses	-	56.11	-	-	-
	-	(43.04)	-	-	-
Managerial remuneration	-	-	-	79.75	-
	-	-	-	(39.55)	-
Borrowing and finance costs Loan from Director (till December 29, 2018)	-	-	-	50	-
	-	-	-	(50)	-
Outstanding balances					
Trade receivables	31.72	156.40	37.05	-	0.17
	(15.43)	(89.75)	(19.61)	-	(0.17)
Trade payables	2.89	134.45	-	-	-
	2.89	(91.19)	-	-	-

(Previous year figures are in brackets)

Notes to financial statements for the year ended 31 March 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

Terms and conditions of transactions with related parties

All other transactions with related parties are at arm's length and all the outstanding balances other than trade receivable balance are unsecured as per the general business practice of the Company.

26 Financial instruments - Fair values and risk management

A. Accounting classifications 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	Note	As at March 31, 2019				As at March 31, 2018			
		FVTPL	FVOCI	Amortised cost	Total	FVTPL	FVOCI	Amortised cost	Total
Financial assets									
Security deposits	7	-	-	73.42	73.42	-	-	73.97	73.97
Other receivables	7	-	-	0.46	0.46			26.30	26.30
Trade receivables/ unbilled revenue	7 and 10	-	-	1,062.77	1,062.77	-	-	681.10	681.10
Cash and cash equivalents	11	-	-	99.42	99.42	-	-	298.93	298.93
Total financial assets		**-**	**-**	**1,236.07**	**1,236.07**	**-**	**-**	**1,080.30**	**1,080.30**
Financial liabilities									
Borrowings	14	-	-	262.84	262.84	-	-	253.48	253.48
Trade payables	15	-	-	229.79	229.79	-	-	158.28	158.28
Employee benefits payable	16	-	-	35.15	35.15	-	-	69.54	69.54
Other payables	16	-	-	-	-	-	-	0.22	0.22
Total financial liabilities		**-**	**-**	**527.78**	**527.78**	**-**	**-**	**481.52**	**481.52**

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 31 March 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

B Financial risk management

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

- Market risk
- Liquidity risk
- Credit 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 advices on financial risk and the appropriate financial risk governance framework the Company.

The Company's risk management policies are 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 policies and 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 board of directors 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 comprises trade and other payables. The Company's principal financial assets include trade and other receivables, investments and cash and cash equivalents that are derived directly from its operations.

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 exposure

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, 2019, approximately 2 % (March 31, 2018:20 %) of the Company's borrowings are at a fixed rate of interest.

Particulars	**As at March 31, 2019**	As at March 31, 2018
Floating rate borrowings	**258.16**	203.48
Fixed rate borrowings	**4.68**	50.00
Total	**262.84**	253.48

Interest rate sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for the year ended March 31, 2019 and March 31, 2018. 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.

Notes to financial statements for the year ended 31 March 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

Particulars		As at March 31, 2019	As at March 31, 2018
Increase	+1%	(2.58)	(2.03)
Decrease	-1%	2.58	2.03

(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 and the Company's net investments in foreign subsidiaries.

Currency 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 Ind AS, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

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

	Long-term exposure #			Short-term exposure		
	USD	Euro	GBP	USD	Euro	GBP
March 31, 2019						
Financial assets	168.73	-	-	700.19	41.43	-
Financial liabilities	-	-	-	37.74	-	-
Net exposure	168.73	-	-	662.45	41.43	-
March 31, 2018						
Financial assets	168.73	-	-	356.76	150.46	1.38
Financial liabilities	-	-	-	43.04	-	-
Net exposure	168.73	-	-	313.72	150.46	1.38

primarily consisting of investments in subsidiaries measured at cost

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 / ₹ exchange rate and EUR / ₹ exchange rate 'all other things being equal'. A +/- 5% change is considered in these exchange rates for the year ended March 31, 2019 and March 31, 2018. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the ₹ had strengthened/ weakened against USD by 5% and EUR by 5% during year ended March 31, 2019 (March 31, 2018: 5%), then this would have following impact on profit before tax and equity:

	As at March 31, 2019		As at March 31, 2018	
	Strengthening profit / (loss)	Weakening profit / (loss)	Strengthening profit / (loss)	Weakening profit / (loss)
USD	(41.56)	41.56	(24.12)	(24.12)
EUR	(2.07)	2.07	(7.52)	7.52
GBP	-	2.07	(0.07)	0.07
	43.63	43.63	(31.71)	31.71

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

(ii) 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 availability of funding through 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 liquidity position through rolling forecasts based on expected cash flows.

Exposure to liquidity risk

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

Particulars	Note	As at March 31, 2019			As at March 31, 2018		
			Contractual cash flows			Contractual cash flows	
		Carrying amount	Less than 180 days	More than 180 days	Carrying amount	Less than 180 days	More than 180 days
Borrowings *	14	**262.84**	**262.84**		**253.48**	253.48	
Trade payables	15	**229.79**	**229.79**	**-**	**158.27**	158.27	-
Employee benefits payable	16	**35.15**	**35.15**	**-**	**69.54**	69.54	-
Other payables	16	**-**	**-**	**-**	**0.22**	0.22	-
Total financial liabilities		**527.78**	**527.78**	**-**	**481.52**	481.52	-

* excluding contractual interest

(iii) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables, certain loans and advances and other financial assets.

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. Outstanding customer receivables are regularly monitored and reviewed by the Audit committee periodically.

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

Particulars	Note	As at March 31, 2019	As at March 31, 2018
Trade receivables including unbilled revenue	(a)	**1,062.77**	681.10
Cash and cash equivalents	(b)	**99.42**	298.93
Security deposits	(c)	**73.42**	73.97
Other receivables	(d)	**0.46**	26.30
Total		**1,236.07**	1,080.30

Security deposits

This balance is primarily constituted by deposit given for occupying the premises. The Company does not expect any losses from non-performance by these counter parties. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

(a) **Trade receivables including unbilled revenue**

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 31 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. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due are still collectible in full, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The Composition of trade receivable balances are as follows:-	**As at March 31, 2019**	As at March 31, 2018
Trade receivables	748.72	582.63
Unbilled revenue	314.05	98.47
	1,062.77	681.10
Less than 180 days	**866.13**	628.79
More than 180 days	**220.49**	64.57
Sub-total	**1,086.62**	693.35
Less: Loss allowances in accordance with expected credit loss model	**23.85**	12.25
Total	**1,062.77**	681.10

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of good credit quality except for ₹ 23.85 arrived based on expected credit loss model which has been recognised as a loss allowance in books.

(b) **Cash and cash equivalents**

The Company held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates. The Company does not expect any losses from non-performance by these counter-parties.

(c) **Others:**

Other financial assets comparing of security deposits and other receivables primarily consists deposits given for occupying the premises and interest on loan given for fixed deposit. The Company does not except any loss from non-performance by these counter parties.

C Offsetting financial assets and financial liabilities

There are no financial instruments that would offset or are subject to enforceable master netting arrangements as at March 31, 2019 and March 31, 2018.

27 Leases

Operating leases

The Company has taken on lease office facility under operating leases. The leases are for varied periods, which are renewable at the option of the Company. The cancellable arrangement can be terminated by either giving due notice.

(i) Future minimum lease payments

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

	As at March 31, 2019	As at March 31, 2018
Payable in less than one year	**110.29**	110.29
Payable between one and five years	**27.57**	36.76

(ii) Amounts recognised in the statement of profit and loss	**Year ended March 31, 2019**	Year ended March 31, 2018
Lease expense	**120.28**	134.61

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

28 Contingent liabilities	As at March 31, 2019	As at March 31, 2018
Claims against the Company not acknowledged as debts	**13.26**	13.26

Note:

(i) The Hon'ble Supreme Court in its ruling dated February 28, 2019 held that the allowances paid to employees are essentially a part of the basic wage, which are necessarily and ordinarily paid to all employees and are to be treated as wages for the purpose of ('PF') Provident Fund contribution, with fewer exception to the same. Based on legal advice, considering the interpretative challenges surrounding the retrospective application of the judgement and absence of reliable measurement of provisions relating to earlier periods, this matter has been disclosed as a contingent liability.

(ii) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in this financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial positions

29 Amalgamation

a) TVS Next Private Limited ("TVS Next") is engaged in the business of rendering information technology services and after sales services of information technology products. TVS Next is a wholly owned subsidiary of the Company as at March 31, 2019 with the Company acquiring residual 10% stake held by minority shareholders of TVS Next in January 2019.

b) Pursuant to the order dated April 30, 2019 of National Company Law Tribunal, Chennai bench, TVS Next (the "transferor") was merged with the Company with an appointed date of April 1, 2018. The order has been made effective on May 28, 2019, upon complying with all the relevant requirements under the Companies Act, 2013.

c) The amalgamation has been accounted for under the 'pooling of interests' method as prescribed by Ind AS 103 "Business Combination". Given that the merger is a common control transaction, the prior year figures have been restated as if the merger had occurred from the beginning of the preceding period. Accordingly, adjustments arising from common control business combination with the Company pursuant to the aforesaid Scheme require that the assets, liabilities and reserves which were appearing in the consolidated financial statements of the Company (had the Company prepared a consolidated financial statements) immediately before the merger would now be a part of the separate financial statements of the Company. The separate financial statements to the extent of this common control transaction shall be considered as continuation of the consolidated group.

d) Consequent to the scheme of amalgamation, the authorized share capital of the transferor company stands merged with that of the Company and thus the authorized share capital of the Company is ₹ 3,201.00 consisting of 32,010,000 number of shares of ₹ 10/- each as at March 31, 2019. Also since the merger is of the wholly owned subsidiary with its parent company, no shares were exchanged to effect the amalgamation.

e) Details of assets and liabilities taken over as on April 1, 2017:

Summary of the assets, liabilities and reserves taken over as mentioned below:-

Particulars	**Amount**
Total assets taken over	457.32
Goodwill	334.40
Total liabilities taken over	(451.96)
Reserves taken over	(4.36)
Net assets taken over	(335.00)
Cancellation of investment made in TVS Next	(335.00)
Difference between Investment value and Consideration paid and net assets (after reducing reserves) taken over Capital reserve.	**60**

Notes to financial statements for the year ended 31 March 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

f) The impact of the above merger on the previously reported balance sheet as at March 31, 2018 is as follows:

Particulars	As previously reported	TVS Next	Adjustments	Total
Non current assets				
Property, plant and equipment	27.75	39.86	-	67.61
Goodwill	-	-	334.00	334.00
Other intangible assets	6.57	-	-	6.57
Financial assets				
- Investments	563.73	-	(395.00)	168.73
- Others	73.97	-	-	73.97
Deferred tax assets, net	32.01	5.37	-	37.38
Other tax assets, net	262.32	37.04	-	299.36
Other non-current assets	0.79	-	-	0.79
	967.14	**82.27**	**(61)**	**988.41**
Current assets				
Financial assets				
- Trade receivables	154.53	455.16	(27.06)	582.63
- Cash and cash equivalents	296.43	2.50	-	298.93
- Others	212.75	119.24	(207.22)	124.77
Other current assets	25.08	51.53	-	76.61
	688.79	**628.43**	**(234.28)**	**1,082.94**
Total assets	**1,655.93**	**710.70**	**(295.28)**	**2,071.35**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2,847.49	1.00	(1.00)	2,847.49
Other equity	(1,494.73)	69.13	(60.00)	(1,485.60)
Total equity	**1,352.76**	**70.13**	**(61.00)**	**1,361.89**
Liabilities				
Non-current liabilities				
Provisions	8.78	17.11	-	25.89
				-
Current liabilities				-
Financial liabilities				
- Borrowings	-	253.48	-	253.48
- Trade payables				-
Total outstanding dues of micro enterprises and small enterprises; and	-			-
Total outstanding dues of creditors other than micro enterprises and small enterprises	181.33	211.23	(234.28)	158.28
- Other financial liabilities	15.81	53.95	-	69.76
Other current liabilities	56.14	43.17	-	99.31
Provisions	41.11	61.63	-	102.74
	294.39	**623.46**	**(234.28)**	**683.57**
Total liabilities	**303.17**	**640.57**	**(234.28)**	**709.46**
Total equity and liabilities	**1,655.93**	**710.70**	**(295.28)**	**2,071.35**

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

Particulars	As previously reported	TVS Next	Adjustments	Total

g) **The impact of the above merger on the previously reported statement of profit and loss for the year ended March 31, 2018 is as follows:**

Particulars	As previously reported	TVS Next	Adjustments	Total
Income				
Revenue from operations	728.21	1,567.10	(156.55)	2,138.76
Other income	44.47	12.50	-	56.97
Total income	**772.68**	**1,579.60**	**(156.55)**	**2,195.73**
Expenses				
Employee benefits expense	333.07	1,052.88	-	1,385.95
Finance costs	-	24.51	-	24.51
Depreciation and amortisation expense	18.86	24.15	-	43.01
Other expenses	390.54	367.43	(156.55)	601.42
Total expenses	**742.47**	**1,468.97**	**(156.55)**	**2,054.89**
Profit before tax	**30.21**	**110.63**	**-**	**140.84**
Tax expense				
- Current tax	26.23	38.07	-	64.30
- Deferred tax	(11.53)	1.89	-	(9.64)
Total tax expense	**14.70**	**39.96**	**-**	**54.66**
Profit for the year	**15.51**	**70.67**	-	**86.18**
Other comprehensive income				
Items that will not be reclassified to statement of profit or loss				
(i) Remeasurement gain/ (loss) of defined benefit liability	7.06	(8.69)	-	(1.63)
(ii) Income tax effect on above	-	2.78	-	2.78
	7.06	**(5.91)**	**-**	**1.15**
Total comprehensive income for the period	**22.57**	**64.76**	**-**	**87.33**

h) **The impact of the above merger on the previously reported cash flow statement for the year ended March 31, 2018 is as follows:**

Particulars	As previously reported	TVS Next	Eliminations	Total
Cash flows from/(used in) operating activities	(7.78)	56.51	-	48.73
Cash flows from / (used in) investing activities	11.39	(0.21)	-	11.18
Cash flows from / (used in) financing activities	-	(56.51)	-	(56.51)
Net increase/ (decrease) in cash and cash equivalents	**3.61**	**(0.21)**	**-**	**3.40**

Notes to financial statements for the year ended 31 March 2018 (Contd.)
(All amounts are in lakhs of Indian Rupees, except share data and as stated)

30 Consolidated financial statements

The Company is not consolidating financial statements of it subsidiary pursuant to exemption notified under MCA notification dated July 27, 2016. The holding company viz., Sundram Fasteners Limited, Chennai consolidates the financial statements of TVS Infotech Inc., USA.

Name of the company	Principal Activities	Country of Incorporation	Ownership interest held by the Company		Ownership interest held by the non-controlling interests	
			March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
TVS Infotech Inc	Software	USA	100.00%	100.00%	0.00%	0.00%

31 There are no significant subsequent events that have occurred after the reporting period till the date of this financial statements.

32 Prior year figures have been reclassified/ re-grouped wherever necessary to conform to current year classification.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

S Sethuraman
Partner
Membership No.: 203491

Place: Chennai
Date: June 3, 2019

For and on behalf of the Board of Directors of TVS Infotech Limited
CIN: U72300TN1994PLC029467

Vinod Krishnan
Managing Director
DIN No.: 00503518

R Dilip Kumar
Director
DIN No.: 00240372

G Anand Babu
Chief Financial Officer and Company Secretary
ACS Membership No. 19848

Place: Chennai
Date: June 3, 2019