Sundaram-Clayton Limited

56th Annual Report 2018

Sundaram-Clayton Limited

Board of Directors

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

SUDARSHAN VENU
Joint Managing Director

K MAHESH

GOPAL SRINIVASAN

T K BALAJI

VICE ADMIRAL P J JACOB (Retd.)

S SANTHANAKRISHNAN

V SUBRAMANIAN

R VIJAYARAGHAVAN

KAMLESH GANDHI

R GOPALAN

Audit Committee

VICE ADMIRAL P J JACOB (Retd.)
Chairman

T K BALAJI

S SANTHANAKRISHNAN

V SUBRAMANIAN

R GOPALAN

Risk Management Committee

VICE ADMIRAL P J JACOB (Retd.)
Chairman

Dr. LAKSHMI VENU

R GOPALAN

C NARASIMHAN

Stakeholders' Relationship Committee

S SANTHANAKRISHNAN
Chairman

Dr. LAKSHMI VENU

R VIJAYARAGHAVAN

Nomination and Remuneration Committee

VICE ADMIRAL P J JACOB (Retd.)
Chairman

V SUBRAMANIAN

R VIJAYARAGHAVAN

Corporate Social Responsibility Committee

VENU SRINIVASAN
Chairman

Dr. LAKSHMI VENU

VICE ADMIRAL P J JACOB (Retd.)

Executive Director

H LAKSHMANAN

Chief Financial Officer

V N VENKATANATHAN

Company Secretary

R RAJA PRAKASH

Statutory Auditors

M/s. Raghavan, Chaudhuri & Narayanan
Chartered Accountants,
No. 17/12, II Floor, Casa Capitol,
Wood Street, Ashoknagar,
Bengaluru - 560 025.
Tel. : 080-2556 7578 / 2551 4771
E-mail : sathya@nca-india.com

Cost Auditor

A N RAMAN
Cost Accountant,
No.10, P. Muthukumaraswami Salai,
Off. Baby Nagar 1st Main Road, Velachery,
Chennai - 600 042.
Tel. : 044-2243 3462
E-mail : anraman@gmail.com

Secretarial Auditor

B CHANDRA
Practising Company Secretary
AG 3, Ragamalika,
No. 26, Kumaran Colony Main Road,
Vadapalani, Chennai 600 026
Tel. : 044-2362 0157
E-mail : bchandra1@gmail.com

Shares listed with

BSE Limited (BSE)
National Stock Exchange of India Limited (NSE)

Share Transfer Department

"Jayalakshmi Estates", 1st Floor,
29, Haddows Road,
Chennai - 600 006
Tamil Nadu, India.
Tel. : 044 - 2827 2233
Fax : 044 - 2825 7121
E-mail : raman@scl.co.in
investorscomplaintssta@scl.co.in

Bankers

STATE BANK OF INDIA
Corporate Accounts Group Branch,
Chennai.

Registered Office

"Jayalakshmi Estates"
29, Haddows Road
Chennai - 600 006, Tamil Nadu, India.
Tel. : 044 - 2827 2233
Fax : 044 - 2825 7121
CIN : L35999TN1962PLC004792
E-mail : corpsec@scl.co.in
Website: www.sundaram-clayton.com

Plant Locations

Padi

Chennai - 600 050, Tamil Nadu, India.
Tel. : 044 - 2625 8212

Mahindra World City

Plot No. AA5, VI Avenue
Auto Ancillary SEZ, Mahindra World City,
Chengalpattu, Kancheepuram District - 603 004,
Tamil Nadu, India.
Tel. : 044 - 4749 0049

Oragadam

Plot No.B-14, SIPCOT
Industrial Growth Centre,
Sriperumbudur Taluk,
Kancheepuram District - 602 105
Tamil Nadu, India.
Tel. : 044 - 6710 3300

Hosur

Hosur - Thally Road
Belagondapalli
Hosur - 635 114, Tamil Nadu, India.
Tel. : 04347 - 233 445

Subsidiary Companies

TVS Motor Company Limited
Sundaram-Clayton (USA) Limited, USA
Sundaram Auto Components Limited
TVS Housing Limited
TVS Motor Services Limited
TVS Credit Services Limited
PT. TVS Motor Company Indonesia, Jakarta
TVS Motor Company (Europe) B.V., Amsterdam
TVS Motor (Singapore) Pte. Limited, Singapore
Sundaram Holding USA Inc., USA

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FINANCIAL HIGHLIGHTS INCLUDING SELECTED INDICATORS AND RATIOS

(Rupees in crores)

Financial Year ended	2009	2010	2011	2012	2013	2014	2015	2016**	2017**	2018**
Sales	492.4	492.7	805.7	1,017.0	1,018.6	1,196.8	1,346.1	1,527.9	1,515.4	1,672.3
Other income	36.3	46.3	22.2	34.2	38.1	35.8	55.0	105.1	74.3	94.4
Total	528.7	539.0	827.9	1,051.2	1,056.7	1,232.6	1,401.1	1,633.0	1,589.7	1,766.7
Exceptional Income	-	-	-	25.3	-	5.8	3.1	6.0	2.3	-
Total Income	**528.7**	**539.0**	**827.9**	**1,076.5**	**1,056.7**	**1,238.4**	**1,404.2**	**1,639.0**	**1,592.0**	**1,766.7**
Gross profit before interest, depn & tax	60.1	71.8	107.8	166.7	127.9	149.7	181.1	249.8	208.9	107.6
Depreciation	31.0	37.6	40.8	47.3	51.3	53.2	59.8	55.0	60.6	73.1
Profit before interest & tax	29.1	34.2	67.0	119.4	76.6	96.5	121.3	194.8	148.3	34.5
Interest	22.1	20.5	21.7	38.4	44.3	35.7	36.9	32.3	28.6	33.7
Profit before taxation	7.0	13.7	45.3	81.0	32.3	60.8	84.4	162.5	119.7	0.8
Profit after taxation	6.3	12.4	37.3	72.3	35.4	53.7	71.2	144.4	105.6	54.9
Net Fixed assets	304.3	307.4	366.1	395.0	408.8	405.9	418.2	456.9	531.4	699.9
Net current assets	219.0	172.6	212.6	230.0	248.6	256.0	289.1	290.0	257.6	321.2
Share capital	9.5	18.9 [a]	18.9	9.5 [b]	9.5	10.1 [c]	10.1	10.1	10.1	10.1
Reserves & surplus	221.9	225.4	241.3	273.0	282.6	333.5	364.5	493.0	601.5	653.9
Net worth	231.4	244.3	260.2	282.5	292.1	343.6	374.6	503.1	611.6	664.0
Loan funds	339.3	288.7	359.5	389.7	414.3	362.2	378.2	369.1	354.2	665.5
Deferred taxation (net)	19.9	20.3	21.7	20.0	16.9	18.5	22.3	30.0	35.8	(20.1)
EPS (Rs)	3.3	3.3	9.8	30.1	18.7	27.0	35.2	71.4	52.2	27.1
DPS (Rs)	2.0	1.8	5.8	11.5	14.0	19.3	19.0	41.0	31.5	15.0
Book value per share (Rs)	122.0	64.4	68.6	148.9	153.9	169.8	185.2	248.7	302.3	328.2
Return on capital employed (ROCE) %	5.2	6.0	11.2	17.9	10.8	13.3	16.2	23.2	15.6	3.0
Return on net worth (RONW) %	2.7	5.2	14.8	26.6	12.3	16.9	19.8	32.9	18.9	8.6
Fixed assets turnover (no. of times)	1.8	1.6	2.4	2.7	2.5	2.9	3.3	3.5	3.1	2.7
Working capital turnover (no. of times)	2.3	2.5	4.2	4.6	4.3	4.7	4.9	5.3	5.5	5.8
Gross profit as % of sales (EBITDA)	12.2	14.6	13.4	13.9	12.6	12.0	13.2	15.9	13.6	6.4
Gross profit as % of total income	11.4	13.3	13.0	13.4	12.1	11.7	12.7	14.9	13.0	6.1
Net profit as % of total income	1.2	2.3	4.5	4.5	3.4	3.9	4.9	8.5	6.5	3.1

ROCE is profit before interest and taxation divided by average capital employed

RONW is profit after tax divided by average networth

Fixed assets turnover is sales divided by average net fixed assets as at the end of the year.

Working capital turnover is sales divided by average net current assets as at the end of the year.

Profitability ratios are calculated without considering exceptional income.

[a] Bonus issue of 1:1 in 2009.

[b] Capital reduction consequent to approval of scheme of arrangement by the Hon'ble High Court of Judicature at Madras.

[c] IPP Issue of 12,64,501 equity shares.

Notes:

1) 2011-12 financials were prepared giving effect to composite scheme of arrangement between Sundaram-Clayton Limited(SCL), Anusha Investments Limited (AIL) and Sundaram Investment Limited (SIL) as approved by the Hon'ble High Court of Judicature at Madras. Hence, the figures of 2011-12 are not comparable with that of previous years.

2) The figures from 2010-11 are based on the Revised Schedule VI classifications. The figures upto 2009-10 are based on the respective year's reported results.

3) ** i) Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. ROCE and RONW for these years are computed on the basis of figures as per Ind AS. Hence these numbers are not comparable with previous years.

   ii) Sales figures are inclusive of excise duty.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 56th Annual General Meeting of the Company (AGM) will be held on Monday, the 20th August, 2018 at 10.25 A.M at 'The Music Academy', New No. 168 (Old No. 306) T.T.K. Road, Royapettah, Chennai 600 014 to transact the following business:

ORDINARY BUSINESS

1. To consider passing the following resolution as an ordinary resolution:

   "RESOLVED THAT the audited balance sheet as at 31st March, 2018, the statement of profit and loss, statement of changes in equity, the cash flow statement for the year ended on that date, notes forming part thereof and the consolidated financial statements, together with the Directors' Report and the Auditors' Report thereon as circulated to the members and presented to the meeting be and the same are hereby approved and adopted."

2. To consider passing the following resolution as an ordinary resolution:

   "RESOLVED THAT Dr. Lakshmi Venu (holding DIN 02702020), Director, who retires by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company."

3. To consider passing the following resolution as an ordinary resolution:

   "RESOLVED THAT Mr Gopal Srinivasan (holding DIN 00177699), Director, who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company."

SPECIAL BUSINESS

4. To consider passing the following resolution as a special resolution:

   RESOLVED THAT subject to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (as amended), continuation of Mr K Mahesh, (holding DIN 00051438) as a Non-Executive Director of the Company on attaining 75 years of age, be and is hereby approved.

5. To consider passing the following resolution as an ordinary resolution:

   RESOLVED THAT pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), remuneration of Rs. 3,00,000/- (Rupees three lakhs only), in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses, payable to Mr A N Raman, Practising Cost Accountant, holding Membership No. 5359, allotted by The Institute of Cost Accountants of India, who was re-appointed as Cost Auditor of the Company for the year 2018-19 by the Board of Directors of the Company, as recommended by the Audit Committee be and is hereby ratified.

By order of the Board of Directors

Chennai
22nd May 2018

R Raja Prakash
Company Secretary

Registered Office:
"Jayalakshmi Estates"
29, Haddows Road,
Chennai - 600 006,
Tamil Nadu, India

Notes:

The Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, (the Act, 2013) in respect of the special business to be transacted at the AGM, as set out in the Notice is annexed hereto.

Proxy

1. **A Member entitled to attend and vote at the meeting is entitled to appoint one or more Proxies to attend and vote instead of himself and the Proxy or Proxies so appointed need not be a Member or Members, as the case may be, of the Company. The instrument appointing the Proxy and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that Power of Attorney or other authority shall be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for holding the meeting.**

   A person shall not act as a Proxy for more than 50 Members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.

2. During the period beginning 24 hours before the time fixed for commencement of AGM and ending with the conclusion of the AGM, a Member is entitled to inspect the Proxies lodged, at any time during the business hours of the Company.

Unclaimed Dividend

3. In terms of Section 124 of the Act, 2013, the dividend declared by the Company, for earlier years, which remain unclaimed for a period of seven years will be transferred on due dates to the Investor Education and Protection Fund (IEPF), established by the Central Government. The particulars of due dates for transfer of such unclaimed dividends to IEPF are furnished in the Report on Corporate Governance, forming part of the Annual Report.

4. Members who have not encashed their dividend warrants in respect of the above period are requested to make their claim(s) by surrendering the un-encashed warrants immediately to the Company.

Pursuant to The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company is providing / hosting the required details of unclaimed amount referred to under Section 124 of the Act, 2013 on its website and also on the website of the Ministry of Corporate Affairs (MCA) viz., www.iepf.gov.in.

General

5. With a view to serving the Members better and for administrative convenience, Members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.

6. A Corporate Member, intending to send its authorised representative to attend the meeting in terms of Section 113 of the Act, 2013 is requested to send to the Company a certified copy of the Board Resolution / Power of Attorney authorizing such representative to attend and vote on its behalf at the meeting.

7. Members may also note that the Notice of AGM and the Annual Report will also be available on the Company's website viz., www.sundaram-clayton.com for their download. The physical copies of the aforesaid documents including annexures along with Notice will also be available at the Company's Registered Office for inspection during 10.00 a.m. to 12.00 Noon on all working days, from 23rd July 2018 till the date of AGM.

8. As a measure of economy, copies of the Annual Report will not be distributed at the venue of AGM. Members are, therefore, requested to bring their copies of the Annual Report to the meeting.

9. Members are requested to affix their signatures at the space provided in the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the Attendance Slips duly filled in for attending the meeting. Members are requested to write their Folio Number in the Attendance Slip duly filled in for attending the meeting and handover the Slip at the entrance of the meeting hall.

Members holding shares in electronic form

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Depository Participant(s) (DP) with whom they are maintaining their demat accounts.

11. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC Code, Mandates, Nominations, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., to their DP.

12. The Company will not entertain any direct request from such Members for deletion or change of such bank details. Instructions, if any, already given by Members in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form.

13. Electronic copy of the Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes, unless any Member has requested for a hard copy of the same.

14. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the Members may also send their requests to investorscomplaintssta@scl.co.in.

Members holding shares in physical form

15. Members can submit their PAN details to the Company / Share Transfer Agent (STA).

16. Members are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, Mandates, Nomination as per Section 72 of the Act, 2013 by filling Form SH-13, Power of Attorney, Change of Address / Name / e-mail Address / Contact Numbers, etc., with the Company / STA. Blank forms (SH-13) will be supplied on request.

17. Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding / trading.

    Members who have not registered their e-mail address, physical copies of Annual Report and the Notice of the AGM *inter-alia* indicating the process and manner of e-Voting along with Attendance Slip and Proxy Form are being sent in the permitted mode.

Voting

18. The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. The Members may cast their votes using an electronic voting system from a place other than the venue of the meeting ('remote e-Voting').

19. The facility for voting through Ballot Papers shall be made available at the venue of AGM and the Members attending the AGM who have not cast their vote by remote e-Voting shall be able to vote at AGM.

20. In case of joint holders attending AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

21. In terms of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended ('the Rules') and Regulation 44 of SEBI (LODR) Regulations, the Company has provided facility to exercise votes through electronic voting system, to Members holding shares as on 13th August 2018 being the "Cut-off date"("Cut-off" for the purpose of Rule 20(4)(vii) of the Rules) fixed for determining voting rights of Members entitled to participate in the e-Voting process through the e-Voting platform provided by NSDL viz., www.evoting.nsdl.com.

    The voting rights of the Members/Beneficial Owners will be reckoned on the Equity Shares held by them as on Cut-off date. Members as on the Cut-off date only shall be entitled to avail the facility of remote e-Voting or Ballot Paper.

The instructions for remote e-Voting are as under:

(A) For Members - who receive Notice of AGM through e-mail:

(i) Launch internet browser - www.evoting.nsdl.com;

(ii) Enter the login credentials, i.e., User ID and Password mentioned in your e-mail. However, if you have already registered with NSDL for e-Voting, you can use your existing User ID and Password for casting your votes;

(iii) Initial Password is provided in the body of the e-mail;

(iv) After entering the details appropriately, click on LOGIN;

(v) You will reach the Password Change menu wherein you are required to mandatorily change your Password. The new Password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$ etc). It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential;

(vi) You need to login again with the new credentials;

(vii) On successful login, the system will prompt you to select the EVEN, i.e Sundaram-Clayton Limited;

(viii) On the voting page, the number of shares (which represents the number of votes) as held by the Member as on the Cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolutions, then enter all the number of shares and click "FOR" / "AGAINST", as the case may be or partially in "FOR" and partially in "AGAINST", but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the 'Cut-off date'. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head;

(ix) Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account;

(x) Cast your votes by selecting an appropriate option and click on "SUBMIT". A confirmation box will be displayed. Click 'OK' to confirm or 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolutions;

(xi) Corporate / Institutional Members are required to send scanned copy (PDF/JPG Format) of the relevant Board resolution / Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail bchandra1@gmail.com, with a copy marked to evoting@nsdl.co.in;

(xii) Members can cast their vote online from 17th August 2018 (Friday) (9 a.m.) till 19th August 2018 (Sunday) (5 p.m.) through remote e-Voting. Thereafter, the remote e-Voting module will be disabled by NSDL for voting and hence e-Voting will not be allowed after the aforesaid date and time;

Only Members as on the Cut-off date who have not cast their vote through remote e-Voting will be able to exercise their voting right at AGM through Ballot Paper;

The Members who have cast their vote by remote e-Voting prior to the AGM may also attend AGM but will not be entitled to cast their vote again;

A person who is not a Member as on the Cut-off date should treat this Notice for information purposes only; and

(xiii) In case of any query, the Member may refer the Frequently Asked Questions (FAQs) and remote e-Voting user manual for Members available at the downloads Section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

(B) For Members who receive the Notice of AGM in physical form:

(i) Initial password is provided as below / at the bottom of the Attendance Slip for the AGM.

EVEN (remote e-Voting Event Number)	**USER ID**	**PASSWORD / PIN**

(ii) Please follow steps from SI. No. (ii) to (xiii) under heading (A) above to vote through e-Voting platform.

(C) General Instructions:

(i) Members holding shares as on the "Cut-off date" will be entitled to vote through remote e-Voting or at the venue of AGM through Ballot Paper;

(ii) The Notice of AGM is being sent (by e-mail where e-mail ID is available and in physical form in other cases) to the Members holding shares of the Company as on 16th July 2018;

Where Notice is sent by e-mail, User ID and Password are sent in the e-mail itself. Where Notice is sent in physical form, User ID and Password are printed at the bottom of the Attendance Slip for the AGM sent alongwith the Notice;

Shareholders who become Members of the Company, after despatch of Notice and hold shares as on 13th August 2018 may obtain the User ID and Password for e-Voting by sending an e-mail, intimating DP ID and Client ID / Folio No. to raman@scl.co.in or Member may send an e-mail request to evoting@nsdl.co.in or can vote through Ballot Paper distributed at the venue of AGM;

(iii) M/s B Chandra & Associates, Company Secretaries (Firm No. P2017TN065700), Chennai has been appointed by the Board of Directors as scrutinizer for conducting the remote e-Voting process and voting through Ballot Papers at the AGM, in a fair and transparent manner;

(iv) The Scrutinizer shall, immediately after the conclusion of the voting at AGM, first count the votes cast at the meeting, thereafter unlock the votes through remote e-Voting in the presence of atleast two witnesses, not in employment of the Company and make, within 48 hours from the conclusion of AGM, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company or any other Director, who shall countersign the same; and

(v) The Scrutinizer will submit their report to the Chairman, or any other Director of the Company, who will declare the result of the voting. The results declared along with the Scrutinizer's report will be placed on the Company's website www.sundaram-clayton.com & on the website of NSDL www.evoting.nsdl.com and shall also be communicated to the Stock Exchanges. All the resolutions, subject to receipt of requisite number of votes, shall be deemed to be passed at the AGM scheduled to be held on 20th August 2018;

22. Route-map to the venue of AGM is provided in the Attendance Slip;

23. Any query relating to financial statements must be sent to the Company's Registered Office atleast 7 days before the date of AGM;

24. In accordance with the provisions of Article 129 of the Articles of Association of the Company, Dr. Lakshmi Venu, Mr Gopal Srinivasan will retire by rotation at AGM and being eligible, offer themselves for re-appointment. As per the recent amendment to SEBI (LODR) Regulations, approval of the members is also sought for continuation of Mr K Mahesh as Non-Executive Director of the Company; and

25. In terms of 36(3) of SEBI (LODR) Regulations read with Secretarial Standards on General Meeting, brief profile of the directors, who are proposed to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, other Directorships and committee memberships, their shareholding and relationship with other Directors of the Company are given below:

I. Dr. Lakshmi Venu

Dr. Lakshmi Venu, aged 35 years, a graduate of Yale University, holds a Doctorate in Engineering Management from the University of Warwick.

She underwent her initial training for three years as a Management Trainee in Sundaram Auto Components Limited, a subsidiary of the Company, beginning from 2003 and when she was deputed to work in the Company, she underwent an extensive in-depth induction and worked in the areas of business strategy, corporate affairs, product design and sales & marketing of the Company.

Dr. Lakshmi Venu is the Deputy Managing Director of TAFE Motors and Tractors Limited. She also holds Directorships in various other companies.

She does not hold any share in the Company.

She has attended all five Board meetings held during the year 2017-18.

She is a member of the Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Company.

She is related to Mr Venu Srinivasan, Chairman & Managing Director and Mr Sudarshan Venu, Joint Managing Director of the Company.

Details of her other Directorships and Memberships of Committees are given below:

S. No.	Name of the Company	Position held	Committee Membership
1.	TAFE Motors and Tractors Limited	Deputy Managing Director	-
2.	TVS Motor Company Limited	Director	-
3.	Sundram Non-Conventional Energy Systems Limited	Director	-
4.	Sundaram Auto Components Limited	Director	Corporate Social Responsibility Committee
5.	WABCO India Limited	Independent Director	Corporate Social Responsibility Committee
6.	LV Trustee Private Limited	Director	-
7.	Sundaram-Clayton (USA) Limited	Director	-
8.	Sundaram Holding USA Inc.	Director	-

II. Mr Gopal Srinivasan

Mr Gopal Srinivasan, aged 59 years, is the Chairman & Managing Director of TVS Capital Funds Private Limited that has launched an India focused growth private equity fund. The vision is to develop and nurture India's mid-cap businesses into world class companies. The fund will make investments in companies that are at the intersection of high growth consumer consumption driven opportunities and a developmental theme, such as organizing the unorganized/inefficient sectors. The fund will target to source proprietary investment opportunities, and be a strategic partner to the entrepreneur and the enterprise to help expand businesses beyond their existing roots, professionalize their operations and enhance their management team.

Mr Gopal Srinivasan, a member of the TVS family, is the founder and Chairman of TVS Electronics Limited, and is a Director in T V Sundram Iyengar & Sons Private Ltd, the Holding Company and several group companies. He was also a Board member in Great Lakes Institute of Management.

He was the Chairman of the "Confederation of Indian Industry (CII)" Tamil Nadu State Council for the fiscal year 2007-08. He was also the Chairman of CII National Committee for Private Equity & Venture Capital for the fiscal year 2010-11. He has also served on various leadership roles in several business associations.

Mr Gopal Srinivasan has incubated over eight businesses, and has over twenty eight years of operational experience in India, along with a wide network of relationships across the world.

A passionate entrepreneur, he is also actively involved in the promotion of Entrepreneurship as an angel investor. He is associated with Chennai Angels as well as TIE (The Indus Entrepreneurs) where he provides guidance to the budding entrepreneurs on incubating businesses.

He earned a B.Com degree from Loyola College, Chennai and an MBA from University of Michigan, USA.

He is a member of the Administrative Committee of Directors of the Company.

He holds 66 Equity Shares in the Company and he is related to Mr Venu Srinivasan, Chairman & Managing Director of the Company.

Details of his other Directorships and Memberships / Chairmanships of Committees are given below:

S. No.	Name of the Company	Position held	Committee Membership/ Chairmanship
1.	TVS Electronics Limited	Chairman	-
2.	Harita Techserv Limited	Chairman	-
3.	Lucas-TVS Limited	Director	-
4.	TVS Logistics Services Limited	Director	-
5.	Wonderla Holidays Limited	Director	Audit Committee Nomination and Remuneration Committee (*) Corporate Social Responsibility Committee
6.	Indian Energy Exchange Limited	Director	Stakeholder's Relationship Committee Strategic Committee Technology Advisory Committee
7.	TVS Capital Funds Private Limited	Chairman and Managing Director	-
8.	TVS Investments Private Limited	Chairman and Managing Director	-
9.	T V Sundram Iyengar & Sons Private Limited	Director	-
10.	Sundaram Industries Private Limited	Director	-
11.	TVS Wealth Private Limited	Director	-
12.	Nextwealth Entrepreneurs Private Limited	Director	-
13.	Cointribe Technologies Private Limited	Director	-

(*) Indicates Committee in which the Director holds the position as Chairman

III. **Mr K Mahesh**

Mr K Mahesh, aged 74 years, is a B.Tech graduate in Metallurgy from I.I.T., Chennai. He was the past President of Automotive Component Manufacturers Association of India (ACMA) and also the past Chairman of ACMA Centre for Technology. He is the founder trustee of TSK Memorial Trust. He was the member of the National Council of Confederation of Indian Industry.

He is the Chairman of Sundaram Brake Linings Limited.

He holds 504 Equity Shares in the Company. He is not related to any Director of the Company.

Details of his other Directorships and Memberships of Committees are given below:

S. No.	Name of the Company	Position held	Committee Membership/ Chairmanship
1.	Sundaram Brake Linings Limited	Chairman	Corporate Social Responsibility Committee
2.	Southern Roadways Limited	Director	-
3.	Sundaram Textiles Limited	Director	-
4.	T V Sundram Iyengar & Sons Private Limited	Whole-Time Director	-
5.	TVS Global Trade Private Limited	Director	-

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Explanatory statement sets out all material facts relating to the special business mentioned in the accompanying Notice dated 22nd May 2018 and shall be taken as forming part of the Notice.

Item No. 4

As per the recent amendment to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations), effective 1st April 2019, appointment of a person or continuation of a person as a Non-Executive Director who has attained the age of 75 years, requires a special resolution to that effect and the explanatory statement annexed to the Notice for such motion shall indicate the justification for appointing such a person.

Mr K Mahesh, the Non-Executive Non-Independent Director (NE-NID) of the Company presently aged 74 years will attain 75 years of age by October 2018.

In view of his reappointment at the 55th AGM held in 2017, his current tenure of office as NE-NID would continue beyond 1st April 2019. Therefore, the Nomination and Remuneration Committee (NRC) considered and reviewed his brief profile and it was satisfied with the appropriate mix of skills, experience and his competency in the automotive industry.

Both the NRC and Board considered that it will be prudent and beneficial to appoint him as NE-NID of the Company, liable to retire by rotation and recommended the proposal of his continuance as a Director for approval of the Shareholders, by way of special resolution.

Except Mr K Mahesh, Director, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.4 of this Notice.

The Board, therefore, recommends the special resolution, as set out in item No.4, for re-appointment of Mr K Mahesh, as a Director of the Company, to be approved by the Shareholders.

Item No. 5

As recommended by the Audit Committee, the Board at its meeting held on 22nd May 2018, re-appointed Mr A N Raman, Practising Cost Accountant, having membership no. 5359, as Cost Auditor of the Company, in terms of Section 148 of the Act, 2013 and fixed a sum of Rs. 3,00,000 (Rupees three lakhs only) as remuneration payable to him for the financial year 2018-19, subject to ratification by the Shareholders of the Company.

In terms of Section 148 (3) of the Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the Shareholders at the ensuing AGM of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out in Item No.5 of this Notice.

The Directors, therefore, recommend the ordinary resolution, as set out in Item No.5 for ratification of remuneration payable to the Cost Auditor of the Company.

By order of the Board of Directors

Chennai
22nd May 2018

R Raja Prakash
Company Secretary

Registered Office:
"Jayalakshmi Estates"
29, Haddows Road,
Chennai - 600 006,
Tamil Nadu, India

Directors' report to the shareholders

The Directors have pleasure in presenting the 56th Annual Report and the audited financial statements for the year ended 31st March 2018.

1. FINANCIAL HIGHLIGHTS

(Rs. in Cr)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Sales (including Excise duty) and other income	1,766.74	1,589.67
EBITDA	107.62	206.57
Less: Finance Cost	33.70	28.54
Depreciation	73.08	60.64
Profit before tax before exceptional items	0.84	117.39
Add : Exceptional Item (Income)	-	2.28
Profit before tax	0.84	119.67
Provision for tax	(54.08)*	14.08
Profit for the year after tax	54.92	105.59
Add: Balance in Statement of Profit & Loss including General Reserve	426.15	381.03
: Transfer from Other Comprehensive Income	0.21	3.66
Total Comprehensive Income available	481.28	490.28
Appropriations:		
Dividend and Dividend Distribution tax	30.35	64.13
Surplus carried forward	450.93	426.15
Total	481.28	490.28

* After considering MAT credit and deferred tax asset

2. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 15th March 2018, declared an interim dividend of Rs.15 per share (300%) for the year 2017-18, absorbing a sum of Rs.30.35 Cr. The same was paid to the shareholders on 26th March 2018.

The Company has set-off its dividend distribution tax payable under Section 115-O(1A) of the Income Tax Act, 1961 against the dividend distribution tax paid by one of its Subsidiary Company on its dividend declared.

The Board does not recommend any further dividend for the year under consideration.

3. PERFORMANCE

The past year 2017-18 started with the introduction of BS IV emission norms and the landmark GST reform. GDP growth increased and India ended the year as one of the fastest growing large economies in the world.

The Gross domestic Product (GDP) estimates were improved but India registered a lower growth of 6.8% (7.1% in 2016-17) owing to its subdued performance in the first half of the year clearly outweighing the efforts in the second half of the year.

Global economic and geo political environment continued to be volatile during 2017.The GDP in the U.S. and EU markets registered a growth of 2.3% (1.6% in 2016) and 2.4% (1.7% in 2016).

During the year, there has been an unexpected increase in demand from the customers. Considering the challenges in enhancing operational capacity and efficiency, in the short term the Company was compelled to resort to:

(a) outsourcing some incremental volumes; and

(b) air-freighting the components to overseas customers.

This arrangement ensures that the customers' production lines are not affected. However, these steps have resulted in an increase in cost on account of premium airfreight and outsourcing cost by Rs.157.90 Cr. for the year 2017-18.

The following table highlights the performance of the Company during 2017-18:

Particulars	FY 2017-18	FY 2016-17	Variance (in %)
Sales (Tonnage)	50,592	45,676	11
Sale of goods (Rs. in Cr)	1543.8	1,295.3	19
Domestic sales (Rs. in Cr)	903.6	793.1	14
Export sales (Rs. in Cr)	640.2	502.2	27
Profit after tax (Rs. in Cr)	54.9	105.6	(52)

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Domestic

The segment wise performance in the Indian automotive industry is given in the following table.

Category	FY 2017-18	FY 2016-17	Variance (in %)
Two Wheelers	2,30,07,690	1,99,30,489	15
Passenger Vehicles	40,33,667	38,05,557	6
Commercial Vehicles (M&HCV)	4,13,927	3,64,458	14

(Source: SIAM+DICV internal estimate)

The Indian auto industry (domestic sales and exports) posted an overall growth of 14% (Source: SIAM). The Automotive and related industries witnessed several headwinds in FY 2017-18 spaced throughout the year such as introduction of BSIV emission norms, implementation of the Goods and Services Tax system, regulatory changes such as overloading restrictions and compulsory air-conditioned cabins for trucks, introduction of the e-way bill, rising prices of aluminum and oil, all of which hindered the industry's performance.

Exports

The following table highlights the North American and European truck registration figures in vehicle units:

(in Nos)

Market	Category	FY 2017-18	FY 2016-17	Growth (in %)
North America	Class 8 Trucks	2,62,398	2,30,789	13.7
North America	Class 4-7 Trucks	2,56,247	2,33,880	9.6
Europe	Medium & Heavy trucks	2,99,894	2,99,008	0.3

(Source: FTR & ACEA)

The Class 8 truck market in North America has outperformed the forecasted sales figures for the year. The market scenario has now shifted from 'demand constrained market' to a 'Supply constrained market'.

The third quarter sales in the financial year 2017-18 boosted the performance of the European market.

BUSINESS OUTLOOK AND OVERVIEW

With most of the rates rationalized and compliance system simplified, the Goods and Services Tax (GST) system is expected to stabilize and the various grievances to be addressed more efficiently. Thus, it will be a conducive ecosystem for business growth with many things being streamlined.

Higher focus on rural segment and infrastructure development as rolled out in the central budget 2018-19 is likely to improve demand in markets. The monsoon forecast also being set favorably at normal or above normal is an enabler for growth in the agricultural sector.

The implementation of the 7th Pay commission and Bank recapitalization is expected to spur consumption and increase credit availability in the economy.Hence, the GDP growth rate in India for FY 2018-19 is likely to hover around 7.4%.Given the economic outlook, the automobiles and auto-component sectors are expected to see a growth year in FY 2018-19.

Over the medium to long term, growth in the auto component industry is likely to be higher than the underlying automotive industry growth given the increasing localization by OEMs, higher component content per vehicle. Auto component export is another key growth driver. The "Make in India" pitch may further boost the growth of the component industry.

Globally, IMF expects global growth to be at 3.9% in 2018 (3.7% in 2017).Global revival indicates better performance in the export markets.

In the U.S., macroeconomic factors indicate an upswing in the year ahead. The U.S. Federal Reserve is likely to make measured progress in hiking its benchmark interest rates on the back of strong fundamentals and in order to control inflation risks. The recent cut in the U.S corporate tax rate from 35% to 21% is expected to lead to increased investment and stimulate economic activity. Hence, the U.S GDP is likely to expand between 2.8–3% in 2018. The U.S. truck market (Class 8) volumes are expected to grow at 26% in 2018.

The EU GDP is expected to grow at 2.3%. With inflation under control at 1.5%, the economy is expected to be stable with marginal growth. The truck market is expected to grow along the lines of the economy like last year. With several markets expected to experience cyclical or all-time peaks, the EU commercial vehicles demand (M&HCV segment) in 2018 is expected to pause and grow by less than 3% (2% in 2017).

Implementation of Goods and Services Tax Act (GST)

Effective 1st July 2017, the Company has successfully & seamlessly transitioned to new GST regime and has passed on the benefits arising out of GST changeover to its customers.

Opportunities & Threats

The Company supplies aluminum castings for commercial vehicles, passenger cars and two wheeler segments of the automotive industry.

The revenue of the Company is derived from Medium & Heavy Commercial Vehicles (M&HCV) (50%), followed by car industry (26%) and two wheeler industry (24%).

In the medium to long term, the projected growth of domestic auto industry, and ambitious export plans of the Indian OEMs are likely to benefit the Company.

In view of stringent emission norms and fuel economy regulations, the thrust towards light-weighting is bound to increase leading to higher content of aluminum in all vehicle types. The Company is well placed to leverage these emerging opportunities. This will provide for increased growth opportunities, since the Company is already a preferred source for aluminum castings to major OEM's in India and abroad.

India is emerging as one of the major manufacturing hubs, thanks to availability of well-educated engineers, skilled workforce, good supply base and initiatives by the government.

Several Indian die casting companies and OEMs are either setting up new capacities or expanding existing capacities resulting in increased competition.

Intense competition makes it extremely difficult to seek price increases to compensate the effects of inflation bringing the margins under severe pressure. However, the Company's supply contracts provide for periodic price adjustments indexed to the international prices of aluminum and this should offer some protection against volatility of commodity prices.

Risks and concerns

Economy

There are possible risks on the horizon, both external and domestic. Spill-overs from tense geo-political developments, corrections in global asset prices, rising oil prices, tighter monetary and protectionist trade policies by developed countries could be disruptive.

In India, reform implementation risks, inflationary concerns, policy uncertainty, budgetary adjustments and pre-election year could pose as challenges for growth.

Industry specific

The Indian commercial vehicle industry is a strong indicator of the economic activity in a country and has a strong correlation with the agricultural growth, infrastructure development, the mining industry and is also cyclical.

The global automotive industry is experiencing the situation of a cyclical demand peak. Competition has increased in the Indian market due to entry of new players and expansion plans of existing ones. The Company is aware of the increasing competition and is taking customer focused measures to remain competitive in the market place.

Primary aluminum experienced price inflation in 2017-18. Benchmark LME aluminum prices gained 23% in 2017, reaching a peak of $2,215 in October. That was the highest level seen in over five years. Given the developments in China and its trade war with the U.S, the prices are expected to experience a correction in 2018-19.

Forex

With significant exports, import of raw materials and capital goods and foreign currency liabilities, the Company is always exposed to currency fluctuations. The Company has a well-defined forex hedging policy to mitigate the risks.

Contractual

The stipulation and requirements of the automobile industry demands high quality products. Robust quality management systems meeting international standards like IATF 16949 are in place to ensure excellent product quality. However, appropriate recall and product liability insurance in line with standard industry practice have been taken.

Just-in-time delivery is another important contractual obligation. Robust quality and project management systems are in place to avoid delay in deliveries due to quality issues or project implementation.

Capacity utilization

The Company adds capacity, in existing and new locations, to meet the projected demand of customers. The Company closely monitors the progress of customer projects/volumes and appropriately deploys the assets to protect from both underutilization and capacity shortages to meet the demand.

Risk Management

The Board has established a robust Risk Management framework to identify, monitor and minimize risks as well as to identify business opportunities.

Risk evaluation and management is an ongoing process. As a process, risks associated with the business are identified and prioritized based on the Company's overall risk appetite, strategy, severity and probability of occurrence. Process owners are identified for each risk and metrics are developed for continuous monitoring and minimization of risk.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company has constituted a separate Risk Management Committee on 22nd May 2018 for overseeing all the risks that the Organization faces such as strategic, financial, market, IT, legal, regulatory, reputational and other risks and recommends suitable action. Risk mitigation policy has already been approved by the Board.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded. Information provided to management is reliable and timely. The Company ensures adherence to all statutes.

Internal Financial Control

The Company has an established Internal Financial Control framework including internal controls over financial reporting, operating controls and anti-fraud framework. The framework is reviewed regularly by the management and tested by internal audit team and presented to the Audit Committee. Based on periodical testing, the framework is strengthened, from time to time, to ensure adequacy and effectiveness of Internal Financial Controls.

OPERATIONS REVIEW

Manufacturing

The Company has been using Total Quality Management (TQM) as the foundation of its management. The Company implemented the best practices like Total Productivity Management (TPM) and Lean Manufacturing (TPS) in its manufacturing facilities. It also has in place best-in-class practices for safety, pollution control, work environment, water and energy conservation.

Continuous improvement projects are implemented to improve the product quality and productivity in all the manufacturing locations. The Company's journey of achieving manufacturing excellence was recognized and rewarded by the following customers during FY 2017-18.

- Cummins - Category partner – Aluminum casting
- PACCAR / DAF - Supplier of the year – Cost management
- Rotex - Best Green channel supplier

Quality

Achieving customer delight by consistently providing products of excellent quality is the prime motto of the Company. This is achieved through state-of-art technology, training, effective quality system, continuous improvement and total employee involvement.

Poka-yokes, process audits, use of statistical tools for process optimization and online process controls also contribute towards improving and achieving consistency in product quality. The quality system is certified for IATF 16949 requirements.

TQM is a way of life in the Company. 100% employee involvement has been successfully achieved for many years.

Employees have completed 920 projects by applying statistical tools through Quality Control Circles (QCC) in 2017-18. The average number of suggestions implemented per employee was 60.

Cost Management

Cost Management is a continuous journey and the Company manages the same through deployment of costs across all departments. A cross functional team is working on projects focussed on Value Added/Value Engineering (VA/VE) and operational efficiency. TPM and lean initiatives are deployed Company-wide to achieve reduction in manufacturing cost.

Information Technology

The Company uses ERP system that integrates all business processes across the Company. Suppliers and customers are also integrated into the system for better planning and execution. During the year, several dashboards were added to improve the productivity, quality and reduce the cost of operations. Projects were also implemented to further enhance the Information Security.

HUMAN RESOURCE DEVELOPMENT (HRD)

The Company considers employees as vital and most valuable assets. HRD is aligned to business needs to enhance business performance and results. HRD is practiced through an overall HRD framework with its constituents as resourcing, employee engagement, performance & compensation management, competency based development, career & succession planning and organization development. Each of these constituent has a structured approach and process to deliver.

As a part of the long term strategies of the Company, collaborative education program has been initiated with three reputed institutes to develop role-ready engineers with Company-specific knowledge at the entry level.

Career development workshop is conducted to identify high potential employees. Such employees are groomed for taking up higher responsibilities. A reward and recognition system is in place to motivate and also provide fast track growth for the high potential employees.

Our engineers and executives are sponsored for advanced study offered by both Indian and foreign institutions. Customized technical and leadership competency improvement programs are developed and delivered through reputed institutions.

The Company continuously measures and reports employee engagement every year and identifies improvement areas to work on.

An excellent industrial relations environment continues to prevail at all the manufacturing units of the Company.

As on 31st March 2018, the Company had 2,354 employees on its rolls.

ENVIRONMENT, HEALTH & SAFETY (EHS)

The Company is fully committed to the ultimate goal of employee safety. Safety management is integrated with the overall EHS.

The Company has been certified under Integrated Management System combining ISO 14001 and OHSAS 18001 systems and procedures.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, amongst others, economic conditions affecting demand/ supply and price conditions in the domestic and overseas market in which the Company operates, changes in the Government Regulations, Tax Laws and Other Statutes and Incidental Factors.

5. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013, (the Act 2013) with respect to Directors' Responsibility Statement, it is hereby stated that -

i. in the preparation of annual accounts for the financial year ended 31st March 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;

ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review;

iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the Directors had prepared the accounts for the financial year ended 31st March 2018 on a "going concern basis";

v. the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

vi. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR activities have already been textured into the Company's value system through Srinivasan Services Trust (SST), established in 1996 with the vision of building self-reliant rural community.

Over 22 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

The Company is eligible to spend on their ongoing projects / programmes, falling within the CSR activities specified under the Act, 2013, as mandated by the Ministry of Corporate Affairs for carrying out the CSR activities.

The Committee formulated and recommended a Corporate Social Responsibility policy in terms of Section 135 of the Act, 2013, along with a list of projects / programmes to be undertaken for CSR spending in accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

As per CSR provisions of the Act, 2013, the Company is required to spend Rs. 97 lakhs for the financial year 2017-18 towards CSR initiatives. Considering the performance of the Company, the Company could not allocate sufficient resources for undertaking CSR activities as per the limits prescribed under the Act, 2013 and the Company spent Rs. 25.00 Lakhs through Srinivasan Services Trust (SST) for the year 2017-18. The Company will continue the CSR spending for the year 2018-19 as per requirements of the Act, 2013.

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 30,92,281 population and 7,19,890 families. Its major focus areas are economic development, health care, quality education, environment and infrastructure.

Achievements in the above villages are:

Economic development:

- 3,81,801 families living in these villages have a monthly income of Rs.15,000/- and above. They have financial security.
- 3,846 Farmer groups have been formed with 53,323 members.
- Improved agriculture practices enabled 2,31,059 Farmers owning 2,51,393 hectares have increased the yields higher than the state average by 15%.
- 2,24,805 families earn more than Rs 3,500/- per month through livestock.

Women empowerment:

- Formed 9,692 Self Help Groups. These groups have 1,43,821 women as Members.
- Of the 1,43,821 Members, 1,40,480 Members are in income generation activities. They earn a minimum income of Rs. 3,000/- per month.

Health care:

- 76,945 children in the age group below 5 are not malnourished.
- 4,52,930 women are freed from anaemia.
- 4,04,589 households made access to toilet facilities.
- The morbidity percentage reduced from 9% to 5%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 1,688 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.
- 88% involvement of mother volunteers in the functioning of anganwadis. They volunteer their time to ensure proper functioning.

Quality education:

- 100% enrolment of children in schools. There are no drop outs in the schools.
- Number of percentage of slow learners reduced in schools from 29% to 11%.
- Out of 1,764 schools, 1,299 schools are now model schools.
- 1,14,273 illiterate women out of 1,53,493 have been made literates.

Environment and Infrastructure:

- 3,45,140 households dispose solid waste through individual and common compost pits. 91 tons of vermi compost generated per month from wastes.
- Sewage water from 3,48,604 households disposed through soak pits, kitchen gardens and drain.
- Safe drinking water is available to 3,343 villages.

Community takes care of their development needs. 11,639 social leaders are active in this effort.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2017-18 are given by way of Annexure-IV attached to this Report.

7. PERFORMANCE OF SUBSIDIARIES & ASSOCIATES

The following companies and bodies corporate are the subsidiaries / associates of the Company:

Subsidiaries

1. TVS Motor Company Limited;
2. Sundaram Auto Components Limited;
3. TVS Housing Limited;
4. TVS Motor Services Limited;
5. TVS Credit Services Limited;
6. TVS Two Wheeler Mall Private Limited;
7. TVS Micro Finance Private Limited;
8. Harita ARC Private Limited;
9. Harita Collection Services Private Limited;
10. TVS Commodity Financial Solutions Private Limited;
11. TVS Housing Finance Private Limited;
12. Sundaram-Clayton (USA) Limited, USA;
13. TVS Motor Company (Europe) B.V., Amsterdam, Netherlands;
14. TVS Motor (Singapore) Pte. Limited, Singapore;
15. PT TVS Motor Company Indonesia, Jakarta;
16. Sundaram Holding USA Inc, Delaware, USA;
17. Green hills Land Holding LLC, South Carolina, USA;
18. Components Equipment Leasing LLC, South Carolina, USA;
19. Sundaram-Clayton (USA) LLC (formerly Workspace Project LLC), South Carolina, USA; and
20. Premier Land Holding LLC, South Carolina, USA.

Associates

1. Emerald Haven Realty Limited;
2. TVS Training and Services Limited; and
3. Sundram Non-Conventional Energy Systems Limited

SUBSIDIARIES

TVS Motor Company Limited (TVSM)

TVSM is engaged in the business of manufacture of two and three wheelers. During the year 2017-18, TVSM achieved a turnover of Rs.15,618 Cr and earned a profit after tax of Rs. 663 Cr.

TVSM for the year 2017-18, declared first interim dividend of Rs.2.00 per share (200%) absorbing a sum of Rs.114.36 Cr including dividend distribution tax and a second interim dividend of Rs.1.30 per share (130%) absorbing a sum of Rs.73.27 Cr including dividend distribution tax.

Hence, the total amount of dividend for the year ended 31st March 2018 aggregated to Rs.3.30 per share (330%) on 47,50,87,114 equity shares of Re.1 each.

Sundaram Auto Components Limited (SACL)

Sales of SACL grew 20% from Rs.480.9 Cr in the previous year to Rs.575.7 Cr in the year 2017-18. Increase in business from the Company, Autoliv and Daimler were the key growth drivers.

SACL also entered into the area of component manufacturing of two-wheeler electric vehicle through orders obtained from Ather Energy and also cleared major customer audits for Ather energy, MACE (for supplies to Maruti Suzuki), Grupo Antolin, Rane TRW and PSA Citroen.

SACL earned a Profit Before Tax of Rs.24.52 Cr during the year 2017-18 as against Rs. 34.94 Cr including exceptional items of Rs. 9.84 Cr in the previous year.

SACL at its meeting held on 2nd March 2018, declared an interim dividend of Rs.1.45 per share (14.5%), on 3,59,25,000 equity shares of Rs.10/- each fully paid up, absorbing a sum of Rs. 6.27 Cr including dividend distribution tax, for the year ended 31st March 2018.

Equity Share Capital of SACL as on 31st March 2018 increased to Rs.35.92 Cr from Rs.14.55 Cr in the previous year.

During the year, SACL allotted 2,13,70,000 equity shares of Rs.10 each at a premium of Rs.70 per share to TVS Motor Company Limited (TVSM), on rights basis, in multiple tranches.

SACL proposes to demerge its automobile trading division alongwith its relevant assets and liabilities to TVS Motor Services Limited (TVS MS).

Accordingly, the Board of SACL at its meeting held on 26th April 2018 approved a Scheme of Demerger. Since both SACL and TVS MS are wholly owned subsidiaries of TVSM, shares issued by TVS MS, based on the valuation of the demerging division, to TVSM towards the transfer of the automobile trading division from SACL to TVS MS in accordance with the Scheme of Demerger, will not change the status of both subsidiaries.

TVS Housing Limited (TVSH) / Emerald Haven Realty Limited (EHRL)

During the year, TVS Housing Limited has earned a profit of Rs. 0.05 Cr on disposal of existing land bank.

EHRL through one of its subsidiary is developing 18 acres of land in Kolapakkam, Chennai. The 1st phase consists of 352 apartments and 34 villas and the construction of the same has been completed. 72% of the apartments and 65% of the villas have been sold. Constructions of the other phases have commenced.

EHRL has also entered into a platform deal with a private equity investor, to invest in new projects. Out of the platform deal 9.5 acres of land has been acquired near Porur in Chennai. The building plan approval process for the land is in progress and the Company expects to launch the project in first half of 2018-19.

EHRL through its another subsidiary has invested in a 2 acre land parcel in Radial Road, Chennai and the project to construct 279 apartments has been launched. During the year, EHRL has also acquired 6.5 acre parcel of land in OMR, Chennai.

During the year, EHRL earned a Profit Before Tax of Rs.6.56 Cr as against Rs. 5.36 Cr in the previous year on a consolidated basis.

PT. TVS Motor Company Indonesia (PT TVSM)

The industry for the year 2017-18 witnessed growth of 5% over 2016-17, after 3 years of decline. While bebek segment and motorcycle segment suffered decline of 5% and 7% respectively, matic segment grew by 8%.

For PT TVSM, the total two wheeler sales increased from 26,756 vehicles in 2016-17 to 37,096 vehicles in 2017-18 fuelled by exports.

PT TVSM recorded an EBITDA loss of 3.72 Mn USD in 2017-18 compared to 3.15 Mn USD in 2016-17.

TVS Motor Company (Europe) B.V & TVS Motor (Singapore) Pte. Ltd

TVSM had earlier incorporated both these entities with a view to serve as special purpose vehicles for making and protecting the investments made in overseas operations of PT TVSM.

TVS Motor Services Limited (TVS MS)

During the year under review, TVSM acquired the entire equity share capital of TVS MS on 7th September 2017.

In terms of Section 2(87) of the Companies Act, 2013, by this acquisition of entire equity shares of TVS MS, TVS Credit Services Limited (TVS CS) & its subsidiaries, also became subsidiaries of the Company, as mentioned below:

1. TVS Credit Services Limited
2. TVS Two Wheeler Mall Private Limited
3. TVS Micro Finance Private Limited
4. Harita ARC Private Limited
5. Harita Collection Services Private Limited
6. TVS Commodity Financial Solutions Private Limited
7. TVS Housing Finance Private Limited

TVS MS is the investment SPV of TVSM, for funding TVS CS. TVSM acquired Non-Cumulative Redeemable Preference Shares (Preference Shares) of TVS MS held by the Company and Lucas-TVS Limited (Lucas-TVS) on 18th December 2017 and thereby holds 100% of the Preference Share Capital of TVS MS.

TVSM settled the consideration to the Company and Lucas-TVS for the acquisition of preference shares by transferring its holding in equity shares of TVS CS, i.e, 1,35,17,547 Nos of equity shares in aggregate, to the said companies, based on the valuation report obtained from an Independent Valuer, for acquisition of Preference Shares.

TVS MS has filed a Scheme of Arrangement (Scheme) with National Company Law Tribunal (NCLT) for redemption of Preference shares by transferring its holding in TVS CS.

As per the Scheme, TVS MS will transfer its investment of 13,36,51,475 (Thirteen Crore Thirty Six Lakhs Fifty One Thousand Four Hundred and Seventy Five) equity shares of Rs. 10 (Rupees Ten) each in TVS CS (out of the total investment in 13,47,41,600 equity shares of TVS CS held by TVS MS), to TVSM, in proportion to the Preference Shares holding in the total paid-up capital of TVS MS.

On approval of the Scheme, TVS CS an NBFC Company, will become the direct subsidiary of TVSM. In this connection, RBI has also issued No Objection letter for change in the shareholding pattern of TVS CS, being a NBFC.

TVS Credit Services Limited

TVS CS is the retail finance arm of TVSM for financing of two-wheelers. In line with its long term vision of being preferred financier with diversified and profitable portfolio, TVS CS added Consumer Durable & Used Commercial Vehicle Finance portfolios during the year 2017-18.

During the year 2017-18, TVS CS's overall disbursements registered a growth of 22% at Rs. 4,899 Cr as compared to Rs. 4,007 Cr in the previous year. The assets under management stood at Rs. 6,152 Cr as against Rs. 5,002 Cr during the previous year registering a growth of 23%. Total income during the financial year 2017-18 increased to Rs. 1,340.64 Cr from Rs. 1,114.80 Cr during the financial year 2016-17, an increase of 20.2% over the previous year.

The Profit Before Tax for the year has also improved and stood at Rs. 170.14 Cr as against Rs. 135.56 Cr during the previous year with a growth rate of 25.5%.

The subsidiaries of TVS CS are yet to commence their operations.

Sundaram-Clayton (USA) Limited

Sundaram-Clayton (USA) Limited, a wholly owned subsidiary of the Company is engaged in the business of providing Professional Employer Organisation ("PEO") services to the employees of the Company. The Company earned revenue of USD 10,167 and net income after adjustment of expenses amounted to USD 390 for the year ended 31st March 2018.

Sundaram Holding USA Inc. (SHUI) & its subsidiaries

The Company along with Sundaram Auto Components Limited made an investment of USD 32 Mn in SHUI, a Company established under the applicable provisions of Laws of The United States of America. SHUI's wholly owned subsidiaries are:

1. Green Hills Land holding LLC, South Carolina, USA
2. Component Equipment Leasing LLC, South Carolina, USA
3. Sundaram-Clayton USA LLC, South Carolina, USA (Formerly known as Workspace Project LLC)
4. Premier Land Holding LLC, South Carolina, USA

During the year 2017-18, SACL invested a sum of USD 20,399,250 in the ordinary shares of SHUI and the Company invested a sum of USD 6,306,318 in the ordinary shares of SHUI. As on 31st March 2018 SACL holds 75% and SCL holds 25% in the total share capital of SHUI.

SHUI has acquired land in Dorchester County, USA for its plant, where it will manufacture High Pressure Die Cast and Gravity Cast parts. Construction at site is in progress and commercial production is expected to commence towards the end of the year 2018-19.

The loss for the financial year ended 31st March 2018 was USD 2,278,295 due to pre-production expenses.

ASSOCIATES

TVS Training and Services Limited (TVS TSL)

TVS TSL is engaged in the business of establishing and providing vocational training services to various industries and is participating in the National Skill Development Projects. During the year, the Company earned an income of Rs. 26.55 Cr and profit for the year ended 31st March 2018 was Rs.1.33 Cr.

Sundram Non-Conventional Energy Systems Limited (SNCES)

SNCES is engaged in the business of generation of power. During the year, the Company earned a total revenue of Rs.3.64 Cr and Profit after tax was Rs.2.08 Cr.

8. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) along with a separate statement containing the salient features of the financial performance of subsidiaries / associates, in the prescribed form. The audited consolidated financial statements together with Auditor's Report forms part of the Annual Report.

The audited financial statements of the subsidiary companies will be made available to the Shareholders, on receipt of a request from any Shareholder of the Company and it has also been placed on the website of the Company. This will also be available for inspection by the Shareholders at the Registered Office during the business hours as mentioned in the Notice of AGM.

The consolidated Profit after tax of the Company and its subsidiaries & associates amounted to Rs. 628.78 Cr for the financial year 2017-18.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Independent Directors (IDs)

All IDs hold office for a fixed term and are not liable to retire by rotation.

At the Annual General Meeting (AGM) held on 21st August 2014, M/s Vice Admiral P J Jacob (Retd.), V Subramanian, S Santhanakrishnan, R Vijayaraghavan and Kamlesh Gandhi, were appointed as IDs for the first term of five consecutive years from the conclusion of the fifty-second AGM, not liable to retire by rotation, and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the Board and / or Committees and profit related commission in terms of applicable provisions of the Act, 2013, within the overall limit, as determined by the Board from time to time.

Mr R Gopalan, was appointed as Non-Executive Independent Director effective 21st June 2016 through Postal Ballot and he shall hold the office till the conclusion of the 57th AGM of the Company.

On appointment, each ID has acknowledged the terms of appointment as set out in their letter of appointment. The terms cover, *inter-alia,* duties, rights to access information, disclosure of their interest / concern, dealing in Company's shares, remuneration and expenses, insurance and indemnity. The IDs are provided with copies of the Company's policies and charters of various Committees of the Board.

In accordance with Section 149(7) of the Act, 2013, all IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013. The detailed terms of appointment of IDs is disclosed on the Company's website in the following link: www.sundaram-clayton.com/Web%20files/Terms%20of%20IDs.pdf.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 15th March 2018 and all the IDs were present at the Meeting.

Based on the set of questionnaires complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to IDs to facilitate their review / evaluation.

a) Non-Independent Directors (Non-IDs)

IDs used various criteria and methodology practiced in Industry, prescribed by Nomination and Remuneration Committee (NRC) for evaluation of Non-IDs M/s. Venu Srinivasan, Chairman and Managing Director, Dr. Lakshmi Venu and Sudarshan Venu, Joint Managing Directors, T K Balaji, K Mahesh and Gopal Srinivasan, Directors, Chairman of the Board and Board as a whole.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires. They reviewed their interaction during the Board / Committee meetings and strategic inputs given by them to improve the risk management, internal controls and contribution to the Company's growth.

IDs were satisfied fully with the performance of all Non-IDs.

b) Chairman

The IDs reviewed the performance of Chairman of the Board after taking into account his performance and benchmarked the achievement of the Company with industry under the stewardship of Chairman.

The IDs also placed on record, their appreciation of Chairman's visionary leadership; setting tone, pace and opportunity for positive change and passion for constant improvement and admired the high standards of integrity and probity, quality and adequacy of leadership of Chairman and his versatile performance.

The IDs also endorsed that the Chairman is a very accomplished leader and is exceptionally well informed about the state of economy.

c) Board

The IDs also evaluated Board's composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, so as to improve governance and enhance personal effectiveness of Directors.

The evaluation process focused on Board Dynamics and upon evaluation, IDs concluded that Board is well balanced in terms of diversity of experience with expert in each domain viz., Engineering, Finance, Legal and Administration. The Company has a Board with wide range of expertise in all aspects of business.

The IDs unanimously evaluated the pre-requisites of the Board viz., formulation of strategy, acquisition & allocation of overall resources, setting up policies, Directors' selection process and cohesiveness on key issues and satisfied themselves that they were adequate.

They were satisfied with the Company's performance in all fronts and finally concluded that the Board operates with global best practices.

d) Quality, Quantity and Timeliness of flow of Information between the Company, Management and the Board

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the year under review and also the relationship between the top management and Board is smooth and seamless.

Directors retirement by rotation

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, 2013, two-thirds of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of them, one-third are liable to retire by rotation at every AGM.

Dr. Lakshmi Venu and Mr Gopal Srinivasan, Directors are liable to retire by rotation, at the AGM, and being eligible, offer themselves for re-appointment.

As per the recent amendment to the SEBI (LODR) Regulations, effective 1st April 2019, any appointment or continuance as a Non-Executive Director who attained the age of 75 years, requires a special resolution of the Shareholders.

Mr K Mahesh, the Non-Executive Non-Independent Director (NE-NID) of the Company presently aged 74 years will attain 75 years of age by October 2018. His tenure as Director of the Company would continue beyond 1st April 2019. The NRC and Board considered and reviewed the profile of Mr K Mahesh, based on his appropriate mix of skills, experience, competency and recommended his appointment to the shareholders of the Company for their approval.

The Directors have recommended the re-appointment of Directors for the approval of Shareholders. Brief resume of the Directors are furnished in the Notice convening the AGM of the Company.

Key Managerial Personnel (KMP)

In terms of Section 2(51) and Section 203 of the Act, 2013, Mr Venu Srinivasan, Chairman and Managing Director, Dr. Lakshmi Venu and Mr Sudarshan Venu, Joint Managing Directors, Mr V N Venkatanathan, Chief Financial Officer and Mr R Raja Prakash, Company Secretary are 'Key Managerial Personnel' of the Company as on date of this Report.

Upon reaching superannuation, Mr M Muthuraj retired as the Chief Executive Officer of the Company on 30th April 2018.

Nomination and Remuneration Policy

The NRC of Directors reviews the composition of the Board to ensure that there is an appropriate mix of abilities, experience and diversity to serve the interests of all Shareholders of the Company.

Nomination and Remuneration Policy was approved by the Board at its meeting held on 24th September 2014 and amended at the Board meeting held on 22nd May 2018 in terms of Section 178 of the Act, 2013. The objective of such policy shall be to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long term goals, appropriateness, relevance and risk appetite.

NRC will identify, ascertain the integrity, qualification, appropriate expertise and experience, having regard to the skills that the candidate will bring to the Board / Company, whenever the need arises for appointment of Directors / KMP / SMP.

Criteria for performance evaluation, disclosures on the remuneration of Directors, criteria of making payments to Non-Executive Directors have been disclosed as part of Corporate Governance Report attached herewith.

Remuneration payable to Non-executive Independent Directors

The Shareholders through Postal Ballot on 22nd June 2016 approved the remuneration by way of commission not exceeding 1% of the net profits in aggregate payable to Non-Executive and Independent Directors of the Company (NE-IDs) for every year, for a period of 5 years commencing from 1st April 2016.

NE-IDs devote considerable time in deliberating the operational and other issues of the Company and provide valuable advice in regard to the management of the Company from time to time, and the Company also derives substantial benefit through their expertise and advice.

Evaluation of the Independent Directors and Committees of Directors

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under SEBI (LODR) Regulations, 2015, the Board reviewed and evaluated Independent Directors and its Committees viz., Audit & Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee, based on the evaluation criteria laid down by the NRC.

The Board concurred with the recommendations made by the NRC on the evaluation of Non-IDs based on the views expressed at the IDs' meeting held on 15th March 2018.

Hence, the Board carried out the evaluation of IDs (excluding the ID being evaluated) and the Board appointed Committees through a set of questionnaires.

Independent Directors

The performance of all IDs assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the Board cohesion. The performance evaluation has been done by the entire Board of Directors, except the Director concerned being evaluated.

The Board noted that all IDs have understood the opportunities and risks to the Company's strategy and are supportive of the direction articulated by the management team towards consistent improvement.

Committees

Board delegates specific mandates to its Committees, to optimize Directors' skills and talents besides complying with key regulatory aspects.

- Audit and Risk Management Committee for overseeing financial reporting;
- Nomination and Remuneration Committee for selecting and compensating Directors / Employees;
- Stakeholders' Relationship Committee for redressing investors grievances; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives and inclusive growth.

The performance of each Committee was evaluated by the Board after seeking inputs from its Members on the basis of the specific terms of reference, its charter, time spent by the Committees in considering key issues, quality of information received, major recommendations / action plans and work of each Committee.

The Board was satisfied with overall effectiveness and decision making of all Committees. The Board reviewed each Committee's terms of reference to ensure that the Company's existing practices remain appropriate. Recommendations from each Committee are considered and approved by the Board prior to implementation.

Risk Management Committee

The Company occupied the position as one of the Top 500 listed companies as at 31st March 2018. The Board constituted a separate Risk Management Committee on 22nd May 2018 as required under the amended SEBI (LODR) Regulations. The details of composition of Committee and its charter is discussed in the Corporate Governance Report attached to this Report.

Number of Board meetings held

The number of Board meetings held during the financial year 2017-18 is provided as part of Corporate Governance Report attached to this Report.

10. AUDITORS

Statutory Auditors

The Company at its fifty fifth AGM held on 19th July 2017 appointed M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, having Firm Registration No. 007761S allotted by The Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office, for the first term of five consecutive years, from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

In terms of the above provisions, M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants have completed their first year in the first term of five consecutive years.

The Companies Amendment Act, 2017 has dispensed with the ratification of Statutory Auditor's appointment at every AGM.

The Statutory Auditors of the Company were appointed for a period of five years in the last AGM held on 19th July 2017 to hold office till the conclusion of the 60th AGM. Hence they will continue as Statutory Auditors for the year 2018-19 also.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being Statutory Auditors of the Company for the year 2018-19.

The Auditors' Report for the financial year 2017-18 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditor

As required under Section 204 of the Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company is required to appoint a Secretarial Auditor for auditing secretarial and related records of the Company.

As required under Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2017-18, of Ms B Chandra, Practising Company Secretary, Chennai is attached to this Report. The said Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The Board at its meeting held on 22nd May 2018 has re-appointed Ms B Chandra, Practising Company Secretary, Chennai having Registration No. 7859 allotted by the Institute of Company Secretaries of India, as Secretarial Auditor for the financial year 2018-19.

Cost Auditor

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board re-appointed Mr A N Raman, Cost Accountant, Chennai holding Certificate of Practice No. 5359 allotted by The Institute of Cost Accountants of India, as Cost Auditor for conducting Audit of cost records for the financial year 2018-19.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility. A sum of Rs 3 lakhs has been fixed by the board as remuneration in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses payable to him and is also required to be ratified by the members, at the ensuing AGM as per Section 148(3) of the Act, 2013.

The Company has filed the Cost Audit Report of 2016-17 on 4th September 2017 in XBRL format.

11. CORPORATE GOVERNANCE

The Company has been practicing the principles of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations, 2015 form part of this Annual Report.

The Chairman and Managing Director and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17(8) of the SEBI (LODR) Regulations, 2015 pertaining to CEO/CFO certification for the financial year ended 31st March 2018.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the SEBI (LODR) Regulations, 2015, the Business Responsibility Report for the year 2017-18 describing the initiatives taken from an environment, social and governance perspectives, in the prescribed format is given as Annexure-VI to this Report.

13. POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, which provides a formal mechanism for all Directors, Employees and other Stakeholders of the Company to report to the management, their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct and Ethics.

The Code also provides a direct access to the Chairman of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code.

The Board at its meeting held on 22nd May 2018 has made an amendment to the Whistle Blower Policy for reporting any allegations of material nature on Directors / Employees within a reasonable time limit from the occurrence of such events.

The policy is disclosed on the Company's website in the following link www.sundaram-clayton.com/Web%20files/Investors/Whistle%20Blower%20Policy.pdf.

14. PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act 2013, for the year ended 31st March 2018.

15. STATUTORY STATEMENTS

Information on conservation of energy, technology absorption, foreign exchange, etc:

Relevant information is given in Annexure-I to this Report, in terms of the requirements of Section 134(3)(m) of the Act 2013 read with the Companies (Accounts) Rules, 2014.

Material changes and commitments:

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

Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company:

There are no significant and material orders passed by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operations.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure-II to this Report, in terms of the requirement of Section 134(3)(a) of Act 2013 read with the Companies (Accounts) Rules, 2014.

Employees' remuneration:

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure-III. In terms of first proviso to Section 136(1) of the Act 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours as mentioned in the Notice of AGM and any

Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Comparative analysis of remuneration paid:

A comparative analysis of remuneration paid to Directors and employees with the Company's performance is given as Annexure-V to this Report.

Details of related party transactions:

There were no material related party transactions under Section 188 of the Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

Details of loans / guarantees / investments made:

During the year under review, the Company had not granted any loans or guarantees covered under Section 186 of the Act 2013.

Please refer note no.3 to Notes on accounts for the financial year 2017-18, for details of investments made by the Company.

Reporting of fraud:

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act, 2013.

Other laws

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

16. ACKNOWLEDGEMENT

The Directors gratefully acknowledge the continued support and co-operation received from the promoters of the Company, viz., T V Sundram Iyengar & Sons Private Limited, Southern Roadways Limited, Sundaram Industries Private Limited and Sundaram Finance Holdings Limited.

The Directors thank the vehicle manufacturers, vendors and bankers for their continued support and assistance.

The Directors wish to place on record their appreciation of the continued excellent work done by all the employees of the Company during the year.

The Directors specially thank the shareholders for their continued faith in the Company.

For and on behalf of the Board of Directors

Chennai
22nd May 2018

VENU SRINIVASAN
Chairman

Annexure - I to Directors' Report to the shareholders

Information pursuant to Section 134(3)(1) of the Companies Act, 2013

A. CONSERVATION OF ENERGY

1. Measures taken – FY 2017-18

(i) Reduced Hydraulic Power pack motor rating from 2.2 kw to 1.1 kw

(ii) Provided Thyristor controller for holding furnace of HMT Machine.

(iii) Installed Light Emitting Diode (LED) lights.

(iv) Reduced air consumption by using efficient nozzles for the auto sprayers

(v) Eliminated idle running of motors in Trim presses and SPM machines.

The above measures have resulted in an annual saving of about Rs.0.50 Cr.

2. Proposed Measures – FY 2018-19

(i) Replacement of coolant pumps capacity from 2.2 Kw to 1.1 Kw capacity.

(ii) Timer controlled auto switch OFF/ON for Fan and lights in all the bays.

(iii) Optimization of compressor running pattern and heat treatment process.

(iv) Core shooting ON/OFF control through thermocouple.

(v) Introduction of BLDC fans with replacement of existing fans.

(vi) Compressor energy consumption reduction by air audit study.

(vii) VFD installation of Air compressors.

(viii) Thyristor controller to be installed for Pressure Die Cast, Gravity Die Cast (GDC) & IEX furnace.

The above measures are expected to yield an annual saving of about Rs.0.82 Cr.

3. Steps taken for utilizing alternate sources of energy:

During the year 2017-18, the Company has utilized power generated through wind and solar energy to an extent of 185 and 22.91 lakh units.

The Company also plans to continue the utilization of wind and captive energy (216 lakh units) during the year 2018-19.

4. Capital investment in energy conservation equipment:

In the year 2017-18, the Company has invested Rs.0.41 Cr towards solar street lights, replacement of conventional lights to LED, as "Energy Efficient" measures.

The Company is planning to invest around Rs.0.58 Cr in energy saving in 2018-19 viz., Compressor replacement, day lighting systems, Auto controller system and Thyristor controller.

B. TECHNOLOGY ABSORPTION FOR 2017-18

Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company

<u>Completed activities and Ongoing activities:</u>

(i) Developed new aluminum die cast products for automotive applications

(ii) Established state of the art CT scan facility to reduce new product development lead time.

(iii) Developed Abrasive Flow Machining (AFM) process to improve surface finish on a specific product – product preceding technology for the customer

(iv) Improved material yield in die casting through design optimization

(v) Established semi-solid casting.

(vi) The Company is actively working on filing patents for unique processes, like distortion correction technique for heat treated components. So far the Company has filed four patents in total.

(vii) Establish thermal design for High Pressure Die Cast (HPDC) and GDC dies to control thermodynamics and kinetics during solidification.

(viii) Development of semisolid casting for identified parts to improve casting quality.

(ix) Establish water free die lubrication in one die casting cell

2. Future plan of action:

(i) Develop new process technologies to improve the product quality and performance.

(ii) Develop Advance Thixotropic Metallurgical (ATM) process technology for HPDC to improve casting yield and quality.

(iii) Establish Scanning Electron Microscope (SEM) facility and procedure to evaluate casting metallurgy.

Data relating to imported technology:

Technology imported during the last three years reckoned from the beginning of the financial year - NIL

Expenditure on R&D - Rs. 4.57 Cr

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities:

   Export during the year ended 31st March 2018 amounted to Rs.640.20 Cr as against Rs.502.20 Cr for the year ended 31st March 2017.

2. Total foreign exchange earned and used (actual):

	(Rs. in Cr)
Foreign exchange used	599.73
Foreign exchange earned	524.85

For and on behalf of the Board of Directors

Chennai
22nd May 2018

VENU SRINIVASAN
Chairman

Annexure - II to Directors' Report to the shareholders

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended on 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L35999TN1962PLC004792
ii)	Registration Date	:	24.05.1962
iii)	Name of the Company	:	Sundaram-Clayton Limited
iv)	Category / Sub-Category of the Company	:	Public Company / Limited by Shares
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", 29, Haddows Road, Chennai – 600 006 Tel: 044 – 2827 2233 Fax : 044 – 2825 7121 E-mail: corpsec@scl.co.in
vi)	Whether listed company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	Share Transfer Department "Jayalakshmi Estates", 1st Floor, 29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959 Fax : 044 - 2825 7121 E-mail: raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1.	Aluminium alloy cast articles including parts and components	2930	100%

Sub Class (29301):-Manufacture of diverse parts and accessories for motor vehicles such as brakes, gearboxes, axles, road wheels, suspension shock absorbers, radiators, silencers, exhaust pipes, catalysers, clutches, steering wheels, steering columns and steering boxes etc.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of Companies Act, 2013
Holding Companies					
1.	T V Sundram Iyengar & Sons Private Limited & its subsidiaries in Sl. No.2 and 3	TVS Building, 7-B, West Veli Street, Madurai - 625 001	U34101TN1929PTC002973	Holds 63.76% in the Company	2(46)
2.	Sundaram Industries Private Limited	211, South Veli Street, Madurai - 625 001	U65991TN1943PTC002656		
3.	Southern Roadways Limited	Lakshmi Buildings, Usilampatti Road, Kochadai, Madurai - 625 016	U60221TN1946PLC002582		

S. No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of Companies Act, 2013
Subsidiary Companies					
4.	TVS Motor Company Limited	29, Haddows Road, Chennai - 600 006	L35921TN1992PLC022845	57.40% held by the Company	2(87)
5.	Sundaram Auto Components Limited		U29249TN1992PLC051417	100% held by Sl No.4	2(87)
6.	TVS Housing Limited	1st Floor,Greenways Towers, No. 119, St. Marys Road, Abhiramapuram, Chennai - 600018	U70101TN2010PLC075027	100% held by Sl No.4	2(87)
7.	TVS Motor Services Limited	29, Haddows Road, Chennai - 600 006	U50404TN2009PLC071075	100% held by Sl No.4	2(87)
8.	TVS Credit Services Limited		U65920TN2008PLC069758	80.74% held by Sl No.7; 4.2% held by Sl No.4; and 1.31% held by the Company	2(87)
9.	TVS Two Wheeler Mall Private Limited		U65923TN2017PTC118211	100% held by Sl No.8	2(87)
10.	TVS Micro Finance Private Limited		U65929TN2017PTC118238	100% held by Sl No.8	2(87)
11.	Harita ARC Private Limited		U65999TN2017PTC118296	100% held by Sl No.8	2(87)
12.	Harita Collection Services Private Ltd		U65100TN2017PTC118290	100% held by Sl No.8	2(87)
13.	TVS Commodity Financial Solutions Private Ltd		U65929TN2017PTC118316	100% held by Sl No.8	2(87)
14.	TVS Housing finance Private Limited		U65999TN2017PTC118512	100% held by Sl No.8	2(87)
15.	PT. TVS Motor Company Indonesia	3rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920, Indonesia	NA	46.01% by SL No. 4; 19.14% by TVSM Europe; and 34.85% by TVSM Singapore	2(87)
16.	TVS Motor Company (Europe) B.V. (TVSM Europe)	Hoogoorddreef 15 1101 BA Amsterdam, Netherlands	NA	100% held by Sl No.4	2(87)
17.	TVS Motor (Singapore) Pte. Limited (TVSM Singapore)	17, Phillip Street, #05-01, Grand Building, Singapore - 048 695	NA	100% held by Sl No.4	2(87)
18.	Sundaram-Clayton (USA) Limited, USA	700 Commerce DR STE 500, Oak Brook, IL 60523-8736, Du Page, USA	NA	100%	2(87)
19.	Sundaram Holding USA Inc., USA	2711, Centerville Road, #400, Wilmington, New Castle – 19808, State of Delaware, USA.	NA	25% held by the Company: and 75% held by Sl.No.5	2(87)

S. No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Section of Companies Act, 2013
20.	Green hills Land Holding LLC	1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	100% held by Sl.No.19	2(87)
21.	Components Equipment Leasing LLC		NA		2(87)
22.	Sundaram-Clayton (USA) LLC (Formerly known as Workspace Project LLC)		NA		2(87)
23.	Premier Land Holding LLC		NA		2(87)
Associate Companies					
24.	Sundram Non-Conventional Energy Systems Limited	98-A, VII Floor, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004	U40108TN1994PLC029132	23.53% held by the Company	2(6)
25.	TVS Training and Services Limited	29, Haddows Road, Chennai - 600 006	U74990TN2010PLC075028	30.53% held by the Company	2(6)
26.	Emerald Haven Realty Limited	1st Floor,Greenways Towers, No. 119, St. Marys Road, Abhiramapuram, Chennai - 600 018	U45200TN2010PLC075953	49% held by Sl No.4	2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

I) Category-wise share holding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				Change in % of share-holding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corporate	1,51,74,060	-	1,51,74,060	75.00	1,51,74,060	-	1,51,74,060	75.00	-
Total Shareholding of Promoter (A)	1,51,74,060	-	1,51,74,060	75.00	1,51,74,060	-	1,51,74,060	75.00	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	25,31,223	-	25,31,223	12.51	25,32,478	-	25,32,478	12.52	0.01
b) Banks / FI	715	-	715	0.00	517	-	517	-	-
c) Insurance Companies	5,58,036	-	5,58,036	2.76	576808	-	576808	2.85	0.09
d) FIIs	54,556	-	54,556	0.27	97961	-	97961	0.48	0.21
Sub-total (B)(1)	31,44,530	-	31,44,530	15.54	32,07,764		32,07,764	15.85	0.31
2. Non- Institutions									
a) Bodies Corporate									
i) Indian	1,80,023	1,973	1,81,996	0.90	1,71,578	1,973	1,73,551	0.86	(0.04)

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2017)				No. of Shares held at the end of the year (as on 31st March 2018)				Change in % of share-holding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	13,14,162	1,88,028	15,02,190	7.43	12,64,497	1,72,649	14,37,146	7.11	(0.32)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1,92,523	-	1,92,523	0.96	1,95,560	-	1,95,560	0.97	0.01
c) Directors and their relatives	2,967	-	2,967	0.01	2,967	-	2,967	0.01	-
d) Non- Resident Individuals	30,170	133	30,303	0.15	34,628	133	34,761	0.17	0.02
e) Clearing Members	3,016	-	3,016	0.01	5,648	-	5,648	0.03	0.02
f) Trusts	500	-	500	-	500	-	500	-	-
g) LLP	-	-	-		45	-	45	-	-
h) Foreign National	-	-	-	-	83	-	83	-	-
Sub-total (B)(2):-	17,23,361	1,90,134	19,13,495	9.46	16,75,506	1,74,755	18,50,261	9.15	(0.31)
Total Public Shareholding (B)=(B) (1)+ (B)(2)	**48,67,891**	**1,90,134**	**50,58,025**	**25.00**	**48,83,270**	**1,74,755**	**50,58,025**	**25.00**	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2,00,41,951**	**1,90,134**	**2,02,32,085**	**100.00**	**2,00,57,330**	**1,74,755**	**2,02,32,085**	**100.00**	-

(II) Shareholding of Promoters

S. No.	Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
							No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	T V Sundram Iyengar & Sons Private Limited	38,07,330 (18.82%)	-	-	-	-	-	-	38,07,330	18.82
2	Sundaram Industries Private Limited	60,62,522 (29.96%)	-	-	-	-	-	-	60,62,522	29.96
3	Southern Roadways Limited	30,31,127 (14.98%)	-	-	-	-	-	-	30,31,127	14.98
4	Sundaram Finance Limited*	22,73,081 (11.24%)	26.01.2018	Transfer	22,73,081	11.24	-	-	-	-
5	Sundaram Finance Holdings Limited*	-	26.01.2018	Transfer	22,73,081	11.24	-	-	22,73,081	11.24

* Consequent upon approval of Scheme of demerger, the shares held by Sundaram Finance Limited was transferred to Sundaram Finance

Holdings Limited.

(III) Change in Promoters' Shareholding :

Sl. No.	Particulars	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.	Sundaram Finance Limited				
	At the beginning of the year	22,73,081	11.24	22,73,081	11.24
	Less: Transfer of shares consequent to approval of Scheme of demerger with Sundaram Finance Holdings Limited	22,73,081	11.24	-	-
	At the end of the year	-	-	-	-
2.	Sundaram Finance Holdings Limited				
	At the beginning of the year	-	-	-	-
	Add: Transfer of shares consequent to approval of Scheme of demerger with Sundaram Finance Limited	22,73,081	11.24	22,73,081	11.24
	At the end of the year	-	-	22,73,081	11.24

(IV) Shareholding Pattern of top ten Shareholders as on 31st March 2018 (other than Directors, Promoters and Holders of GDRs and ADRs):

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED								
7,84,696 (3.88%)	01-04-2017	Opening Balance						
	07-04-2017	Transfer / Purchase	1,560	0.01	7,86,256	3.89	-	-
	14-04-2017	Transfer / Purchase	691	0.00	7,86,947	3.89	-	-
	12-05-2017	Transfer / Purchase	5,263	0.03	7,92,210	3.92	-	-
	19-05-2017	Transfer / Purchase	3,321	0.02	7,95,531	3.93	-	-
	26-05-2017	Transfer / Purchase	1,035	0.01	7,96,566	3.94	-	-
	02-06-2017	Transfer / Purchase	1,134	0.01	7,97,700	3.94	-	-
	09-06-2017	Transfer / Purchase	511	0.00	7,98,211	3.95	-	-
	16-06-2017	Transfer / Purchase	2,016	0.01	8,00,227	3.96	-	-
	23-06-2017	Transfer / Purchase	1,161	0.01	8,01,388	3.96	-	-
	30-06-2017	Transfer / Purchase	1,253	0.01	8,02,641	3.97	-	-
	07-07-2017	Transfer / Purchase	495	0.00	8,03,136	3.97	-	-
	12-07-2017	Transfer / Purchase	638	0.00	8,03,774	3.97	-	-
	14-07-2017	Transfer / Purchase	1,284	0.01	8,05,058	3.98	-	-
	14-07-2017	Transfer / Sale	405	0.00	8,04,653	3.98	-	-
	21-07-2017	Transfer / Purchase	630	0.00	8,05,283	3.98	-	-
	28-07-2017	Transfer / Purchase	1,218	0.01	8,06,501	3.99	-	-

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	04-08-2017	Transfer / Purchase	1,527	0.01	8,08,028	3.99	-	-
	04-08-2017	Transfer / Sale	118	0.00	8,07,910	3.99	-	-
	11-08-2017	Transfer / Purchase	1,359	0.01	8,09,269	4.00	-	-
	18-08-2017	Transfer / Purchase	2,672	0.01	8,11,941	4.01	-	-
	25-08-2017	Transfer / Purchase	1,030	0.01	8,12,971	4.02	-	-
	01-09-2017	Transfer / Purchase	4,528	0.02	8,17,499	4.04	-	-
	01-09-2017	Transfer / Sale	1,000	0.00	8,16,499	4.04	-	-
	08-09-2017	Transfer / Purchase	630	0.00	8,17,129	4.04	-	-
	15-09-2017	Transfer / Purchase	665	0.00	8,17,794	4.04	-	-
	22-09-2017	Transfer / Purchase	933	0.00	8,18,727	4.05	-	-
	29-09-2017	Transfer / Purchase	996	0.00	8,19,723	4.05	-	-
	06-10-2017	Transfer / Purchase	1,688	0.01	8,21,411	4.06	-	-
	13-10-2017	Transfer / Purchase	1,142	0.01	8,22,553	4.07	-	-
	31-10-2017	Transfer / Sale	733	0.00	8,21,820	4.06	-	-
	17-11-2017	Transfer / Purchase	487	0.00	8,22,307	4.06	-	-
	05-01-2018	Transfer / Sale	8,705	0.04	8,13,602	4.02	-	-
	12-01-2018	Transfer / Purchase	8,705	0.04	8,22,307	4.06	-	-
	26-01-2018	Transfer / Purchase	2,201	0.01	8,24,508	4.08	-	-
	02-02-2018	Transfer / Purchase	3,532	0.02	8,28,040	4.09	-	-
	09-02-2018	Transfer / Purchase	2,700	0.01	8,30,740	4.11	-	-
	16-02-2018	Transfer / Purchase	1,072	0.01	8,31,812	4.11	-	-
	23-02-2018	Transfer / Purchase	1,767	0.01	8,33,579	4.12	-	-
	02-03-2018	Transfer / Purchase	2,677	0.01	8,36,256	4.13	-	-
	09-03-2018	Transfer / Purchase	1,170	0.01	8,37,426	4.14	-	-
	16-03-2018	Transfer / Purchase	5,739	0.03	8,43,165	4.17	-	-
	23-03-2018	Transfer / Purchase	7,042	0.03	8,50,207	4.20	-	-
	30-03-2018	Transfer / Purchase	2,655	0.01	8,52,862	4.22	-	-
	31-03-2018	Closing Balance					852,862	4.22
SBI MAGNUM BALANCED FUND								
7,00,000 (3.46%)	01-04-2017	Opening Balance						
	31-03-2018	Closing Balance					7,00,000	3.46

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD								
5,52,871 (2.73%)	01-04-2017	Opening Balance						
	07-07-2017	Transfer / Purchase	957	0.00	553,828	2.74	-	-
	04-08-2017	Transfer / Purchase	3,015	0.01	556,843	2.75	-	-
	11-08-2017	Transfer / Purchase	658	0.00	557,501	2.76	-	-
	18-08-2017	Transfer / Purchase	769	0.00	558,270	2.76	-	-
	25-08-2017	Transfer / Purchase	630	0.00	558,900	2.76	-	-
	01-09-2017	Transfer / Sale	27,346	0.14	531,554	2.63	-	-
	01-09-2017	Transfer / Purchase	27,965	0.14	559,519	2.77	-	-
	08-09-2017	Transfer / Purchase	603	0.00	532,157	2.63	-	-
	15-09-2017	Transfer / Purchase	151	0.00	532,308	2.63	-	-
	03-11-2017	Transfer / Purchase	4,046	0.02	536,354	2.65	-	-
	05-01-2018	Transfer / Purchase	3,320	0.02	539,674	2.67	-	-
	19-01-2018	Transfer / Purchase	27,965	0.14	567,639	2.81	-	-
	19-01-2018	Transfer / Sale	27,965	0.14	539,674	2.67	-	-
	26-01-2018	Transfer / Sale	170,000	0.84	397,639	1.97	-	-
	02-02-2018	Transfer / Purchase	170,000	0.84	567,639	2.81	-	-
	23-03-2018	Transfer / Purchase	1,896	0.01	569,535	2.82	-	-
	30-03-2018	Transfer / Purchase	6,886	0.03	576,421	2.85	-	-
	31-03-2018	Closing Balance	-	-	-	-	576,421	2.85
RELIANCE CAPITAL TRUSTEE CO LTD								
6,00,601 (2.97%)	01-04-2017	Opening Balance		-	-	-	-	-
	12-05-2017	Transfer / Sale	2,135	0.01	598,466	2.96	-	-
	09-06-2017	Transfer / Sale	3,500	0.02	594,966	2.94	-	-
	01-09-2017	Transfer / Sale	5,000	0.02	589,966	2.92	-	-
	22-09-2017	Transfer / Sale	202	0.00	589,764	2.91	-	-
	29-09-2017	Transfer / Sale	10,983	0.05	578,781	2.86	-	-
	17-11-2017	Transfer / Sale	6,500	0.03	572,281	2.83	-	-
	08-12-2017	Transfer / Sale	2,246	0.01	570,035	2.82	-	-
	15-12-2017	Transfer / Sale	1,237	0.01	568,798	2.81	-	-
	22-12-2017	Transfer / Sale	1,517	0.01	567,281	2.80	-	-
	29-12-2017	Transfer / Sale	1,780	0.01	565,501	2.80	-	-
	05-01-2018	Transfer / Sale	2,650	0.01	562,851	2.78	-	-
	19-01-2018	Transfer / Sale	6,199	0.03	556,652	2.75	-	-

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	23-02-2018	Transfer / Sale	1,186	0.01	555,466	2.75	-	-
	02-03-2018	Transfer / Sale	3,577	0.02	551,889	2.73	-	-
	09-03-2018	Transfer / Sale	2,861	0.01	549,028	2.71	-	-
	16-03-2018	Transfer / Sale	3,977	0.02	545,051	2.69	-	-
	23-03-2018	Transfer / Sale	5,411	0.03	539,640	2.67	-	-
	30-03-2018	Transfer / Sale	9,246	0.05	530,394	2.62	-	-
	31-03-2018	Closing Balance		-	-	-	530,394	2.62
SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MIDCAP								
4,45,926 (2.20%)	01-04-2017	Opening Balance		-	-	-	-	-
	21-04-2017	Transfer / Sale	1,767	0.01	444,159	2.20	-	-
	28-04-2017	Transfer / Sale	1,235	0.01	442,924	2.19	-	-
	05-05-2017	Transfer / Sale	779	0.00	442,145	2.19	-	-
	12-05-2017	Transfer / Sale	168	0.00	441,977	2.18	-	-
	02-06-2017	Transfer / Sale	595	0.00	441,382	2.18	-	-
	09-06-2017	Transfer / Sale	2,728	0.01	438,654	2.17	-	-
	16-06-2017	Transfer / Sale	152	0.00	438,502	2.17	-	-
	23-06-2017	Transfer / Sale	38	0.00	438,464	2.17	-	-
	13-10-2017	Transfer / Purchase	4,091	0.02	442,555	2.19	-	-
	20-10-2017	Transfer / Purchase	906	0.00	443,461	2.19	-	-
	31-10-2017	Transfer / Purchase	434	0.00	443,895	2.19	-	-
	01-12-2017	Transfer / Sale	11,407	0.06	432,488	2.14	-	-
	11-12-2017	Transfer / Purchase	11,460	0.06	443,948	2.19	-	-
	31-03-2018	Closing Balance		-	-	-	443,948	2.19
MANSAN INVESTMENTS PRIVATE LIMITED								
95,596 (0.47%)	01-04-2017	Opening Balance		-	-	-		
	31-03-2018	Closing Balance		-	-	-	95,596	0.47
SUNDARAM INDIA MIDCAP FUND								
44,202 (0.22%)	01-04-2017	Opening Balance		-	-	-	-	-
	26-05-2017	Transfer / Purchase	630	0.00	44,832	0.222	-	-
	02-06-2017	Transfer / Purchase	1,019	0.01	45,851	0.227	-	-
	09-06-2017	Transfer / Purchase	5,500	0.03	51,351	0.254	-	-
	16-06-2017	Transfer / Purchase	400	0.00	51,751	0.256	-	-
	01-09-2017	Transfer / Purchase	5,500	0.03	57,251	0.283	-	-
	15-09-2017	Transfer / Purchase	551	0.00	57,802	0.286	-	-

Opening Balance	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	22-09-2017	Transfer / Purchase	518	0.00	58,320	0.288	-	-
	29-09-2017	Transfer / Purchase	5,500	0.03	63,820	0.315	-	-
	06-10-2017	Transfer / Purchase	5,500	0.03	69,320	0.343	-	-
	24-11-2017	Transfer / Purchase	6,978	0.03	76,298	0.377	-	-
	26-01-2018	Transfer / Purchase	5,300	0.03	81,598	0.403	-	-
	31-03-2018	Closing Balance		-	-	-	81,598	0.40
NALINI SEKHSARIA								
78,000 (0.39%)	01-04-2017	Opening Balance		-	-	-	-	-
	13-10-2017	Transfer / Sale	1,474	0.01	76,526	0.378	-	-
	20-10-2017	Transfer / Sale	3,593	0.02	72,933	0.360	-	-
	27-10-2017	Transfer / Sale	4,977	0.02	67,956	0.336	-	-
	31-10-2017	Transfer / Sale	6,267	0.03	61,689	0.305	-	-
	03-11-2017	Transfer / Sale	3,689	0.02	58,000	0.287	-	-
	31-03-2018	Closing Balance	-	-	-	-	58,000	0.29
CHINMAY G PARIKH								
45,073 (0.22%)	01-04-2017	Opening Balance	-	-	-	-	-	-
	31-03-2018	Closing Balance	-	-	-	-	45,073	0.22
VIJAYA SRINIVASAN								
43,510 (0.22%)	01-04-2017	Opening Balance	-	-	-	-	-	-
	31-03-2018	Closing Balance	-	-	-	-	43,510	0.22

(V) Shareholding of Directors and Key Managerial Personnel (KMP):

Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Venu Srinivasan	Nil	-	-	-	-	-	-	Nil	-
Dr. Lakshmi Venu	Nil	-	-	-	-	-	-	Nil	-
Sudarshan Venu	Nil	-	-	-	-	-	-	Nil	-
K Mahesh	504	-	-	-	-	-	-	504	-
Gopal Srinivasan	66	-	-	-	-	-	-	66	
T K Balaji	Nil	-	-	-	-	-	-	Nil	-
Vice Admiral P J Jacob (Retd.)	Nil	-	-	-	-	-	-	Nil	

Name of the Director / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
V Subramanian	Nil	-	-	-	-	-	-	Nil	-
S Santhanakrishnan	Nil	-	-	-	-	-	-	Nil	-
R Gopalan	Nil	-	-	-	-	-	-	Nil	-
R Vijayaraghavan	Nil	-	-	-	-	-	-	Nil	-
Kamlesh Gandhi	Nil	-	-	-	-	-	-	Nil	-
M Muthuraj	Nil	-	-	-	-	-	-	Nil	-
V N Venkatanathan	Nil	-	-	-	-	-	-	Nil	-
R Raja Prakash	Nil	-	-	-	-	-	-	Nil	-

V. INDEBTEDNESS

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

(Rupees in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	268.77	85.46	354.23
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	1.05	0.47	1.52
Total (i+ii+iii)	**269.82**	**85.93**	**355.75**
Change in Indebtedness during the financial year	-	-	-
· Addition	272.73	40.04	312.77
· Reduction	-	-	-
Net Change	**272.73**	**40.04**	**312.77**
Indebtedness at the end of the financial year			
i) Principal Amount	540.65	124.86	665.51
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	1.90	1.11	3.01
Total (i+ii+iii)	**542.55**	**125.97**	**668.52**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Directors: (Rupees in lakhs)

Sl. No.	Particulars of Remuneration	Mr Venu Srinivasan CMD	Dr. Lakshmi Venu, JMD	Mr Sudarshan Venu, JMD	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained u/s 17(1) of the Income-Tax Act, 1961	51.00	90.00	24.00	165.00
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	9.40	65.58	0.78	75.76
	(c) Profits in lieu of salary u/s 17(3) of the Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as a % of profit - others	 - -	 - -	 - -	 - -
5.	Others - Contribution to Provident and other funds	8.67	15.30	4.08	28.05
	Total (A)	69.07	170.88	28.86	268.81
	Remuneration approved by Shareholders.				295.00

CMD - Chairman and Managing Director; JMD - Joint Managing Director

B. Remuneration to other Directors:

(Rupees in lakhs)

Particulars of Remuneration	**Name of Directors**						**Total Amount**
	PJJ	**VSN**	**SSK**	**RG**	**RV**	**KG**	
Independent Directors:							
-Fee for attending Board / Committee meetings	1.40	1.30	1.50	1.10	1.00	0.50	6.80
-Commission	-	-	-	-	-	-	-
-Others	-	-	-	-	-	-	-
Total (1)	1.40	1.30	1.50	1.10	1.00	0.50	6.80

	Name of Directors						
	KM	**GS**	**TKB**				
Other Non –Executive Directors							
- Fee for attending board / committee meetings	0.20	0.50	0.80				1.50
- Commission	-	-	-				-
- Others, please specify	-	-	-				-
Total (2)	0.20	0.50	0.80				1.50
Total (B)=(1+2)	1.60	1.80	2.30	1.10	1.00	0.50	8.30
Total Managerial Remuneration (A) + (B)							277.11
Remuneration approved by Shareholders (excluding sitting fees)							295.00

PJJ – Vice Admiral P J Jacob (Retd.); VSN – Mr V Subramanian; SSK – Mr S Santhanakrishnan; RG – Mr R Gopalan; RV – Mr R Vijayaraghavan; KG – Mr Kamlesh Gandhi; KM - Mr K Mahesh; GS – Mr Gopal Srinivasan and TKB – Mr T K Balaji.

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

(Rupees in lakhs)

Sl. No	Particulars of Remuneration	CEO	CFO	CS	Total Amount
1.	Gross salary (a) Salary as per provisions contained u/s 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 (c) Profits in lieu of salary u/s of 17(3) Income tax Act, 1961	 116.20 30.63 -	 225.90 12.16 -	 40.26 7.52 -	 382.36 50.31 -
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as a % of profit - others	 - -	 - -	 - -	 - -
5.	Others - Contribution to Provident and other funds	5.71	6.12	1.33	13.16
	Total	152.54	244.18	49.11	445.83

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board of Directors

Chennai
22nd May 2018

VENU SRINIVASAN
Chairman

Annexure - IV to Directors' Report to the Shareholders

Particulars of Corporate Social Responsibility activities carried out by the Company in terms of Section 135 of the Companies Act, 2013

1. A brief outline of the Company's CSR policy:

   This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programs for the transformation and sustainable development of the rural communities at large.

2. Overview of projects or programs proposed to be undertaken:

   Focus areas relate to economic development, quality education, health care, conservation of environment and the creation, maintenance of infrastructure, art, culture and protection of places of public and historical importance.

3. Web-link to the CSR policy and projects or programmes - www.sundaramclayton.com/Web%20files/Investors/CSR%20Policy%20SCL.pdf

4. Composition of the CSR Committee.

#	Name of the Director (M/s.)	Designation	Status
1.	Venu Srinivasan	Chairman and Managing Director	Chairman
2.	Dr. Lakshmi Venu	Joint Managing Director	Member
3.	Vice Admiral P J Jacob (Retd.)	Independent Director	Member

5. Average net profit of the Company for last three financial years (2014-15, 2015-16 and 2016-17) Rs.48.48 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 0.97 Cr

7. Details of CSR spent during the financial year

   (a) Total amount spent for the financial year Rs. 0.25 Cr

   (b) Amount unspent, if any Rs. 0.72 Cr

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

1	Name of the Implementing Agency		Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No: 044-28332115 Mail ID: aj@scl.co.in
2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013		• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; • Rural development projects.
3	Sector in which the Project is covered		Economic Development, Education, Environment, Health and Infrastructure
4	Areas in which Projects / Programmes undertaken:		
	Local Area / Others:		• Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills
	State & district :		- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts
	Amount outlay (budget) project or programme -wise:		Rs. 1,250 Lakhs
5	Amount spent on the projects or programmes:		Rs. 25 Lakhs
6	**Sub-heads:**		
	Direct expenses On projects / programmes:		Rs. 1,224.31 Lakhs (including contribution of the Company of Rs. 25 lakhs)
	Overheads:		Nil
7	Cumulative expenditure upto the reporting period:		Rs. 1,224.31 lakhs (including contribution of the Company of Rs. 25 Lakhs)

8. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   Corporate social responsibility is an integral part of the Company's business activities and we endeavour to utilize the allocable CSR expenditure for benefit of society.

   However, considering the performance of the Company for the financial year 2017-18, the Company could not allocate sufficient resources for undertaking CSR activities to the full limits as prescribed under Companies Act, 2013.

   The Company will spend towards CSR initiatives upon improved performance in the coming years.

9. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

   "To discharge the duties cast under provisions of the Companies Act, 2013 members of the CSR Committee visit places where Srinivasan Services Trust is doing service."

For and on behalf of the Board of Directors

VENU SRINIVASAN
Chairman and Managing Director
and Chairman of CSR Committee

Chennai
22nd May 2018

Annexure - V to Directors' Report to the shareholders

COMPARATIVE ANALYSIS OF REMUNERATION PAID TO DIRECTORS AND EMPLOYEES WITH THE COMPANY'S PERFORMANCE

Sl. No.	Name of the Director (M/s.)	Designation	Ratio to Median Remuneration	% increase in remuneration
1	Venu Srinivasan	CMD	1:17	-
	Dr Lakshmi Venu	JMD	1:42	-
	Sudarshan Venu	JMD	1:7	-
	K Mahesh	NENID	NA	NA
	Gopal Srinivasan		NA	NA
	T K Balaji		NA	NA
	Vice Admiral P J Jacob	NEID	-	-
	V Subramanian		-	-
	S Santhanakrishnan		-	-
	R Gopalan		-	-
	R Vijayaraghavan		-	-
	Kamlesh Gandhi		-	-
	M Muthuraj	CEO	NA	13%
	V N Venkatanathan	CFO	NA	4%
	R Raja Prakash	CS	NA	8%
2	The percentage increase in the median remuneration of employees in the financial year;	5%		
3	The number of permanent employees on the rolls of company;	2,354		
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2017-18	8%		
	b. Average percentile increase in the managerial remuneration in the financial year 2017-18	-		
	There are no exceptional circumstances for increase in the managerial remuneration.			
5	Affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year 2017-18 is as per the Remuneration Policy of the Company		

For and on behalf of the Board of Directors

Chennai
22nd May 2018

VENU SRINIVASAN
Chairman

Annexure - VI to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

INTRODUCTION

Sundaram-Clayton Limited (SCL) is one of the largest aluminium castings manufacturer in India, with a total revenue of Rs. 1,766.74 Cr for the year 2017-18.

The Business Responsibility disclosures in this Report illustrate the Company's efforts towards creating and enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG) released by Ministry of Corporate Affairs, and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Report provides an overview of the activities carried out by the Company under each of the nine principles as outlined in NVG.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	:	L35999TN1962PLC004792
2.	Name of the Company	:	Sundaram-Clayton Limited
3.	Address of the Company	:	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006 Tamil Nadu, India
4.	Website	:	www.sundaram-clayton.com
5.	E-mail id	:	corpsec@scl.co.in
6.	Financial Year reported	:	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Aluminium Castings

NIC Code	Description
2930	Aluminium alloy cast articles including parts and components.

8.	List three key products/ services that the Company manufactures/provides (as in balance sheet)	Machined and sub-assembled aluminum castings for heavy and medium commercial vehicles, passenger cars and 2 wheelers **(**Please refer to Company's website for complete list of its products)

9. Total number of locations where business activity is undertaken by the Company:

   i. Number of International Locations : One (United States of America)

      The Company is setting up an overseas manufacturing facility in United States of America.

   ii. Number of National Locations –

      A. The Company has four manufacturing locations as under:

         1. Padi — Chennai – 600 050, Tamil Nadu, India
Tel: 044 – 26258212; Fax: 044- 26257177

         2. Mahindra World City — Plot No. AA5, VI Avenue, Auto Ancillary SEZ,
Kancheepuram – 603 004, Tamil Nadu, India
Tel : 044 - 47490049

3. Oragadam	Plot No.B-14, SIPCOT Industrial Growth Centre, Sriperumbudur Taluk, Kancheepuram District - 602 105, Tamil Nadu, India. Tel. : 044 - 6710 3300
4. Hosur	Hosur - Thally Road, Belagondapalli, Hosur - 635 114, Tamil Nadu, India. Tel. : 04347 - 233 445; Fax : 04347 - 233 014
B. The registered office of the Company is situated at	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006, Tamil Nadu, India
10. Markets served by the Company - European and Local/State/National/ International	The Company's castings cater to the needs of select American / Indian vehicle OEM's and Tier 1. Focus of business is on truck markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital	:	Rs.10.12 Crores
2. Total Revenue	:	Rs. 1,766.74 Crores
3. Profit after tax	:	Rs 54.92 Cr.
4. Total spending on Corporate Social Responsibility (CSR) as percentage of net profits (%):		Rs.25 lakhs (being less than 2% of the average net profits for three immediately preceding financial years, due to the performance of the Company)
5. List of activities in which expenditure in 4 above has been incurred: -		• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promoting education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; • Rural development projects; and • Health care activities.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?	The Company has eleven subsidiaries in India and nine foreign subsidiaries as on 31st March 2018.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	Yes. The Company positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives. All the Company's subsidiaries are guided by the Company to conduct their business in an ethical, transparent and accountable manner. It encompasses suppliers, customers, employees, Government authorities and other stakeholders.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Suppliers are critical to our operations and supply chain sustainability issues can impact the operations. The Company engages with suppliers through various channels for operational issues.

The suppliers and vendors are provided awareness on environmental and social issues. The vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company.

SECTION - D: BR INFORMATION

1. Details of Director / Official responsible for BR
   a) Details of the Director / Official responsible for implementation of the BR policy/policies.

S. No.	Particulars	Director	BR Head
1.	DIN	02702020	-
2.	Name	Dr. Lakshmi Venu	C Narasimhan
3.	Designation	Joint Managing Director	Advisor
4.	Telephone	044-28272233	044-26258212
5.	E-mail id	corpsec@scl.co.in	

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

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Businesses should promote the well-being of all employees.

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 Businesses should respect and promote human rights.

P6 Businesses should respect, protect, and make efforts to restore the environment.

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 Businesses should support inclusive growth and equitable development.

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S. No.	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify?	Y	Y	Y	Y	Y	Y (ISO 14001 and OHSAS 18001)	-	Y	Y
		All the policies of the Company are in compliance with national / international standards wherever applicable.								

* The policy is embedded in the Company's Code of Conduct and Quality and environment policies which *inter alia,* relates to safe and sustainable products

S. No.	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Has the policy being approved by the Board? if yes, has it been signed by MD / owner / CEO /appropriate Board Director?	Mandatory policies viz., Code of Business Conduct and Ethics, Whistle Blower Policy, CSR Policy, Code to Regulate, Monitor and Report trading by insiders have been adopted by the board and other operational internal policies have been approved by the management.								
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
		The implementation and adherence to the code of conduct for employees is administered by the HR Department. The CSR policy is administered by CSR Committee in line with the requirements of the Companies Act, 2013. The Environmental, Health and Safety (EHS) policy is overseen by Production Engineering and enterprise resource management department.								
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Internal policies have been communicated to all stakeholders and the same are available on the Company's intranet. Mandatory policies are available on the Company's website in the following link www.sundaram-clayton.com/information.htm								
7.	Does the Company have in-house structure to implement the policy/ policies	The Company has established in-house structures to implement these policies.								
8.	Does the Company has a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	The whistle blower mechanism provides employees to report any concerns or grievances pertaining to any potential or actual violation of the Company's Code of Conduct, which covers all aspects of Business Responsibility Report. Each of the policies formulated by the Company has an in-built grievance and redressal mechanism.								
9.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The implementation of the Company's Code of Conduct and other policies are reviewed through internal audit function. The Quality, Safety & Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments. All policies adopted by the Company for ensuring the orderly and efficient conduct of business including adherence to Company's policies have been evaluated annually by an independent external agency as part of internal financial control requirement.								

2a. If answer to Sr. No.1 against any of the Principle is 'No', please explain why: (Tick upto 2 options)

S. No.	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principle	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-

S. No.	Question	Business Ethics	Product Responsibility	Wellbeing of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	P7 The Company through the various industry forums endeavors to promote growth and technological progress, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for such policy.								

3. GOVERNANCE RELATED TO BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The senior management periodically review the BR performance of the Company through their monthly Review Meetings. The action points that emerge from the discussions at these meetings are reviewed in subsequent meetings to ensure their closure.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Thie BR Report is available as part of the Annual Report. The same can be viewed at http://www.sundaram-clayton.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Ethics, Transparency and Accountability

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

Yes. The Company acts with integrity in accordance with its core principles of Trust, Value and Service. SCL has adopted a separate Code of Business Conduct and Ethics (CoBC) which specifically pertains to the Company's Directors and Senior Management one level below the Directors, including all functional heads.

The CoBC is devised to enable the Directors and senior management personnel to strive to perform their duties with highest standards of integrity, accountability, confidentiality and independence. A declaration of the Directors and Senior Management towards annual affirmation to the CoBC is communicated to all stakeholders by the Chairman and Managing Director, through the Annual Report.

SCL has a well-defined Code of Conduct (CoC) for its employees. All employees are provided a hard copy of the CoC during induction / training. The CoC is intended to guide the employees in treatment of one another, as well as their interaction with customers, suppliers, partners, public officials and other stakeholders.

The principles laid down under the CoC are implemented effectively to drive ethical behaviour at all levels. The Company ensures compliance of ethical standards by its vendors and contractors through appropriate clauses in its work contracts to which they are obligated. All suppliers working closely with employees are expected, in their contracts, to understand and comply with this policy.

SCL is committed to transparency in its financial reporting. SCL cooperates fully with its auditors and under no circumstances withholds information from them. A robust system for financial controls and processes is maintained to ensure the accuracy and timeliness of financial reporting.

The CoC is implemented and monitored on a regular basis through several mechanisms:

1. On-going training to employees
2. Whistle Blower policy
3. Prohibition of Insider Trading
4. Policy on Fair disclosure of material information
5. Regular updates to Senior Management

The code of conduct to regulate, monitor and report trading by insiders adopted for regulating, monitoring and reporting Insider Trading by employees and other connected persons.

Whistle Blower Policy provides a mechanism for stakeholders of SCL to report their genuine concerns or grievances concerning violations of any legal or regulatory requirements either under the applicable statutes including instances of unethical behaviour, or suspected fraud or violation of CoC or ethics policy, incorrect or misrepresentation of any financial statements, reports, disclosures etc to the Management.

There are adequate measures taken to ensure safeguards against victimisation of employees who avail whistle blower mechanism. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases.

SCL is committed for highly ethical practices in dealing with suppliers, awarding business purely based on merit, strong internal control systems, well defined procedure and approval work flow for source selection and price settlements.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   During the year under review, the Company has not received any complaints with regard to violation of the Code of Conduct.

PRINCIPLE 2: Product Life Cycle Sustainability

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

   SCL has installed roof top solar panels to a capacity of 2.2 MW across its Chennai and Hosur plants, capable of producing 33 lakh units per annum. SCL has introduced reclamation of sand used in making sand cores for die cast parts.

   The Company is also working to reduce the amount of die spray (release agent) on its pressure die cast dies. This will have a positive impact on fumes produced during evaporation, and also consumption of water used in diluting the liquid spray.

   The Company is also enabling development of high efficiency turbochargers with its customers. SCL is developing process technologies that will improve the surface finish of turbocharger parts. This in turn improves the fuel efficiency, and reduces emissions from automobiles.

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

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

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

   SCL takes up internal projects to reduce energy consumption per ton of aluminum castings produced

   The Company is also pursuing the TPM process across its plants to reduce waste.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

   The Company works continuously with its vendors to use returnable packaging modes (trolleys and plastic bins) to reduce usage of non-recyclable packaging wherever possible.

   The Company also strives to ensure a considerable vendor count for specific commodities in its surrounding areas in order to reduce material movement.

   The Company takes initiative every year to select a group of suppliers who are trained for quality up-gradation in their plant. Both in-house and outside faculty is employed to develop suppliers by training.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company continues to sustain the local vendor base for various commodities, right from raw material to services. Specific initiatives and activities are in place to impart training to small scale suppliers on quality. Periodic audit is also done by the Company at specific local supplier (& small suppliers) end so that the skills required for them to become long-term suppliers are imparted.

   In order to ensure that the Company's tier-1 suppliers are developed in accordance to the prevailing standards, the Company encourages them to go in for IATF certification. Support is being done by the Company by way of various audits and other ratings for delivery and quality.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The material processed by SCL – i.e Aluminum based alloys is 100% recyclable.

   Presently rejected aluminum castings (10% of production) are re-melted inside the factory.

Aluminum swarf is sold to external agencies for recycling. Sand (2500 tons / year) used for making cores is recycled. Hazardous waste materials generated by the Company during aluminium casting production are given to authorised vendors either for disposal or recycling.

PRINCIPLE 3: Employee Wellbeing

SCL is an equal opportunity employer. The Company, since its inception considers employees as a family and practices policies and procedures which promote the welfare of all its employees.

Recruitment process is based on merit.

SCL conducts various programs concerning wellbeing and work life balance of employees. Focused programs are also conducted keeping in view of the welfare of women employees.

SCL focuses on skill development of its workforce through regular training. The management ensure continuous skill upgradation and competency development of employees through its structured training and competency development programs.

The Company conducts an annual employee engagement survey termed Employee Satisfaction (ESAT) Survey, addresses concerns and take actions to improve the ESAT score.

The Company provides highly subsidized food for all its employees (both regular and contract). It has a medical insurance coverage for employees, dependent children/parents. It has an in-house 24*7 medical center with qualified medical practitioners.

1	Total number of employees	2,354 as at 31st March, 2018
2	Total number of employees hired on temporary/contractual/ casual basis.	6,013 as at 31st March, 2018
3	Number of permanent women employees	60 as at 31st March, 2018
4	Number of permanent employees with disabilities	Nil
5	Employee association recognised by management?	The Company has an internal employees union that is recognized by the management. Union elections are held once in 4 years as per the by-laws of the Union. The Company maintains a good and cordial relationship with the Union.
6	Percentage of permanent employees who are members of this recognised employee association?	100% of permanent employees in the workers grade are members of the Union.
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees – 100% (b) Permanent Women Employees – 100% (c) Casual/Temporary/Contractual Employees – 100% (d) Employees with Disabilities- NIL	SCL considers safety to be of paramount importance. All employees are trained and oriented towards safety. SCL also re-trains all its employees on a yearly basis.

PRINCIPLE 4: Stakeholder Engagement

1. **Has the Company mapped its internal and external stakeholders?**

   Yes.

   The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, the government, regulatory authorities, trade unions and local community. The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Yes, the Company has identified marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.

   Such marginalized and disadvantaged communities include villages and economically deprived children and women who are in great need of care and protection.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?

The Company goes beyond its business activities to create social impact through its diverse initiatives and works towards improving lives of India's marginalized and vulnerable communities.

The Company has taken up initiatives under CSR focusing on key areas of Economic Development, Health, Education, Infrastructure, Environment and Social & Cultural Development.

The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.

PRINCIPLE 5: Human Rights

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

The Company does not have a stated Human Rights Policy.

The Company has put in place a Code of Conduct which is applicable to all the employees to adhere and uphold the standards contained therein.

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

During the year under review, the Company has not received any complaint from any stakeholders.

PRINCIPLE 6: Environmental

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

SCL has an environmental policy that applies to the Company only.

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

Yes. SCL is ISO 14001 and OHSAS 18001 certified. The Company's environmental policy focuses on eco friendliness, conservation of resources, water management and prevention of pollution.

Green initiatives include:

- Green belt coverage in all manufacturing plants
- Implementation of gas fired melting furnaces
- Usage of solar power
- Sand recycling and reuse
- Zero discharge effluent treatment plants

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

The Company is certified under ISO 14001: 2004 standard and has laid down procedure for Risk identification, assessment and mitigation.

Risk Identification and Assessment

The identification of risks and opportunities is through a process across all manufacturing and supporting functions. The input for identification of risks and opportunities are:

- Significant aspects due to emergency conditions, legal requirements and Interested party concern.
- Internal and external issues.
- Environmental conditions.
- Needs and expectations of Interested parties.

Risk Mitigation and Monitoring

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls etc., are proposed and implemented.

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

The details are provided in Point No.2 of Principle 6.

The Company periodically files returns to Pollution control board as per legal requirement.

5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N.

Yes. SCL has installed roof- top solar panels to a capacity of 2.2 MW across its Chennai and Hosur plants, capable of producing 33 lakh units per annum.

Campaigns on saving electricity are made to create awareness among employees about the hurdles in power generation.

Gas-fired furnaces were adopted over conventional oil-fired furnaces in the new plant (Oragadam) to greatly reduce the environmental impact.

Power consumption is tracked and reviewed on a monthly basis.

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

All emissions and waste generated by the Company are within limits as defined by Tamil Nadu Pollution Control Board. All statutory requirements are tracked on a monthly basis.

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

No show cause notice or legal notices received.

PRINCIPLE 7: Policy Advocacy

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is member of:

- Confederation of Indian Industry (CII);
- Federation of Indian Chambers of Commerce and Industry (FICCI);
- Madras Chamber of Commerce and Industry and
- Automotive Component Manufacturers Association of India (ACMA).

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Yes. The Company, through various industry associations, participates in advocating matters relating to advancement of the industry and public good.

The Company works closely with leading Industry Associations and Chambers of Commerce at International, National, State and Local levels to advocate and pursue various causes that are in larger interests of industry, economy, society and the public. From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development and women empowerment.

The Company has a separate wing Srinivasan Services Trust (SST), which

a) Works with Government education departments and local panchayats to improve education;

b) Introduces new income generation activities, increase in agriculture and better Livestock management;

c) Coordinates between local bodies, government and community to maintain a clean environment;

d) Provides easy access to Primary Healthcare and adoption of proper sanitation, hygiene and nutrition; and

e) Supports government bodies in developing infrastructure such as roads, drinking water facilities and more.

PRINCIPLE 8: Inclusive Growth

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

   Yes. Details as given in Annexure – IV of the Director's Report of 2017-18.

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

   Srinivasan Services Trust (SST), the CSR arm of the Company operates using its in-house team for promoting Education, Economic Development, Health care, Quality education, Environment and Infrastructure.

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

   Yes. We believe that every activity should result in some impact. We have measurable parameters for all our activities in all the 5 focus areas viz., Economic development, Healthcare, Quality Education, Infrastructure Development and Conservation of Environment. These are constantly checked by our internal audits system. External evaluation is also being done to validate the impact.

   What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

S. No.	Project	Amount
1.	Promoting Education	Rs.25 Lakhs
2.	Economic Development, Health care, Quality education, Environment and Infrastructure	
3.	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	
4.	Health care activities	

4. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   Yes. SST enables communities to take ownership of the development effort. For this their participation is essential. They participate both physically and financially. SST involves the community in all its efforts and makes people reach the desirable levels of economic development, health, education and environment. By making them reach the desirable development status, the community is confident and is ready to take the responsibility and continue with their effort.

PRINCIPLE 9: Customer Value

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

   The Company has no pending customer complaints as on the end of the financial year.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A./ Remarks (additional information)**

   SCL produces parts to the prints and specifications provided by the customers. The Company displays product information as required by the customers. This is approved by them during the development process.

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

   There have been no cases relating to unfair trade practices, irresponsible advertising and/or anti-competitive behavior against the Company in the last five years.

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

   The Company conducts an annual Customer Perception Survey (CPS). This is done using an external agency and the feedback report is used for making continuous improvement in the services to meet the customer need.

For and on behalf of the Board of Directors

Chennai
22nd May 2018

VENU SRINIVASAN
Chairman

Report on Corporate Governance

1. Company's philosophy on code of governance

As a TVS Group Company, the Company has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance is founded on the fundamental ideologies of the group viz., Trust, Value and Service.

The Company believes in ensuring corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company, which are pre-requisites for attaining sustainable growth in this competitive corporate world. Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. The Company would constantly endeavour to improve on these aspects.

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct to Regulate, Monitor and Report trading by Insiders for Prevention of Insider Trading by the Directors and Senior Management Personnel and Code of practices for fair disclosure of unpublished price sensitive information.

2. Board of Directors

The Board of Directors (the Board) which consists of eminent persons with considerable professional expertise and experience, provides leadership and guidance to the management, thereby enhancing Stakeholders' value.

2.1 Composition and category of Directors:

As on 31st March 2018 the total strength of the Board was twelve. As the Company has an Executive Chairman, Mr Venu Srinivasan who is the Chairman and Managing Director, the Board is required, in terms of Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations), to have fifty per cent of its Directors as Independent Directors and at least one Woman Director.

Accordingly, the Board has six Non-Executive Independent Directors (NE-IDs) viz., M/s Vice Admiral P J Jacob, S Santhanakrishnan, V Subramanian, R Vijayaraghavan, Kamlesh Gandhi and R Gopalan and three Non-Executive Non-Independent Directors (NE-NIDs), viz., M/s. K Mahesh, T K Balaji and Gopal Srinivasan.

Mr Venu Srinivasan, Chairman and Managing Director, Dr. Lakshmi Venu and Mr Sudarshan Venu, Joint Managing Directors are the Executive and Non-Independent Directors. Thus, the composition of the Company's Board is in conformity with SEBI LODR Regulations.

All the existing NE-IDs, not liable to retire by rotation have been appointed by the Shareholders at the Annual General Meeting (AGM) held on 21st August 2014 for a term of five years, except Mr R Gopalan, NE-ID who will hold the office till the conclusion of the 57th AGM and none of them serves as NE-ID in more than seven listed companies.

In accordance with the provisions of the Companies Act, 2013 (the Act, 2013) and the Articles of Association of the Company, Mr Gopal Srinivasan and Dr. Lakshmi Venu, Directors retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

As per the recent amendment to the SEBI (LODR) Regulations, 2015, with effect from 1st April 2019, appointment or continuation by a person as a Non-Executive Director who attained the age of seventy five years, requires a special resolution of the Shareholders.

Accordingly, a special resolution is placed for approval of Shareholders at the ensuing AGM for continuation of Mr K Mahesh as NE-NID of the Company, presently aged 74 years who attains 75 years of age by October 2018 and whose tenure would continue beyond 1st April 2019.

The resolutions seeking approval of the Members for the re-appointment of Mr Gopal Srinivasan, Dr. Lakshmi Venu and Mr K Mahesh, Directors have been included in the Notice of AGM of the Company along with brief details about them.

2.2 Board Meetings:

The Company, in consultation with the Directors, prepares and circulates a tentative annual calendar for meetings of the Committees / Board in order to assist the Directors for planning their schedules well in advance to participate in the meetings.

The Act, 2013 read with the relevant rules made thereunder, now facilitates the participation of a Director in the Board / Committee meetings through video conferencing or other audio visual means. Accordingly, the option to participate in the meetings through video conferencing was made available for the Directors, except in respect of restricted items which are not permitted to be transacted through the said means. As per the Companies (Amendment) Act, 2017, Directors attending through VC participated in the discussions, for the restricted items, wherever necessary quorum of Directors was physically present at the meeting.

The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to SEBI LODR Regulations such as annual operating plans, CAPEX budget and its quarterly updates, quarterly results, minutes of meetings of Audit Committee and other Committees of the Board, information on recruitment and remuneration of senior officers one level below the Board, any significant development in Human Resources / Industrial Relations, Show-cause, demand and prosecution notices and penalty notices which are materially important, quarterly details of foreign exchange exposures, risk management and mitigation measures, report on compliance of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, etc.

Comprehensively drafted notes for each agenda item along with back ground materials, wherever necessary, are circulated well in advance to the Committee / Board, to enable them for making value addition as well as exercising their business judgment in the Committee / Board Meetings.

Presentations are also being made by the business heads on the Company's Operations, Marketing Strategy, Risk Management, Internal Financial Control, etc., in Board / Audit Committee Meetings.

During the year, the Company has implemented digital board meeting through i-Pads as an eco-friendly measure. All agenda papers for convening meetings of the Board / Committees have been uploaded in digital mode.

During the year 2017-18, the Board met five times on 3rd May 2017, 8th August 2017, 10th November 2017, 12th February 2018 and 15th March 2018 and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting, as per the applicable provisions of the Act 2013 and Regulation 25(3) of SEBI LODR Regulations, 2015.

2.3 Attendance and other Directorships:

The details of attendance of the Directors at the Board meetings during the year and at the last AGM held on 19th July 2017 and also the numbers of other directorships and Committee Memberships / Chairmanships as on 31st March 2018 are as follows:

Name of the Director (M/s)	DIN	Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
			Board meeting	Last AGM	Other director-ships*	Committee member - ships**	Committee chairman-ships
Venu Srinivasan	00051523	CMD	5	Yes	17	5	-
Dr. Lakshmi Venu	02702020	JMD	5	Yes	8	1	-
Sudarshan Venu	03601690	JMD	4	Yes	4	1	-
Gopal Srinivasan	00177699	NE-NID	3	Yes	13	2	-
K Mahesh	00051438	NE-NID	2	No	5	-	-
T K Balaji	00002010	NE-NID	3	Yes	13	3	-
Vice Admiral P J Jacob (Retd.)	00173785	NE-ID	5	Yes	1	1	1
V Subramanian	00357727	NE-ID	5	Yes	10	7	1
S Santhanakrishnan	00005069	NE-ID	5	No	6	8	2
R Vijayaraghavan	00026763	NE-ID	4	Yes	8	10	5
Kamlesh Gandhi	00004969	NE-ID	4	Yes	4	3	3
R Gopalan	01624555	NE-ID	5	Yes	2	1	-

**includes private companies and companies incorporated outside India.*

*** includes committees where the Director is also Chairman.*

CMD : Chairman and Managing Director   JMD : Joint Managing Director

NE-ID : Non executive – Independent Director   NE-NID : Non executive - Non-Independent Director

None of the Directors on the Board is a member of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Chairmanships / Memberships of Committees include only Audit and Stakeholders Relationship Committee as covered under Regulation 26 of SEBI LODR Regulations, as per the disclosures made by the Directors. CMD, JMDs and Mr Gopal Srinivasan are related to each other. None of the other Directors on the Board is related to any other Director on the Board.

2.4 Access to information and updation to Directors:

The Board reviews all the information provided periodically for discussion and consideration at its meetings in terms of SEBI LODR Regulations. Functional heads are present whenever necessary and apprise all the Directors about the developments. They also make presentations to the Board and Audit Committee of Directors.

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the Statutory Auditors of the Company are placed and discussed with functional heads, by the Committee / Board. The Board also reviews the declarations made by the Chairman and Managing Director and the Company Secretary regarding compliance of all applicable laws on quarterly basis. Decisions taken at the meetings of the Board / Committee are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

2.5 Familiarization program

A familiarization program is made available to Directors covering such topics as the Board's role, Board's composition and conduct, Board's risks and responsibilities to ensure that they are fully informed on current governance issues.

The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs include plant visit for detailed understanding of manufacturing process / activities of the Company. The details of familiarization program are available on the Company's website with the following link: www.sundaram-clayton.com/Web%20files/Investors/SCL%20%20ID%20Familiarisation%20Prog.pdf

2.6 Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel (SMP):

The Company has in place the Code of Business Conduct and Ethics for Members of the Board and SMP (the Code) approved by the Board. The Code has been communicated to Directors and SMP. The Code has also been displayed on the Company's website in the following link: www.sundaramclayton.com/Web%20files/Investors/Code%20of%20Business%20Conduct%20and%20Ethics.pdf

All the Members of the Board and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March 2018. The Annual Report contains a declaration to this effect signed by the Chairman and Managing Director.

2.7 Re-appointment of Directors:

In terms of Regulation 36(3) of SEBI LODR Regulations, a brief resume of Directors proposed to be re-appointed, nature of their expertise in specific functional areas, other Directorships and Committee Memberships, shareholdings and relationships, if any, with other Directors are provided in the notice of convening the ensuing AGM of the Company.

2.8 Committees of the Board:

The Board has, in order to make a focused attention on business and for better governance and accountability, constituted the following mandatory Committees viz., Audit and Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory Committee, viz., Administrative Committee. The terms of reference of these Committees are determined by the Board and their performance reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent Board meetings.

Based on the market capitalization as at 31st March 2018, the Company was one of the Top 500 listed Companies in India. As required under the amended Regulation 21 of SEBI LODR Regulations, the Board constituted a separate Risk Management Committee (RMC) at its meeting held on 22nd May 2018.

3. Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting.

As explained earlier, in view of the specific requirement for constituting a separate Risk Management Committee under SEBI LODR Regulations, the terms of reference in connection with risk management delegated earlier to the Audit & Risk Management Committee are now assigned to the RMC.

3.1 Brief description of terms of reference:

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and *inter-alia* performs the following functions:

a. Overviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. Recommending the appointment, remuneration and terms of appointment of auditors of the Company;

c. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;

- Disclosure of any related party transactions; and
- Modified opinions, if any, in the draft audit report.

d. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

e. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

f. Approving or subsequently modifying any transactions of the Company with related parties;

g. Scrutinizing the inter-corporate loans and investments;

h. Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary;

i. Evaluating internal financial controls and risk management systems;

j. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

l. Discussing with internal auditors of any significant findings and follow up thereon;

m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or any failure of internal control systems of a material nature and reporting the matter to the Board;

n. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

p. Reviewing the functioning of the Whistle Blower mechanism;

q. Approving the appointment of CFO after assessing the qualifications, experience and background of the candidate; and

r. In addition, reviewing of such other functions as envisaged under Section 177 of the Act 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014 as amended and Regulation 18 of SEBI LODR Regulations.

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the Board by the Chairman of the Committee, for its approval. All the recommendations made by the Committee during the year under review, were accepted by the Board.

3.2 Composition, name of members and the Chairman:

As at 31st March 2018, the Committee consists of the following Directors:

Name of the Directors (M/s)	Designation
Vice Admiral P J Jacob (Retd.)	Non-Executive and Independent Director
V Subramanian	
S Santhanakrishnan	
R Gopalan	
T K Balaji	Non-Executive and Non-Independent Director

The composition of the Committee is in accordance with the requirements of Regulation 18 of SEBI LODR Regulations read with Section 177 of the Act, 2013. Vice Admiral P J Jacob (Retd.), is the Chairman and Mr R Raja Prakash, Company Secretary acts as the secretary of the Committee.

Chairman of the Audit Committee was present at the last AGM held on 19th July 2017.

3.3 The particulars of meetings and attendance by the members of the Committee, during the year under review, are given in the table below:

Date of the Meeting	Members present (M/s)
02.05.2017	Vice Admiral P Jacob (Retd), V Subramanian and S Santhanakrishnan
08.08.2017	Vice Admiral P J Jacob (Retd), T K Balaji , V Subramanian, S Santhanakrishnan and R Gopalan.
10.11.2017	
12.02.2018	Vice Admiral P J Jacob (Retd), V Subramanian, S Santhanakrishnan and R Gopalan
15.03.2018	Vice Admiral P J Jacob (Retd), T K Balaji, V Subramanian, S Santhanakrishnan and R Gopalan.

4. Subsidiary companies

The Company's Indian unlisted subsidiaries do not fall under the definition of "material unlisted Indian subsidiaries".

During the year, the Company's subsidiary TVS Motor Company Limited acquired the entire share capital of TVS Motor Services Limited (TVS MS) and thereby TVS MS, TVS Credit Services

Limited (TVS CS) and its subsidiaries viz., TVS Two Wheeler Mall Private Limited, TVS Micro Finance Private Limited, Harita ARC Private Limited, Harita Collection Services Private Limited, TVS Commodity Financial Solutions Private Limited and TVS Housing Finance Private Limited, became subsidiaries of the Company.

The other subsidiaries of the Company are Sundaram Auto Components Limited, TVS Housing Limited, PT. TVS Motor Company Indonesia, TVS Motor Company (Europe) B.V, TVS Motor (Singapore) Pte. Limited, Sundaram-Clayton (USA) Limited, USA, Sundaram Holding USA Inc., USA, Greenhills Land Holding LLC, USA, Components Equipment Leasing LLC, USA, Sundaram-Clayton (USA) LLC, USA, and Premier Land Holding LLC, USA.

The Audit Committee of Directors of the Company reviews the financial statements and in particular the investments made by the said unlisted subsidiaries.

The minutes of the Board meetings of the said unlisted subsidiaries are periodically placed before the Board. The Board is periodically informed about all significant transactions and arrangements entered into by all these unlisted subsidiaries.

Material Subsidiaries Policy

The Board has duly formulated a policy for determining 'material subsidiaries'. A subsidiary is considered as "a material subsidiary", if its income or networth exceeds 20% of the consolidated income or networth of the Company during the previous financial year.

Copy of the said policy is available on the Company's website in the following link:
www.sundaram-clayton.com/Web%20files/Investors/Material%20Subsidiary%20Policy.pdf

5. Disclosures

5.1 Materially significant related party transactions:

All transactions entered into with Related Parties, as defined under the Act 2013 and SEBI LODR Regulations during the financial year 2017-18 were in the ordinary course of business and on an arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

There were no materially significant transactions with the related parties, during the year, which were in conflict with the interests of the Company and that requires approval of the Company in terms of SEBI LODR Regulations.

The transactions with the related parties, namely its promoters and subsidiary and associate companies etc., of routine nature have been reported in the Annual Report, as per Indian Accounting Standard 24 (IND AS 24) notified vide the Companies (Indian Accounting Standard) Rules, 2015.

Related Party Transactions Policy:

The Board has formulated a policy on related party transactions. The Audit Committee reviews and approves transactions (RPTs) between the Company and related parties, as defined under the SEBI LODR Regulations, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated on an arm's length. The Audit Committee meets prior to each scheduled Board meeting to review all RPTs of the Company on a quarterly basis.

The Companies (Amendment) Act 2017, which was notified on 3rd January 2018, *inter-alia* provides for ratification of RPTs involving amount not exceeding Rs.1 Cr per transaction entered into by a Director or Officer of the Company without obtaining the approval of the Audit Committee and such RPTs can be ratified by the Audit Committee within three months from the date of the transaction.

Copy of the said policy is available on the Company's website in the following link:
www.sundaram-clayton.com/Web%20files/Investors/Related%20Party%20Transaction%20Policy.pdf

5.2 Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, the Company has adopted "IND AS" with effect from 1st April 2016. Accordingly, the financial statements from the year 2016-17 onwards have been prepared in compliance with the Companies (Indian Accounting Standard) Rules, 2015, including the current financial year 2017-18.

5.3 Risk Management:

The Board has established a Risk Management Policy which formalizes Company's approach to oversee and manage material business risks. The policy is implemented through a top down and bottom up approach for identifying, assessing, monitoring and managing key risks across the Company's business units.

Risks and effectiveness of management are internally reviewed and reported regularly to the Board. As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the Senior Management on quarterly basis. Process owners are identified for each risk and metrics are developed for monitoring and reviewing risk mitigation.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. Company's Audit Committee reviews reports given by members of the management team and recommends suitable action.

The Company's policy on Risk Management has been discussed in detail in the Director's Report.

Risk Management Committee

The Board at its meeting held on 22nd May 2018 constituted Risk Management Committee, with the following Directors / Officials as its Members:

Name of the Director / Official (M/s)	Designation	Status
Vice Admiral P J Jacob (Retd.)	Non-Executive and Independent Director	Chairman
R Gopalan		Member
Dr. Lakshmi Venu	Joint Managing Director	
C Narasimhan	Advisor	

Scope:

a) Overseeing and approving the Company's enterprise wide risk management framework;

b) Overseeing / identification / assessment of all risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational; and

c) Evaluating adequate risk management infrastructure are in place and capable of addressing those risks.

Role:

a) To identify, evaluate and mitigate the existing as well as potential risks to the Company and to recommend the strategies to the Board to overcome them;

b) To develop and implement action plans to mitigate the risks;

c) To oversee at such intervals as may be necessary, the adequacy of Company's resources to perform its risk management responsibilities and achieve its objectives;

d) To review the risk management framework for the operations of the Company that are deemed necessary and Company's performance against the identified risks of the Company;

e) To formulate the strategies towards identifying any areas that may materially affect the Company's overall risk exposure and to review the Risk Management Plan;

f) To adequately transmit necessary information with respect to material risks to Senior Executives / Board / relevant Committees; and

g) Such other items as may be prescribed by the applicable law or by the Board, from time to time.

5.4 Instances of non-compliances, if any:

There was no instance of non-compliance by the Company or penalty and stricture imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets, during the last three years.

5.5 Disclosure by Senior Management Personnel (SMP):

The SMP have made disclosures to the Board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

5.6 CEO and CFO Certification:

The Chairman and Managing Director and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the SEBI LODR Regulations for the financial year ended 31st March 2018.

5.7 Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of SEBI LODR Regulations. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this Report.

5.8 Code of Conduct for Prevention of Insider Trading:

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, the Company has a comprehensive Code of conduct for prevention of insider trading and the same is being strictly adhered to by the Directors, SMP and other persons covered by this Code. The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them on the consequences of non-compliances thereof.

The Company regularly follows closure of trading window prior to the publication of price sensitive information. The Company has been advising the Directors, SMP and other persons covered by the Code not to trade in Company's securities during the closure of trading window period.

The Company has also formulated a Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPSI) and a Code of Conduct to regulate, monitor and report trading by insiders in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 2015, effective from 15th May 2015.

5.9 Management Discussion and Analysis Report, Familiarization Programme and Whistle Blower Policy:

All the above Report / Policies form part of the Directors' Report.

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2018, the NRC consists of the following Members:

Name of the Directors (M/s)	Designation
Vice Admiral P J Jacob (Retd.)	Non-Executive Independent Director
R Vijayaraghavan	
V Subramanian	

Vice Admiral P J Jacob (Retd.) is the Chairman and Mr R Raja Prakash, Company Secretary is the secretary of the Committee.

All the members were present at the meetings held on 2nd May 2017 and 12th February 2018.

Vice Admiral P J Jacob (Retd.) Chairman of the Committee was present at the last AGM held on 19th July 2017.

6.2 The broad terms of reference of the NRC are as under:

- Guiding the Board for laying down the terms and conditions in relation to appointment and removal of Director(s), Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of the Company.
- Evaluating the performance of the Director(s) and providing necessary report to the Board for its further evaluation and consideration.
- Recommending to the Board on remuneration payable to the Director(s), KMP and SMP of the Company based on (i) the Company's structure and financial performance and (ii) remuneration trends and practices that prevail in peer companies across automobile industry.
- Retaining, motivating and promoting talent among the employees and ensuring long term sustainability of talented SMP by creation of competitive advantage through a structured talent review.

6.3 The role / scope of the NRC is as follows:

- To make recommendations to the Board with respect to incentive compensation plans for Executive Director(s) and remuneration of Non-Executive Director(s).
- To identify persons who are qualified to become Director(s), KMP and SMP of the Company.
- To recommend to the board for appointment /removal of Director(s), KMP and SMP of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a Director of the Company.
- To recommend to the Board a Policy for remuneration of Director(s), KMP and SMP of the Company.

6.4 Evaluation Criteria

The NRC laid down the criteria for evaluating the performance of every Director, Committees of the Board and the Board as a whole and also the performance of KMP and SMP.

The performance evaluation of the Board as a whole was assessed based on the criteria, like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow up action, quality of information, governance issues and the performance and reporting by various Committees set up by the Board.

As per the Companies Amendment Act 2017, evaluation of all Directors by both the Board and NRC was avoided. Pursuant to this amendment, the following changes were incorporated in NRC Policy to avoid duplication of evaluation process.

NRC should 'prescribe a methodology to carry out evaluation of performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole', and the Board should carry out the performance evaluation as per the methodology either by itself, by NRC or by an external agency.

The performance evaluation of individual Director was carried out based on his / her commitment to the role and fiduciary responsibilities as a board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as Member of various Committees etc.

The performance of SMP was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all the SMP for 2017-18 and this has been in accordance with the above process.

The NRC has the overall responsibility for evaluating and approving the compensation plans, policies and programmes applicable to the SMP. The NRC also delegated its authority to the CMD, wherever appropriate, for this purpose.

6.5 Remuneration Policy

As per the Companies Amendment Act, 2017, the Nomination and Remuneration Policy has been placed on the website of the Company in the following link : www.sundaram-clayton.com. The salient features of the policy are as follows:

NRC formulate policies to ensure that-

- the level and composition of remuneration are reasonable and sufficient to attract, retain and motivate Director(s) of the quality required to run the Company successfully;
- the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- the remuneration to Director(s), KMP and SMP of the Company involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

6.6 Remuneration to Directors:

Executive Director(s)

The remuneration payable to the Chairman and Managing Director (CMD) and Joint Managing Director (JMD) is fixed by the Board and are within the limits approved by the Shareholders in terms of the relevant provisions of the Act, 2013.

Considering the inadequacy of profits for payment of remuneration to Executive Directors, the Board sought approval of the Shareholders for payment of minimum remuneration in accordance with Schedule V to the Act, 2013, for the year 2017-18. The Shareholders have approved the payment of minimum remuneration on 27th March 2018, through Postal Ballot.

Particulars of remuneration paid to Executive Directors during the financial year 2017-18:

(Rs. in lakhs)

Executive Directors	Salary	Perqui-sites	Contribution to PF and other funds	Total
Mr Venu Srinivasan, CMD	51.00	9.40	8.67	69.07
Dr. Lakshmi Venu, JMD	90.00	65.58	15.30	170.88
Mr Sudarshan Venu, JMD	24.00	0.78	4.08	28.86

There is no separate provision for payment of severance fees. The notice period is mutually agreed between these Directors and the Board. The tenure of office of Executive Directors is for five years from their respective dates of appointment.

The above remuneration to Mr Venu Srinivasan, CMD and Mr Sudarshan Venu, JMD are notwithstanding their holding similar positions in the subsidiary Company, viz., TVS Motor Company Limited (TVSM) and drawing remuneration, as approved by its shareholders, from time to time, provided that the total remuneration drawn by them as CMD and JMD from the Company and TVSM does not exceed the higher maximum limit admissible, from any one of these two companies.

The above remuneration to Dr. Lakshmi Venu, JMD is notwithstanding her holding position of Deputy Managing Director (DMD) in TAFE Motors and Tractors Limited (TMTL), as approved by its shareholders, from time to time, provided that the total remuneration drawn by her as JMD and DMD from the Company and TMTL does not exceed the higher maximum limit admissible, from any one of these two companies.

Non- Executive / Independent Director(s)

Sitting fees

Rs. 10,000/- each is paid to the Non-Executive Directors for every meeting of the Board and / or Committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.

Commission

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the Board / Committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence IDs are being paid by way of sitting fees and commission.

As approved by the Shareholders through Postal Ballot dated 21st June, 2016, Non-Executive and Independent Directors will be paid commission, not exceeding 1% of the net profits of the Company, in aggregate, subject to a maximum, as determined by the Board, for each such Director for every financial year for a period of five years commencing from 1st April, 2016.

Due to inadequacy of profits, the Company has not paid any remuneration by way of commission to IDs, for the year 2017-18.

Presently, the Company does not have a scheme for grant of stock options either to the Directors or employees of the Company.

6.7 Payment of sitting fees paid to the Non-Executive and Independent / Non-Independent Directors during the financial year 2017-18 are as follows:

(In Rs.)

Name of the Directors (M/s.)	Sitting fees
K Mahesh	20,000
Gopal Srinivasan	50,000
T K Balaji	80,000
Vice Admiral P J Jacob (Retd.)	1,40,000
V Subramanian	1,30,000
S Santhanakrishnan	1,50,000
R Vijayaraghavan	1,00,000
Kamlesh Gandhi	50,000
R Gopalan	1,10,000
Total	8,30,000

6.8 Details of shareholdings of Non-Executive Directors in the Company as on 31st March 2018:

Name of the Non-Executive Director (M/s)	No. of shares
K Mahesh	504
Gopal Srinivasan*	66
T K Balaji	-
Vice Admiral P J Jacob (Retd)	-
V Subramanian	-
S Santhanakrishnan	-
R Vijayaraghavan	-
Kamlesh Gandhi	-
R. Gopalan	-

** Mr Venu Srinivasan and Mr Gopal Srinivasan being brothers are relatives in terms of Section 2(77) of the Companies Act, 2013.*

There are no other pecuniary relationships or transactions of the Non-Executive Directors' vis-à-vis of the Company.

7. Stakeholders' Relationship Committee (SRC)

7.1 The SRC consists of three Members viz., M/s. S Santhanakrishnan and R Vijayaraghavan, Non-Executive and Independent Directors and Dr. Lakshmi Venu, Executive and Non-Independent Director. Mr S Santhanakrishnan, Non-Executive and Independent Director, is the Chairman of the Committee.

Chairman of the Committee was not present at the last AGM held on 19th July 2017 due to prior commitments. However, he authorized a member of the Committee to represent the Chairman of the Committee at the AGM, for replying the queries, if any of the Shareholders.

7.2 As required by SEBI LODR Regulations, Mr R Raja Prakash, Company Secretary is the Compliance Officer of the Company, who oversees the redressal of investor grievances. For any clarification / complaint, the Shareholders may contact the Company Secretary.

7.3 The particulars of meetings and attendance by the Members of the Committee, during the year under review, are given in the table below:

Date of the Meetings	Members present (M/s.)
03.05.2017	S Santhanakrishnan, R Vijayaraghavan and Dr. Lakshmi Venu
08.08.2017	S Santhanakrishnan and Dr. Lakshmi Venu
10.11.2017	S Santhanakrishnan, R Vijayaraghavan and Dr. Lakshmi Venu
12.02.2018	

7.4 SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into redressal of investors' grievances pertaining to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc. The Company, in order to expedite the process of share transfers, has delegated the power of share transfers to an officer of the Company. The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5 Complaints received and redressed during the year 2017-18:

Nature of complaints	No. of complaints received and redressed
Non receipt of dividend warrants	2
Non receipt of annual report	1
Non-receipt of share certificates	1
Demat confirmations and share transfer	2
Total	6

7.6 All the queries and complaints received during the financial year ended 31st March 2018, were duly redressed and no queries are pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time period and no request for dematerializing the share certificates was pending.

7.7 Reconciliation of Share Capital Audit:

A Practising Company Secretary carried out a Reconciliation of Share Capital (RSC) Audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The report was regularly placed before the Board for its perusal.

The RSC audit reports confirmed that the total issued and listed capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

8. Corporate Social Responsibility Committee (CSR)

The CSR Committee consists of three Directors viz., M/s Venu Srinivasan, Dr. Lakshmi Venu and Vice Admiral P J Jacob. Mr Venu Srinivasan is the Chairman of the Committee.

The details of CSR Policy, initiatives and spending are spelt out in the Directors Report.

During the year, the Committee met on 3rd May 2017 and all the Members were present at the meeting.

9. Administrative Committee

The Administrative Committee consist of three Directors viz., M/s Venu Srinivasan, Gopal Srinivasan and T K Balaji. Mr Venu Srinivasan is the Chairman of the Committee.

The particulars of meetings and attendance by the Members of the Committee, during the year under review, are given in the table below:

Date of the Meetings	Members Present (M/s.)
19.07.2017	Venu Srinivasan, Gopal Srinivasan and T K Balaji
23.09.2017	Venu Srinivasan and T K Balaji
12.02.2018	Venu Srinivasan and Gopal Srinivasan

10. General Body Meeting

10.1 Location and time where the AGMs were held during the last three years:

Year	Location	Date	Time
2014-15	The Music Academy, New No.168 (Old No. 306) TTK Road, Royapettah, Chennai - 600 014	20.08.2015	10.00 A.M.
2015-16		02.09.2016	10.00 A.M.
2016-17		19.07.2017	10.00 A.M.

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2014-15 to 2016-17, none of the resolution required the approval of the Shareholders through special resolutions.

10.3 Postal Ballot

The Board sought the consent of Shareholders of the Company by way of ordinary / special resolutions through Postal Ballot as per the notice issued to the Shareholders on 12th February 2018, for approving the remuneration payable to (1) Chairman and Managing Director, (2) Dr. Lakshmi Venu, Joint Managing Director and (3) Mr Sudarshan Venu, Joint Managing Director of the Company.

The special resolution (Item No. 2) and ordinary resolutions (Item Nos. 1 & 3) were passed by the Shareholders of the Company with requisite majority.

The results of the Postal Ballot are given below:

Particulars	No. / % of votes cast in favour		No. / % of votes cast against	
Item No.1	1,85,17,273	99.99	1,046	0.01
Item No.2	1,85,17,161	99.99	1,156	0.01
Item No.3	1,85,17,392	99.99	1,091	0.01

10.4 Person who conducted the Postal Ballot exercise

Ms. B Chandra, Practising Company Secretary was appointed to act as the scrutinizer for conducting the Postal Ballot and e-Voting.

10.5 Procedure for Postal Ballot

1. The Board of Directors, vide resolution dated 12th February 2018, had appointed Ms B Chandra, Practising Company Secretary as the scrutinizer.
2. The dispatch of the Postal Ballot Notice dated 12th February 2018 together with Explanatory Statement was completed on 27th March 2018 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members / list of beneficiaries as on 16th February 2018.
3. The voting under the Postal Ballot was kept open from 26th February 2018 at 9.00 A.M. (IST) to Tuesday, 27th March, 2018 at 5.00 P.M. (IST). (Either physically or electronic mode).
4. Particulars of Postal Ballot forms received from the members using the electronic platform of CDSL were entered in a register separately maintained for the purpose.
5. The Postal Ballot forms were kept under the safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such Postal Ballot forms.
6. All Postal Ballot forms received by the scrutinizer upto 5.00 p.m. on 27th March, 2018 had been considered for scrutiny.

10.6 None of the subjects placed before the shareholders in the last / ensuing AGM required/ requires approval by Postal Ballot. However, in terms of the Regulation 44 of SEBI (LODR) Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility to exercise their right to vote through Remote e-Voting and through Ballot Paper at the meeting for all the items at the AGM held on 19th July, 2017.

11. Means of communication to Shareholders

The Board believes that effective communication of information is an essential component of corporate governance. The Company regularly interacts with Shareholders through multiple channels of communication such as results announcement, annual report, media releases, the Company's website and specific communications to Stock Exchanges, where the Company's shares are listed.

11.1 Quarterly Results:

The unaudited quarterly financial results of the Company were published in English and regional newspapers.

11.2 Newspapers wherein results are normally published:

The results are normally published in English Newspapers viz., The Hindu, Business Line, Economic Times and Regional Newspaper viz., Dinamani.

11.3 Website:

The Company has in place a website addressed as www.sundaram-clayton.com. This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of SEBI LODR Regulations. The Company ensures that the contents of this website are periodically updated. In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

12. General shareholder information:

12.1 Annual General Meeting:

Date and time	:	Monday, 20th August, 2018 10.25 A.M.
Venue	:	The Music Academy, New No.168, (Old No. 306) T T K Road Chennai 600 014, Tamil Nadu, India

12.2 Financial year : 1st April to 31st March

Financial calendar : 2018-19 (Tentative)

Financial reporting for the quarter ending : Financial Calendar

30th June 2018 : between 15th July and 14th August 2018

30th September 2018 : between 15th October and 14th November 2018

31st December 2018 : between 15th January and 14th February 2019

31st March 2019 : between 15th April and 30th May 2019

12.3 Particulars of dividend payment

Particulars of dividend declaration / payment are disclosed in the Directors' Report. Dividends were declared in compliance with the Dividend Distribution Policy of the Company.

Dividend distribution policy

SEBI vide its circular No. SEBI/ LAD-NRO/ GN/2016-17/008 dated 8th July 2016 mandated the top 500 listed companies based on the market capitalization to formulate Dividend Distribution Policy which shall be disclosed in their annual reports and on their websites.

Accordingly, the Board at its meeting held on 7th February 2017 had formulated a Dividend Distribution Policy, the details of which are available on the company's website in the following link in compliance of the said requirement: www.sundaramclayton.com/Web%20files/Dividend%20Distribution%20Policy%20-%20SCL.pdf

12.4 Listing on Stock Exchanges:

Name and address of the Stock Exchanges	Stock Code / Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001, India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	520056
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India Tel.: 91 22 2659 8100 Fax : 91 22 2659 8120	SUNCLAYLTD
ISIN allotted by Depositories (Company ID Number)	INE105A01035

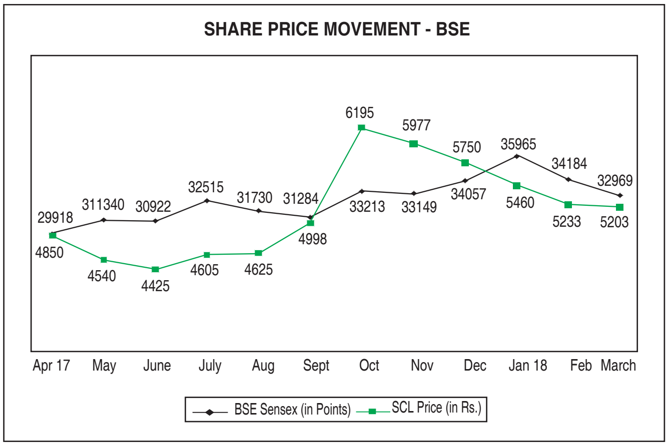
(Note: Annual listing fees and custodial charges for the year 2018-19 were duly paid to the above Stock Exchanges and Depositories)

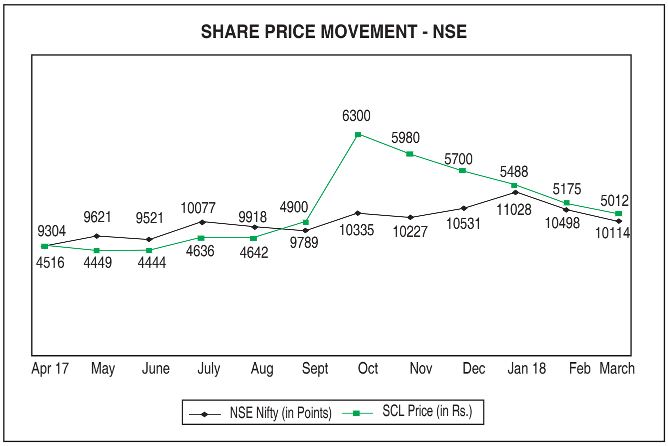
12.5 Market Price Data:

In Rs.

Month	NSE		BSE	
	High	Low	High	Low
April 2017	4516	3562	4850	3510
May 2017	4449	3707	4540	3716
June 2017	4444	3959	4425	4004
July 2017	4636	4220	4605	4155
August 2017	4642	4050	4625	4051
September 2017	4900	4460	4998	4425
October 2017	6300	4637	6195	4650
November 2017	5980	5390	5977	5352
December 2017	5700	5050	5750	5050
January 2018	5488	4710	5460	4770
February 2018	5175	4512	5233	4450
March 2018	5012	4565	5203	4559

12.6 Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty:





12.7 Share Transfer Agents and share transfer system:

a. The Company has registered itself with SEBI as Share Transfer Agent (STA) in Category II.

b. All matters connected with the share transfer, dividends and other matters are being handled by the share transfer department of the Company located at the address mentioned elsewhere in this Report.

c. Shares lodged for transfers are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects.

d. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates, etc., are processed by the Share Transfer Department within 7 days.

e. Certificates are being obtained and submitted to the Stock Exchanges, on half-yearly basis, from a company secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of SEBI LODR Regulations.

f. Certificates are being obtained and submitted to the Stock Exchanges, on quarterly basis, from a company secretary-in-practice for timely dematerialization of shares of the Company and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.

g. The Company, as required under Regulation 6(2)(d) of SEBI LODR Regulations, has designated the following e-mail ID, namely investorscomplaintssta@scl.co.in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

h. A certificate signed by the Company Secretary and Assistant General Manager – Shares towards maintenance of share transfer facility by Share Transfer Department in compliance with Regulation 7(3) of the SEBI LODR Regulations was prepared and submitted to the Stock Exchanges.

i. Shareholders are, therefore, requested to correspond with the Share Transfer Department for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this Report.

12.8 Shareholding pattern of the Company as on 31st March 2018:

Category of Shareholder	31.03.2018	
	No. of shares held	%
Promoter and Promoter Group		
Bodies Corporate	1,51,74,060	75.00
Total (A)	**1,51,74,060**	**75.00**
Public Shareholding		
Mutual Funds	25,32,478	12.52
Banks / Financial Institutions	517	-
Insurance Companies	5,76,808	2.85
Foreign Institutional Investors	97,961	0.48
Total Institutions (B)	**32,07,764**	**15.85**
Bodies Corporate	1,73,551	0.86
Individuals holding nominal capital in excess of Rs.2 lakhs	14,86,123	7.36
Individuals holding nominal capital upto Rs.2 lakhs	1,46,583	0.72
Foreign National (IND)	83	-
NRI Repatriable	12,155	0.06
NRI Non – Repatriable	22,606	0.11
Directors & their relatives	2,967	0.01
Clearing Members	5,648	0.03
Trusts	500	-
LLP	45	-
Total Non-Institutions (C)	**18,50,261**	**9.15**
Total Public Shareholding [D= (B+C)]	**50,58,025**	**25.00**
Grand Total (A+D)	**2,02,32,085**	**100.00**

12.9 Distribution of Shareholding as on 31st March 2018:

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 500	11,51,105	5.69	17,266	98.28
501-1000	1,17,495	0.58	163	0.93
1001-2000	86,003	0.43	61	0.35
2001-5000	1,36,339	0.67	43	0.24
5001-10000	97,675	0.48	14	0.08
10001 & above	1,86,43,468	92.15	21	0.12
Total	2,02,32,085	100.00	17,568	100.00

12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 1,51,74,060 Equity Shares of Rs.5/- each has been fully dematerialized. Out of 50,58,025 Equity Shares of Rs.5/- each held by persons other than promoters 48,83,270 Equity Shares have been dematerialized as on 31st March, 2018 accounting for 96.54%.

12.11 The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's Equity.

12.12 Other Disclosures

a) There were no pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, except payment of sitting fees.

b) During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.

c) Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the Audit Committee on regular basis.

d) Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data.

12.13 Plant Locations:

Chennai	:	Padi , Chennai 600 050 Tamilnadu, India Tel : 044 - 2625 8212 corpsec@scl.co.in
Mahindra World City	:	Plot No. AA5, VI Avenue, Auto Ancillary SEZ, Mahindra World City, Chengalpattu Kancheepuram District - 603 004 Tamilnadu, India Tel : 044 – 4749 0049 corpsec@scl.co.in
Oragadam	:	Plot No. B-14, SIPCOT Industrial Growth Centre Sriperumbudur Taluk, Kancheepuram District - 602 105 Tel : 044 – 6710 3300 corpsec@scl.co.in
Hosur	:	Hosur - Thally Road, Belagondapalli Hosur 635 114 Tamil Nadu, India Tel : 04347 –233445 corpsec@scl.co.in

12.14 Address for Investor Correspondence:

(i)	For transfer / dematerialisation of shares, payment of dividend on shares and any other query relating to the shares of the Company	:	Sundaram-Clayton Limited Share Transfer Department "Jayalakshmi Estates", 1st Floor, 29, Haddows Road, Chennai - 600 006
(ii)	For any query on non-receipt of Annual Report	:	Email: raman@scl.co.in sclshares@gmail.com
(iii)	For Investors' grievance & general correspondence	:	Email: corpsec@scl.co.in investorscomplaintssta@scl.co.in

13. Non-mandatory disclosures

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

13.1 The Board:

As the Company has an Executive Chairman, disclosure under this head is not mandatory. The NIDs of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. Specific tenure has been fixed for the Independent Directors in terms of Section 149 of the Act, 2013 and during this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the Act, 2013.

13.2 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the Board and are also uploaded in the Company's website namely www.sundaram-clayton.com. The results are not sent to the shareholders individually.

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

14. Request to shareholders

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder in order for the Company to serve them efficiently and avoid risks while dealing in securities of the Company.

Demat of Shares:

Shareholders are requested to convert their physical holding to demat / electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.

Registration of Electronic Clearing Service (ECS) mandate:

SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore requested to advise their DPs about such change, with complete details of bank account.

ECS helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the Share Transfer Department or their respective DPs.

Transfer of shares in physical mode:

Shareholders should fill up complete and correct particulars in the transfer deed, for expeditious transfer of shares. Wherever applicable, registration number of power of attorney should also be quoted in the transfer deed at the appropriate place.

Shareholders, whose signatures have undergone any change over a period of time, are requested to lodge their new specimen signature duly attested by a bank manager to the Share Transfer Department of the Company.

In terms of SEBI LODR Regulations, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

In case of loss / misplacement of share certificates, shareholders should immediately lodge a FIR / Complaint with the police and inform the Company / Share Transfer Department with original or certified copy of FIR / acknowledged copy of complaint for marking stop transfer of shares.

Consolidation of Multiple Folios:

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

Registration of Nominations:

Nomination in respect of Shares, as per Section 72 of the Act, 2013 provides facility for making nominations by Shareholders in respect of their holding of Shares. Such nomination greatly facilitates transmission of Shares from the deceased Shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.

It would therefore be in the best interest of the Shareholders holding Shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13. This form will be made available on request. Investors holding Shares in demat form are advised to contact their DPs for making nominations.

Updation of address:

Shareholders are requested to update their addresses registered with the Company, directly through the Share Transfer Department, to receive all communications promptly.

Shareholders, holding Shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc.

SMS Alerts:

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby Shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com respectively.

Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation.

As required by SEBI, Shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly a sum of Rs.5.02 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2017-18.

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31st March, 2011 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

INFORMATION IN RESPECT OF UNCLAIMED DIVIDENDS DUE FOR REMITTANCE INTO IEPF IS GIVEN BELOW

Particulars of unclaimed dividend of the Company:

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to the IEPF
2010-11 (2nd interim)	12-08-2011	17-09-2011	17-09-2018
2011-12 (interim)	20-04-2012	26-05-2012	26-05-2019
2012-13 (1st interim)	08-02-2013	16-03-2013	16-03-2020
2012-13 (2nd interim)	08-05-2013	06-06-2013	06-06-2020
2013-14 (1st interim)	29-10-2013	27-11-2013	27-11-2020
2013-14 (2nd interim)	18-03-2014	16-04-2014	16-04-2021
2013-14 (3rd interim)	14-05-2014	12-06-2014	12-06-2021
2014-15 (1st interim)	04-02-2015	05-03-2015	05-03-2022
2014-15 (2nd interim)	20-03-2015	18-04-2015	18-04-2022
2014-15 (3rd interim)	08-05-2015	07-06-2015	17-06-2022
2015-16 (1st interim)	09-02-2016	10-03-2016	10-03-2023
2015-16 (2nd interim)	14-03-2016	13-04-2016	13-04-2023
2016-17 (1st interim)	03-11-2016	03-12-2016	03-12-2023
2016-17 (2nd interim)	13-03-2017	12-04-2017	12-04-2024
2017-18 (interim)	15-03-2018	14-04-2018	14-04-2025

15. Unclaimed share certificates

In terms of the provisions of Regulation 39(4) read with Schedule VI of the SEBI LODR Regulations, the unclaimed share certificates are required to be dematerialized and transferred to “Unclaimed Suspense Account”. As required under the Regulations, the Company sent reminder letters to the Shareholders, whose share certificates were returned undelivered or unclaimed. The voting rights in respect of unclaimed shares held in Unclaimed Suspense Account stands frozen in terms of Regulation 39 read with Schedule VI of SEBI LODR Regulations, till the rightful owners of such shares claim them.

After complying with the requirements under the Listing Regulations, the Company has opened an "Unclaimed Suspense Account" and details are as follows:

Details	No. of Shareholders	No. of Shares
No. of Shares in the unclaimed suspense account as on 31st March 2017	476	31,584
No. of Shares transferred to the Shareholders on request from 1st April 2017 to 31st March 2018	16	1,531
No of Shares in the unclaimed suspense account as on 31st March 2018	460	30,053

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of Annual Report through electronic means to such of the Shareholders whose e-mail addresses are registered with NSDL or CDSL or the Shareholders who have registered their E-mail IDs with the Company to receive the documents in electronic form and physical copies to those Shareholders whose e-mail ids have not been either registered with the Company or with the depositories.

To support this green initiative of the Government, Members are requested to register their e-mail addresses, with the DPs, in case Shares are held in dematerialized form and with the Share Transfer Department, in case the Shares are held in physical form and also intimate changes, if any, in their registered e-mail addresses to the Company / DPs, from time to time.

Compliance with Code of Business Conduct and Ethics

To

The Shareholders of Sundaram-Clayton Limited,
Chennai

On the basis of the written declarations received from Members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, it is hereby certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31st March 2018.

Chennai
22nd May 2018

Venu Srinivasan
Chairman & Managing Director

Auditors' certificate on compliance of the provisions of the Code of Corporate Governance

To

The Shareholders of Sundaram-Clayton Limited, Chennai

We have examined the compliance of conditions of Corporate Governance by Sundaram-Clayton Limited, Chennai - 600 006 ('the Company') for the year ended 31st March 2018 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI LODR Regulations].

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate governance requirements by the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI LODR Regulations.

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

For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
FRN: 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716

Chennai
22nd May 2018

Chief Executive Officer and Chief Financial Officer Certification

To

The Board of Directors
Sundaram-Clayton Limited, Chennai

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2018 and to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations; and

(c) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit and Risk Management Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

We have indicated to the Auditors and the Audit and Risk Management Committee:

(a) significant changes, if any, in internal control over financial reporting during the year;

(b) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and

(c) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Chennai
22nd May 2018

VENU SRINIVASAN
Chairman & Managing Director

V N VENKATANATHAN
Chief Financial Officer

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
SUNDARAM-CLAYTON LIMITED,
[CIN: L35999TN1962PLC004792]
"Jayalakshmi Estates",
29, Haddows Road,
Chennai - 600 006

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s SUNDARAM-CLAYTON LIMITED bearing CIN L35999TN1962PLC004792 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Companies Act 1956 (to the extent applicable);

(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(v) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;

c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

d. The Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations 2015;

We are informed that the Company, during the year, was not required to comply with the following regulations and consequently not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009

b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

c. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2008

d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;

(vi) In addition to the compliance with Factory and Labour Laws as is applicable to a factory, based on the study of the systems and processes in place and a review of the reports of (1) the heads of the Departments (2) Occupier/Manager of the factories located in Padi, Mahindra World City, Oragadam and Hosur Units which manufacture aluminium pressure die castings for heavy commercial vehicles., passenger cars and two wheelers (3) the compliance reports made by the functional heads of various departments which are submitted to the Board of Directors of the Company (4) the Internal Audit Reports submitted to the Company, I report that the Company has complied with the provisions of the following industry specific statutes and the rules made there under as well as other laws to the extent it is applicable to them:

1. Motor Vehicles Act, 1988
2. The Motor Transport Workers Act, 1961
3. The Explosive Act, 1884
4. The Petroleum Act, 1934
5. The Environment (Protection) Act, 1986
6. The Water(Prevention and Control of Pollution) Act, 1974
7. The Air(Prevention and Control of Pollution) Act, 1981

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Based on the minutes made available to us, we report that Majority decision is carried through and that there were no dissenting votes from any Board member that was required to be captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor, report deviations, if any, to the Board, take corrective actions and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the Company had obtained approval of shareholders by way of special resolution through Postal Ballot during March 2018 for payment of remuneration to Chairman and Managing Director as well as to the Joint Managing Directors, even in case of inadequate profits.

B Chandra
Practising Company Secretary
ACS No.: 20879
C P No.: 7859

Chennai
22nd May 2018

Annexure - A to Secretarial Audit Report of even date

To,

The Members,
SUNDARAM-CLAYTON LIMITED,
[CIN: L35999TN1962PLC004792]
Jayalakshmi Estates,
29, Haddows Road,
Chennai 600 006

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

B Chandra
Practising Company Secretary
ACS No.: 20879
C P No.: 7859

Chennai
22nd May 2018

Standalone Financial Statements

of

Sundaram-Clayton Limited

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Independent Auditor's Report for the year ended 31st March 2018

To the Members of
Sundaram-Clayton Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Sundaram-Clayton Limited ("the Company"), Jayalakshmi Estates, No. 29, Haddows Road, Chennai – 600 006, which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement and Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2018, and its profit including its other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required under the Companies (Auditor's Report) Order, 2016 ("The Order"), issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in the "Annexure A" a statement of the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

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

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

   (c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;

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

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financials statements – Refer Note 34 (i) to the standalone Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses – Refer Note 32 (C).

iii. There has been no delay in transferring amounts required to be transferred to investor education and Protection fund by the Company.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
FRN: 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716

Chennai
22nd May 2018

Annexure'A' to Independent Auditors' Report - 31st March 2018 (Referred to in our report of even date)

i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

b) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such verifications;

c) The title deeds of the immovable properties of the Company are held in the name of the Company;

ii) The inventory, other than in-transit, has been physically verified at reasonable intervals during the year under review by the management. The discrepancies noticed between the book stock and physical stock were not material and have been properly dealt with in the books of account.

In respect of inventories with third parties, which have not been physically verified, there is a process of obtaining confirmation from such parties.

iii) During the year, the Company has not granted any loan to a company, firm or other parties covered in the register maintained under section 189 to the Companies act 2013.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable;

v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order are not applicable to the company;

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

vii) a) According to the information and explanation given to us, and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays.

b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax were is arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31st March 2018:

Name of the Statute	Nature of Dues	Amount of dispute (Rs. In crore)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	1.59	Central Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.46	Commissioner (Appeals), Chennai
Finance Act, 1994	Service Tax	2.95	Central Excise & Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.18	Commissioner (Appeals), Chennai
Finance Act, 1994	Service Tax	0.12	Additional Commissioner of Central Excise
Income Tax Act, 1961	Income Tax	4.17	Commissioner of Income Tax (Appeals)
Tamilnadu Value Added Tax Act, 2006	Value Added Tax	0.18	Tamilnadu Sales Tax Appellate Tribunal

viii) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to its banks. The Company has not borrowed from any financial institution or Government nor has issued any debentures.

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

b) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been utilised for the purpose for which they were obtained;

x) Based on the audit procedures adopted and the information and explanation given to us, no fraud by the Company or on the Company has been noticed or reported during the course of our audit;

xi) In our opinion and according to the information and explanations given to us, Managerial remuneration paid/provided are in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act;

xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;

xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the act and details of such transactions have been disclosed in standalone Ind AS financial statements as required by the applicable accounting standards.

xiv) According to the information and explanation given to us and in our opinion, the Company has not made any preferential or private placement of shares or fully or partly convertible debentures during the year under review;

xv) According to the information and explanation given to us and in our opinion, the Company has not entered into any non-cash transactions with Directors or persons connected with them.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank Act, 1934.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
FRN: 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716

Chennai
22nd May 2018

Annexure 'B' to the Independent Auditors' Report for the year ended 31st March 2018

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

We have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited ("the Company"), Jayalakshmi Estates, #29, Haddows Road, Chennai – 600006, as of 31st March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS 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 standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on;

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

ii. continuous adherence to Company's policies;

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

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

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

vi. existing capacity to prepare timely and reliable financial information

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
FRN: 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716

Chennai
22nd May 2018

BALANCE SHEET AS AT 31st MARCH 2018

(Rupees in crores)

Particulars	Notes	As at 31.03.2018	As at 31.03.2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	616.36	492.66
Capital work in progress	2	82.46	36.87
Other intangible assets	2	1.05	1.87
Financial assets			
i. Investments	3	281.49	214.65
ii. Other financial assets	4	11.97	8.87
Deferred Tax Assets (Net)	5	20.09	-
Other non-current assets	6	17.88	15.27
Total non-current assets		**1,031.30**	**770.19**
Current assets			
Inventories	7	361.32	235.14
Financial assets			
i. Trade receivables	8	288.57	171.10
ii. Cash and cash equivalents	9	1.16	0.72
iii. Bank balances other than (ii) above	10	0.79	0.89
iv. Other financial assets	4	7.05	7.21
Current tax assets (Net)		14.51	9.10
Other current assets	11	89.12	64.77
Total current assets		**762.52**	**488.93**
Total Assets		**1,793.82**	**1,259.12**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	10.12	10.12
Other equity	13	653.88	601.50
Total equity		**664.00**	**611.62**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	14	278.07	121.60
ii. Other financial liabilities	18	2.79	4.03
Provisions	15	20.22	22.09
Deferred tax liabilities (Net)	5	-	35.77
Total non-current liabilities		**301.08**	**183.49**
Current liabilities			
Financial liabilities			
i. Borrowings	16	309.41	150.26
ii. Trade payables	17	378.49	178.97
iii. Other financial liabilities	18	101.53	106.55
Other current liabilities	19	10.91	7.19
Provisions	15	28.40	21.04
Total current liabilities		**828.74**	**464.01**
Total liabilities		**1,129.82**	**647.50**
Total equity and liabilities		**1,793.82**	**1,259.12**
Significant Accounting Policies	1		

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No.007761S

V SATHYANARAYANAN
Partner
Membership No.:027716

Chennai
22nd May 2018

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

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

(Rupees in crores)

	Particulars	Notes	Year ended 31.03.2018	Year ended 31.03.2017
I	**INCOME**			
	Revenue from operations	20	1,672.29	1,515.35
	Other income	21	94.45	74.32
	Total income		**1,766.74**	**1,589.67**
II	**EXPENSES**			
	Cost of materials consumed	22	863.53	649.22
	Changes in inventories of finished goods, work-in-process and Stock-in-Trade	23	(49.46)	13.88
	Excise duty		29.33	120.80
	Employee benefit expenses	24	249.89	213.68
	Finance costs	25	33.70	28.54
	Depreciation and amortisation expense	2	73.08	60.64
	Other expenses	26	565.83	385.52
	Total expenses		**1,765.90**	**1,472.28**
III	**Profit before exceptional items and tax (I-II)**		**0.84**	**117.39**
IV	Exceptional items		-	2.28
V	**Profit before tax (III+IV)**		**0.84**	**119.67**
VI	Income tax expense			
	Current tax payable / (receipt)	27	(2.06)	9.07
	Deferred tax liabilities / (assets)	28	(52.02)	5.01
VII	**Profit for the year (V-VI)**		**54.92**	**105.59**
VIII	**Other comprehensive income**			
	(A) Items that will not be reclassified to statement of profit and loss:			
	Remeasurement of post employment benefit obligations		3.80	2.30
	Change in fair value of equity instruments		26.81	64.52
	Income tax relating to these items		(3.11)	(0.38)
	(B) Items that will be reclassified to statement of profit and loss:			
	Transactions relating to Derivative instruments		(0.57)	1.18
	Income tax relating to these items		0.20	(0.41)
	Other comprehensive income for the year, net of tax		**27.13**	**67.21**
IX	**Total comprehensive income for the year (VII+VIII)**		**82.05**	**172.80**
	Earnings per equity share			
	Basic & Diluted earnings per share	29	27.14	52.19

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Company Secretary

STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

A. Equity Share Capital

As at April 1, 2016	10.12
Changes in equity share capital	-
As at March 31, 2017	10.12
Changes in equity share capital	-
As at March 31, 2018	10.12

B. Other Equity

Particulars	Reserves and surplus				Other reserves		
	General reserve	Securities Premium Reserve	Retained earnings	Total	Fair Value through Other Compre-hensive Income	Hedging reserve	Total
Balance as at April 1, 2016	**224.84**	**36.42**	**156.19**	**417.45**	**75.94**	**(0.40)**	**75.54**
Add : Profit for the period	-	-	105.59	105.59	-	-	-
: Other comprehensive income	-	-	1.50	1.50	64.94	0.77	65.71
Total Comprehensive Income for the year	**-**	**-**	**107.09**	**107.09**	**64.94**	**0.77**	**65.71**
Add/(Less) : Transfer to Retained earnings	-	-	2.16	2.16	(2.32)	-	(2.32)
Distribution to shareholders :							
Less : First Interim dividend paid for the year ended 31.03.2017 (Rs.15.00 per share)	-	-	(30.35)	(30.35)	-	-	-
: Second Interim dividend paid for the year ended 31.03.2017 (Rs.16.50 per share)	-	-	(33.38)	(33.38)	-	-	-
: Dividend Tax*	-	-	(0.40)	(0.40)	-	-	-
Balance as at March 31, 2017	**224.84**	**36.42**	**201.31**	**462.57**	**138.56**	**0.37**	**138.93**
Add : Profit for the period	-	-	54.92	54.92	-	-	-
Add : Other comprehensive income	-	-	-	-	27.50	(0.37)	27.13
Total Comprehensive Income for the year	**-**	**-**	**54.92**	**54.92**	**27.50**	**(0.37)**	**27.13**
Add/(Less) : Transfer to Retained earnings	-	-	0.21	0.21	-	0.47	0.47
Distribution to shareholders :							
Less : Interim dividend paid for the year ended 31.03.2018 (Rs.15 per share)	-	-	(30.35)	(30.35)	-	-	-
: Dividend Tax*	-	-	-	-	-	-	-
Balance as at March 31, 2018	**224.84**	**36.42**	**226.09**	**487.35**	**166.06**	**0.47**	**166.53**

***The Company has taken credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per section 115-O (1A) of the Income Tax Act, 1961.**

Nature and purpose of reserves:

Security premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013

General reserve: General reserve is part of retained earnings. This is available for distribution to share holders as dividend and capitalisation.

Hedge Reserve - Refer Note No. 32 (D)

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V SATHYANARAYANAN
Partner
Membership No.:027716

Chennai
22nd May 2018

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(Rupees in crores)

			Year ended 31.03.2018		Year ended 31.03.2017
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before tax			0.84		119.67
Add: Depreciation and amortisation for the year		73.21		60.76	
Provision for employee benefits		2.46		1.34	
Exceptional Income		-		(2.28)	
Loss on sale/scrapping of property, plant and equipment		0.15		0.89	
Profit on sale of property, plant and equipment		(0.14)		(0.68)	
Unrealised exchange (gain) / loss		0.70		0.74	
Dividend income		(91.04)		(69.24)	
Interest income		(1.96)		(1.26)	
Fair value of financial assets & financial liabilities		(1.64)		(3.80)	
Interest expense		33.43		27.84	
			15.17		14.31
Operating profit before working capital changes			**16.01**		**133.98**
Adjustments for:					
Inventories		(126.18)		1.10	
Trade Receivables		(117.47)		17.13	
Other financial assets		(2.94)		8.57	
Other non-current assets		(2.61)		(0.46)	
Other current assets		(24.35)		(9.29)	
Trade Payables		199.52		25.51	
Other financial liabilities (excluding current maturities of debt)		(1.92)		5.01	
Other current liabilities		3.72		(1.93)	
			(72.23)		45.64
Cash generated from operations			(56.22)		179.62
Direct taxes paid			(3.27)		(10.58)
Net cash from operating activities	**(A)**		**(59.49)**		**169.04**
B CASH FLOW FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment (including Capital work in progress)			(260.81)		(128.47)
Sale of property, plant and equipment			19.15		5.55
(Purchase) / Sale of investments			(38.96)		(9.45)
Interest received			1.96		1.26
Dividend received			91.04		69.24
Net Cash from/(used in) investing activities	**(B)**		**(187.62)**		**(61.87)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018 - *(continued)*

(Rupees in crores)

			Year ended 31.03.2018		Year ended 31.03.2017
C CASH FLOW FROM FINANCING ACTIVITIES					
Net Borrowings:					
Term loans availed / (repaid)			152.08		15.37
Short term borrowings availed / (repaid)			36.03		(30.65)
Interest paid			(33.43)		(27.84)
Dividend and dividend tax paid			(30.35)		(64.13)
Net cash from financing activities	**(C)**		**124.33**		**(107.25)**
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(A+B+C)**		**(122.78)**		**(0.08)**
Cash and cash equivalents at the beginning of the year					
Cash and Bank balances		1.61		1.35	
Cash credit balance		(66.76)	(65.15)	(66.42)	(65.07)
Cash and cash equivalents at the end of the year					
Cash and Bank balances		1.95		1.61	
Cash credit balance		(189.88)	(187.93)	(66.76)	(65.15)

Change in liability arising from financing activities

Particulars	Note	01/04/2017	Cash flow	Non-cash changes		31/03/2018
				Fair value change	Foreign exchange movement	
Long term borrowings (including current maturities)	14	203.97	152.08	(0.65)	0.70	356.10
Short term borrowings	16	83.50	36.03	-	-	119.53

Notes:

1 The above statement has been prepared in indirect method except in case of dividend, tax and purchase and sale of investments which have been considered on the basis of actual movement of cash.

2 Cash and cash equivalent include cash and bank balances.

VENU SRINIVASAN
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V SATHYANARAYANAN
Partner
Membership No.:027716

Chennai
22nd May 2018

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Chennai – 600 006, Tamil Nadu, India.

The Company manufactures non-ferrous gravity and pressure die castings. The Company has four manufacturing plants located in Tamil Nadu.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Disclosures under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decision.

The financial statements have been prepared on historical basis following the principles of prudence which requires recognition of expected losses and non-recognition of unrealized gains.

The financial statements have been prepared under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant estimates and judgments

The areas involving significant estimates or judgments are:

i) Estimation of defined benefit obligation - (Refer Note 30)

ii) Estimation of useful life of Property, Plant and Equipment (Refer Note 1(f) and 1(g))

e) Revenue recognition

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

i) Sale of products:

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

ii) Revenue from Services:

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

iii) Dividend income:

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

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

f) Property, Plant and Equipment

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

(i) purchase price,

(ii) taxes and duties,

(iii) labour cost

(iv) directly attributable overheads incurred upto the date the asset is ready for its intended use, and

(v) Government grants that are directly attributable to the assets acquired.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains/(losses).

g) Depreciation

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

ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is furnished below:

Description	Years
Factory building and other buildings	30 to 64
Plant and Equipment	8 to 21
Electrical Equipment	15
Furniture and Fixtures	10
Computers	3
Mobile phones	1
Vehicles	6

iii) The residual value for all the above assets are retained at 5% of the cost except for Mobile phones for which Nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

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

v) Depreciation in respect of tangible assets costing individually less than Rs.5,000/- is provided at 100%.

h) Amortization of Intangible assets

Intangible assets acquired are accounted at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software.

i) Impairment

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

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period

j) Foreign currency translation

i) Functional and presentation currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

ii) Transactions and balances:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

(a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

(b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

(c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

k) Hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 31. Movements in the hedging reserve in shareholders' equity are shown in Note 32 (D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains/(losses).

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

i) Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.

ii) Cost of finished goods and work-in-process comprises of Direct materials, Direct labour and an applicable proportion of variable and fixed overhead expenditure, Fixed Overhead Expenditure absorbed on the basis of normal operating capacity.

iii) Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

iv) Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

m) Employee benefits

i) <u>Short term obligations:</u>

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

ii) <u>Other long term employee benefit obligations:</u>

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

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

iii) <u>Post-employment obligation:</u>

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and

b) Defined contribution plan such as provident fund.

<u>Pension and gratuity obligation:</u>

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan 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 Actuaries using the projected unit credit method.

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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 employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus Plans:

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.

n) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Company is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

o) Minimum Alternate Tax (MAT) Credit

MAT credit can be carried forward upto a period of 15 years. Hence, outstanding MAT credit as at March 31st 2018 has been considered in this financial year as the certainty for utilization has now been ascertained.

p) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

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

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

ii) Contingent liabilities:

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

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

r) Leases

Based on Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 7, leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Consequently, leasehold land which was part of non-current assets in the previous year, have now been regrouped to Fixed assets.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease.

s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

u) Investments and Other financial assets

i) Classification:

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement:

At Initial recognition, the Company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

iii) Equity instruments:

Subsequent to initial recognition, the Company measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iv) Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 32 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

v) Derecognition of financial assets:

A financial asset is derecognised only when:

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

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

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

Where the entity has neither transferred a financial asset nor retains substantially all risks 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, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

w) Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

x) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss as and when the obligations are fulfilled.

y) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Company's considered view, twelve months is its operating cycle.

z) Recent accounting pronouncements

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - "Revenue from Contract with Customers" and also certain amendments made to the existing Ind AS. The notification shall be effective from 1st April 2018.

The management believes that adoption of The Indian Accounting Standard (Ind AS) 115 - "Revenue from Contracts with Customers" does not have any significant impact on the financial statements of the Company.

The management believes that adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration and Ind AS 12 Income Taxes, do not have any significant impact on the financial statements of the Company.

The amendment to Ind AS 40 viz., Investment Property, is not applicable to the Company.

Notes to Financial Statements

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

(Rupees in crores)

Description	Property, Plant & Equipment								Intangible	Total (tangible and intangible)
	Free hold land	Lease hold land	Buildings	Plant & equip-ment	Furniture & fixtures	Office equip-ment	Vehicles	Total	Software	
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
As at 01-04-2016	2.94	10.39	90.84	370.18	4.24	5.60	13.29	497.48	2.79	500.27
Additions	7.00	-	7.06	91.77	0.70	2.34	3.21	112.08	1.33	113.41
Sub-total	9.94	10.39	97.90	461.95	4.94	7.94	16.50	609.56	4.12	613.68
Sales / deletion	(0.17)	-	-	(3.05)	-	(0.03)	(0.61)	(3.86)	(0.08)	(3.94)
Total	**9.77**	**10.39**	**97.90**	**458.90**	**4.94**	**7.91**	**15.89**	**605.70**	**4.04**	**609.74**
Depreciation										
Upto 31-03-2016	-	-	3.37	46.45	0.50	1.58	2.03	53.93	0.86	54.79
For the year	-	-	3.56	51.19	0.59	1.63	2.32	59.29	1.35	60.64
Amortisation	-	0.12	-	-	-	-	-	0.12	-	0.12
Sub-total	-	0.12	6.93	97.64	1.09	3.21	4.35	113.34	2.21	115.55
Withdrawn on assets sold / deleted	-	-	-	(0.11)	-	(0.01)	(0.18)	(0.30)	(0.04)	(0.34)
Total	**-**	**0.12**	**6.93**	**97.53**	**1.09**	**3.20**	**4.17**	**113.04**	**2.17**	**115.21**
Net Carrying amount										
As at 31-03-2017	**9.77**	**10.27**	**90.97**	**361.37**	**3.85**	**4.71**	**11.72**	**492.66**	**1.87**	**494.53**

CAPITAL WORK-IN-PROGRESS (AT COST)	**2016-17**	**2015-16**
(a) Building	0.61	3.34
(b) Plant & equipment	36.04	18.38
(c) Others	0.22	0.09
Total	**36.87**	**21.81**

Description	Property, Plant & Equipment								Intangible	Total (tangible and intangible)
	Free hold land	Lease hold land	Buildings	Plant & equip-ment	Furniture & fixtures	Office equip-ment	Vehicles	Total	Software	
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
As at 01-04-2017	9.77	10.39	97.90	458.90	4.94	7.91	15.89	605.70	4.04	609.74
Additions	-	1.03	7.96	197.16	0.72	3.10	4.39	214.36	0.86	215.22
Sub-total	9.77	11.42	105.86	656.06	5.66	11.01	20.28	820.06	4.90	824.96
Sales / deletion	-	-	-	(21.57)	-	(0.74)	(0.29)	(22.60)	(0.08)	(22.68)
Total	**9.77**	**11.42**	**105.86**	**634.49**	**5.66**	**10.27**	**19.99**	**797.46**	**4.82**	**802.28**
Depreciation										
Upto 31-03-2017	-	0.12	6.93	97.53	1.09	3.20	4.17	113.04	2.17	115.21
For the year	-	-	3.67	62.69	0.68	1.93	2.48	71.45	1.63	73.08
Amortisation	-	0.13	-	-	-	-	-	0.13	-	0.13
Sub-total	-	0.25	10.60	160.22	1.77	5.13	6.65	184.62	3.80	188.42
Withdrawn on assets sold / deleted	-	-	-	(2.56)	-	(0.71)	(0.25)	(3.52)	(0.03)	(3.55)
Total	**-**	**0.25**	**10.60**	**157.66**	**1.77**	**4.42**	**6.40**	**181.10**	**3.77**	**184.87**
Net Carrying amount										
As at 31-03-2018	**9.77**	**11.17**	**95.26**	**476.83**	**3.89**	**5.85**	**13.59**	**616.36**	**1.05**	**617.41**

CAPITAL WORK-IN-PROGRESS (AT COST)	**2017-18**	**2016-17**
(a) Building	5.91	0.61
(b) Plant & equipment	76.54	36.04
(c) Others	0.01	0.22
Total	**82.46**	**36.87**

Notes to Financial Statements - *(continued)*

3 INVESTMENTS

Sl. No.	Name of the body corporate	Subsidiary / associate	No. of shares / units		Face Value	Currency	Extent of holding (%)	Rupees in crores	
			As at 31-03-2018	As at 31-03-2017			As at 31-03-2018	As at 31-03-2018	As at 31-03-2017
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(a)	Investment in Equity Instruments fair valued through OCI*								
	Quoted :								
(i)	Suprajit Engineering Limited, Bengaluru		57,72,000	57,72,000	1.00	INR		160.75	138.79
(ii)	Harita Seating Systems Limited, Chennai		7,280	7,280	10.00	INR		0.72	0.51
	Unquoted :								
(iii)	Green Infra BTV Limited, New Delhi @		45,00,000	45,00,000	10.00	INR		4.50	4.50
(iv)	Sai Regency Power Corporation Private Limited, Chennai @		3,75,000	3,75,000	10.00	INR		0.38	0.38
(v)	Adyar Property Holding Company Limited, Chennai (Cost Rs.6,825) @		105	105		INR		-	-
	Private equity instruments #:								
(vi)	TVS Shriram Growth fund Scheme 1A of TVS Capital Funds Limited, Chennai		37,256	66,522	1,000.00	INR		1.71	5.64
(vii)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai		45,913	58,409	1,000.00	INR		11.37	6.43
(viii)	TVS Shriram Growth fund 3 of TVS Capital Funds Limited, Chennai					INR		2.00	-
	Investments in Equity Instruments AT COST*								
	Quoted:								
(ix)	TVS Motor Company Limited, Chennai	Subsidiary	27,26,82,786	27,26,82,786	1.00	INR	57.40%	19.59	19.59
	Unquoted:								
(x)	Sundaram-Clayton (USA) Limited, Illinois, USA (Cost Rs.5,572)	Subsidiary	100	100	1.00	USD	100.00%	-	-
(xi)	Sundaram Holding USA Inc., Delaware, USA	Subsidiary	80,00,000	16,93,682	1.00	USD	25.00%	52.16	11.36
(xii)	TVS Training and Services Limited, Chennai	Associate	27,63,359	27,63,359	10.00	INR	30.53%	2.76	2.76
(xiii)	Sundram Non-Conventional Energy Systems Limited, Chennai	Associate	1,17,650	1,17,650	10.00	INR	23.53%	0.12	0.12
(xiv)	TVS Credit Services Limited, Chennai	Subsidiary	21,80,250	-	10.00	INR	1.31%	17.01	-
	Total value of Equity Instruments (a)							**273.07**	**190.08**
(b)	Investments in Preference Shares:								
	Unquoted :								
(i)	TVS Motor Services Limited, Chennai			1,00,00,000	10.00	INR		-	15.77
	Total value of Preference shares (b)							**-**	**15.77**
(c)	Other non-current Investments								
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR		2.73	3.00
(ii)	Life Insurance Corporation Pension Policy, Chennai					INR		5.32	5.51
(iii)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - Rs. 10,000					INR		-	-
(iv)	Tulsyan NEC Limited, Chennai @		1,21,875	97,500	10.00	INR		0.37	0.29
	Total value of Other non-current Investments (c)							**8.42**	**8.80**
	Total (a) + (b) + (c)							**281.49**	**214.65**
	Aggregate amount of quoted investments and market value thereof							17,048.71	11,886.47
	Aggregate amount of unquoted investments							100.43	55.76
	Aggregate amount of impairment in value of investments							-	-
	Total							**17,149.14**	**11,942.23**

* All investments are fully paid up except investment in Adyar Property Holding Company Limited, Chennai.

The values have been arrived using the management's best estimate of the fair value of the fund. These values may not materially differ from the actuals.

@ Cost treated as Fair value

Notes to Financial Statements - *(continued)*

(Rupees in crores)

	As at 31.03.2018	As at 31.03.2017
4 OTHER FINANCIAL ASSETS		
Non-current		
Rental deposits	11.15	8.19
Derivatives (Forwards,POS,Call spread,IRS)	0.82	0.68
Total other financial assets	**11.97**	**8.87**
Current		
Unsecured, Considered Good :		
Employee Advances*	2.35	3.53
Interest accrued on deposits/investments	-	-
Claims receivable	3.08	1.17
Derivatives (Forwards,POS,Call spread,IRS)	1.62	2.51
Total other financial assets	**7.05**	**7.21**
* includes dues from officers	0.11	0.12

5 DEFERRED TAX LIABILITIES / (ASSETS)		
The balance comprises temporary differences attributable to:		
Depreciation	56.65	48.67
Employee benefits	(9.98)	(10.72)
Financial assets & Financial liabilities	0.19	(3.33)
MAT Credit	(32.02)	-
Others (Including Carried forward loss)	(34.93)	1.15
Total deferred tax liabilities / (assets)	**(20.09)**	**35.77**

Movement in deferred tax liabilities / (assets)

Particulars	Depreciation	Employee benefits	Financial assets & Financial liabilities	MAT Credit	Others (Including Carried forward loss)	Total
At April 1, 2017	**48.67**	**(10.72)**	**(3.33)**	**-**	**1.15**	**35.77**
(Charged)/credited:						
- to statement of profit and loss	7.98	(0.58)	1.93	(25.27)	(36.08)	(52.02)
- to other comprehensive income	-	1.32	1.59	-	-	2.91
- to disputed tax provided for	-	-	-	(6.75)	-	(6.75)
At March 31, 2018	**56.65**	**(9.98)**	**0.19**	**(32.02)**	**(34.93)**	**(20.09)**

Notes to Financial Statements - *(continued)*

(Rupees in crores)

		As at 31.03.2018	As at 31.03.2017
6	**OTHER NON-CURRENT ASSETS**		
	Capital advances	5.71	3.01
	Advances - other than capital advances:		
	Statutory and other deposits	9.40	9.10
	Prepaid expenses	2.77	3.16
	Total other non-current assets	**17.88**	**15.27**
7	**INVENTORIES**		
	Raw materials and components	35.24	22.10
	Goods-in-transit - Raw materials and components	13.74	1.97
	Work-in-process	42.07	23.90
	Finished goods	122.40	91.11
	Stores and spares	147.87	96.06
	Total Inventories	**361.32**	**235.14**
8	**TRADE RECEIVABLES**		
	Unsecured, considered good	288.57	171.10
	Doubtful	1.19	0.48
	Total	289.76	171.58
	Less: Provision for doubtful receivables	1.19	0.48
	Total	**288.57**	**171.10**
9	**CASH AND CASH EQUIVALENTS**		
	Balances with banks	0.99	0.62
	Cash on hand	0.17	0.10
	Total cash and cash equivalents	**1.16**	**0.72**
10	**OTHER BANK BALANCES**		
	Earmarked balances with banks (for unpaid dividend)	0.79	0.89
	Balance with banks (with more than 3 months and less than 12 months maturity)	-	-
	Total Other Bank balances	**0.79**	**0.89**
11	**OTHER CURRENT ASSETS**		
	Indirect taxes receivable	18.99	2.99
	Balance with indirect tax authorities	27.51	28.94
	Prepaid expense	8.99	7.65
	Vendor advances	6.04	12.74
	Export incentives receivable	27.59	12.45
	Total other current assets	**89.12**	**64.77**

Notes to Financial Statements - *(continued)*

12 SHARE CAPITAL

(a) **Details of authorised, issued and subscribed share capital**

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number	Rupees in crores	Number	Rupees in crores
Authorised Capital				
Equity Shares of Rs.5/- each	5,00,00,000	25.00	5,00,00,000	25.00
Issued,Subscribed & Paid up Capital				
Equity Shares of Rs.5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	**10.12**	**2,02,32,085**	**10.12**

(b) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	**2,02,32,085**	**10.12**	**2,02,32,085**	**10.12**

(c) **i) Rights and preferences attached to equity share:**

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 2013.

ii) There are no restrictions attached to equity shares.

(d) **Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of the year**

Name of Shareholder	Relation-ship	Class of Share	As at 31.03.2018		As at 31.03.2017	
			No. of Shares held	% of Holding	No. of Shares held	% of Holding
T V Sundram Iyengar & Sons Pvt Ltd- Madurai	Holding Company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Pvt Ltd- Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	29.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	14.98

(e) **Details of shareholders holding more than five percent at the end of the year (other than 12 (d)) above**

Name of Shareholder	Class of Share	As at 31.03.2018		As at 31.03.2017	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sundaram Finance Limited- Chennai*	Equity	-	-	22,73,081	11.24
Sundaram Finance Holdings Limited- Chennai*	Equity	22,73,081	11.24	-	-

* Consequent upon approval of Scheme of demerger, the shares held by Sundaram Finance Limited was transferred to Sundaram Finance Holdings Limited.

Notes to Financial Statements - *(continued)*

13 OTHER EQUITY

(Rupees in crores)

Reserves and surplus	As at 31.03.2018	As at 31.03.2017
General reserve	224.84	224.84
Securities Premium reserve	36.42	36.42
Retained earnings	226.09	201.31
Other reserves	166.53	138.93
Total reserves and surplus	**653.88**	**601.50**

14 LONG TERM BORROWINGS

Description	No. of instalments due	Frequency	Maturity	As at 31.03.2018	As at 31.03.2017
Secured:					
Rupee Term loan I	-	Quarterly	Dec-17	-	17.52
Rupee Term loan II	12	Quarterly	Mar-23	64.88	-
Rupee Term loan III	-	Bullet payment	Mar-21	65.00	-
Foreign Currency Non-resident Borrowings (FCNR(B)) I	-	Bullet payment	Mar-18	-	64.85
Foreign Currency Non-resident Borrowings (FCNR(B)) II	6	Half yearly	Sep-22	78.21	-
External Commercial Borrowing I (ECB I)	-	Bullet payment	Oct-18, Nov-18 & Mar-19	78.03	77.39
External Commercial Borrowing II (ECB II)	6	Half yearly	Mar-22	64.65	38.25
Unsecured:					
Soft loan		Yearly		1.31	1.96
Buyer's Credit	-	Bullet payment	Jul-19	4.02	4.00
Total Borrowings :				**356.10**	**203.97**
Less : Current Maturities of long-term borrowings (Refer Note No. 18)				78.03	82.37
Total Long-term Borrowings				**278.07**	**121.60**

Details of securities offered against charge:

(i) Rupee Term Loan II, FCNR(B) & ECB loans:
Secured by first and exclusive charge on specific plant and equipments of the Company.

(ii) Rupee Term Loan III:
Secured by first and exclusive charge on specific assets of the Company. (document creating charge to be executed)

(iii) Soft loan is repayable in 5 yearly instalments, "from the commencement of sale of the product produced in the commercial plant, or a new producing plant installed on the basis of result of the Technology Development and Demonstration Programme (TDDP) project, whichever is earlier".

Amount payable in each instalment other than bullet repayments:

Description	Currency	Amount	Interest
Rupee Term loan II	INR	8.34 Crores	SBI MCLR plus Margin
Foreign Currency Non-resident Borrowings (FCNR(B)) II	USD	2 million	Overnight LIBOR plus Margin
External Commercial Borrowing II (ECB II)	USD	1.67 million	6 Month USD LIBOR plus Margin

Notes to Financial Statements - *(continued)*

15 PROVISIONS

(Rupees in crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Current	Non-current	Current	Non-current
Employee benefits				
(a) Pension	8.14	15.36	6.39	15.89
(b) Leave salary	0.55	2.91	0.42	4.25
(c) Gratuity	1.87	-	4.00	-
	10.56	**18.27**	**10.81**	**20.14**
Others				
(a) Warranty	4.86	-	4.06	-
(b) Sales tax	-	1.95	-	1.95
(c) Disputed tax provided for	12.98	-	6.17	-
Total	**28.40**	**20.22**	**21.04**	**22.09**

16 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Repayable on demand from banks		
Secured	189.88	66.76
Unsecured	119.53	83.50
Total Borrowings under Current Liabilities	**309.41**	**150.26**

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of all current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares, bills receivable, book debts and all other current assets

17 TRADE PAYABLES

Current		
Dues to Micro and Small Enterprises **	12.26	2.95
Dues to enterprises other than Micro and Small Enterprises	366.23	176.02
Total trade payables	**378.49**	**178.97**

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Notes to Financial Statements - *(continued)*

(Rupees in crores)

	As at 31.03.2018	As at 31.03.2017
18 OTHER FINANCIAL LIABILITIES		
Non current		
Derivatives	**2.79**	**4.03**
Current		
Current Maturities of long term borrowings		
(i) External Commercial Borrowing I (ECB I)	78.03	-
(ii) Rupee Term loan III	-	17.52
(iii) Foreign Currency Non-resident Borrowings (FCNR(B))	-	64.85
	78.03	82.37
Interest accrued but not due on loans	3.01	1.52
Unpaid Dividends	0.79	0.89
Employee related liabilities	16.56	17.31
Liabilities for expenses	0.36	1.21
Derivatives	2.78	3.25
Total other current financial liabilities	**101.53**	**106.55**

	As at 31.03.2018	As at 31.03.2017
19 OTHER CURRENT LIABILITIES		
Statutory dues	5.21	6.01
Advance received from customers	2.11	1.18
Government Grant - Deferred income	3.59	-
Total other current liabilities	**10.91**	**7.19**

Notes to Financial Statements - *(continued)*

(Rupees in crores)

		Year ended 31.03.2018	Year ended 31.03.2017
20	**REVENUE FROM OPERATIONS**		
	Sale of products	1,573.12	1,416.08
	Sale of services	34.22	29.88
	Other operating revenue	64.95	69.39
	Total revenue	**1,672.29**	**1,515.35**
21	**OTHER INCOME**		
	Dividend income		
	(i) From subsidiary	89.99	68.17
	(ii) From others	1.05	1.07
	Interest income	1.96	1.26
	Increase in Fair value of Financial Assets	0.99	3.14
	Gain on foreign currency transactions and translation	0.32	-
	Profit on sale of Plant, property & equipment	0.14	0.68
	Total other income	**94.45**	**74.32**
22	**COST OF MATERIALS CONSUMED:**		
	Opening stock of raw materials and components	22.10	20.73
	Add: Purchases	876.67	650.59
		898.77	671.32
	Less: Closing stock of raw materials and components	35.24	22.10
	Consumption of raw materials and components	**863.53**	**649.22**
23	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE:**		
	Opening stock:		
	Work-in-process	23.90	20.81
	Finished goods	91.11	108.08
	Total - (A)	**115.01**	**128.89**
	Closing stock:		
	Work-in-process	42.07	23.90
	Finished goods	122.40	91.11
	Total - (B)	**164.47**	**115.01**
	Total (A)-(B)	**(49.46)**	**13.88**
24	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, wages and bonus	193.43	173.21
	Contribution to provident and other funds	15.88	10.71
	Welfare expenses	40.58	29.76
	Total employee benefit expense	**249.89**	**213.68**

Notes to Financial Statements - *(continued)*

(Rupees in crores)

	Year ended 31.03.2018	Year ended 31.03.2017
25 FINANCE COSTS		
Interest	33.43	27.84
Exchange differences	-	0.49
Other borrowing costs	0.27	0.21
Total finance costs	**33.70**	**28.54**
26 OTHER EXPENSES		
(a) Consumption of stores, spares and tools	100.64	81.24
(b) Power and fuel	118.13	88.37
(c) Rent	19.65	26.40
(d) Repairs - buildings	21.40	21.15
(e) Repairs - plant and equipment	44.60	39.44
(f) Repairs - others	0.66	0.75
(g) Insurance	4.05	3.79
(h) Rates and taxes (excluding taxes on income)	2.58	2.07
(i) Audit fees (Refer note 34(iv))	0.55	0.45
(j) Packing and freight charges	187.63	52.97
(k) Warehousing charges	15.63	13.29
(l) Loss on sale of Property, plant & equipment	0.15	0.89
(m) Loss on foreign currency transactions and translation	-	4.70
(n) Corporate social responsibility expenditure	0.25	0.85
(o) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)	49.91	49.16
Total other expenses	**565.83**	**385.52**
27 CURRENT TAX		
Current tax on profits for the year	-	11.00
Adjustments for current tax of prior periods	(2.06)	(1.93)
Total current tax	**(2.06)**	**9.07**

Notes to Financial Statements - *(continued)*

(Rupees in crores)

	Year ended 31.03.2018	Year ended 31.03.2017
28 DEFERRED TAX		
Decrease (increase) in deferred tax assets	(36.66)	(2.25)
(Decrease) increase in deferred tax liabilities	9.91	7.26
Minimum Alternate Tax (MAT) credit	(25.27)	-
Total deferred tax expense / (benefit)	**(52.02)**	**5.01**
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before tax expense	0.84	119.67
Tax at the Indian tax rate of 34.61% (2016-2017 – 34.61%)	**0.29**	**41.42**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Dividend Income	(31.51)	(23.96)
Other items	(0.80)	3.54
Tax credits availed in books / (entitlement)	32.02	(10.00)
Adjustments for current tax of prior periods	(2.06)	(1.93)
Deferred Tax Liability	(52.02)	5.01
Tax expense / (benefit)	**(54.08)**	**14.08**

29 EARNINGS PER SHARE

(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company (in Rs.)	27.14	52.19
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share (Rupees in crores)	54.92	105.59
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085

30 EMPLOYEE BENEFIT OBLIGATIONS

Employee benefit obligations	March 31, 2018			March 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
Pension	8.14	15.36	23.50	6.39	15.89	22.28
Leave Salary	0.55	2.91	3.46	0.42	4.25	4.67
Gratuity	1.87	-	1.87	4.00	-	4.00
Total employee benefit obligations	**10.56**	**18.27**	**28.83**	**10.81**	**20.14**	**30.95**

Notes to Financial Statements - *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

(Rupees in crores)

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2016	**14.29**	**15.95**	**(1.66)**	**27.82**	**-**	**27.82**	**3.90**	**-**	**3.90**
Current service cost	1.56	-	1.56	1.34	-	1.34	0.09	-	0.09
Interest expense/(income)	1.21	1.35	(0.14)	1.89	-	1.89	0.28	-	0.28
Experience (gains)/losses	-	-	-	-	-	-	0.17	-	0.17
(Gain)/loss from change in financial assumptions	-	-	-	-	-	-	0.23	-	0.23
Total amount recognised in statement of profit and loss	**2.77**	**1.35**	**1.42**	**3.23**	**-**	**3.23**	**0.77**	**-**	**0.77**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(2.95)	2.95	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	1.14	-	1.14	1.49	-	1.49	-	-	-
Experience (gains)/losses	2.38	-	2.38	(10.26)	-	(10.26)	-	-	-
Total amount recognised in other comprehensive income	**3.52**	**(2.95)**	**6.47**	**(8.77)**	**-**	**(8.77)**	**-**	**-**	**-**
Employer contribution	-	2.23	(2.23)	-	-	-			
Benefit payments	(0.33)	(0.33)	-	-	-	-			
March 31, 2017	**20.25**	**16.25**	**4.00**	**22.28**	**-**	**22.28**	**4.67**	**-**	**4.67**

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation / other employee benefits over the years are as follows:

Particulars	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	**20.25**	**16.25**	**4.00**	**22.28**	**-**	**22.28**	**4.67**	**-**	**4.67**
Current service cost	1.89	-	1.89	1.03	-	1.03	0.12	-	0.12
Interest expense/(income)	1.49	1.18	0.31	1.48	-	1.48	0.31	-	0.31
Experience (gains)/losses	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	-	-	-	-	-	-
Total amount recognised in statement of profit and loss	**3.38**	**1.18**	**2.20**	**2.51**	**-**	**2.51**	**0.43**	**-**	**0.43**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.03	(0.03)	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(1.47)	-	(1.47)	0.00	-	0.00	(0.29)	-	(0.29)
Experience (gains)/losses	0.63	-	0.63	(1.29)	-	(1.29)	(1.35)	-	(1.35)
Total amount recognised in other comprehensive income	**(0.84)**	**0.03**	**(0.87)**	**(1.29)**	**-**	**(1.29)**	**(1.64)**	**-**	**(1.64)**
Employer contribution	-	3.46	(3.46)	-	-	-	-	-	-
Benefit payments	(1.71)	(1.71)	-	-	-	-	-	-	-
March 31, 2018	**21.08**	**19.21**	**1.87**	**23.50**	**-**	**23.50**	**3.46**	**-**	**3.46**

Notes to Financial Statements - *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

(Rupees in crores)

(i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave Salary	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	7.72%	7%	7.72%	7%	7.72%	7%
Salary growth rate	6%	6%	6%	6%	6%	6%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	20.17	19.40	22.07	21.19
Salary growth rate	0.50%	0.50%	22.09	21.19	20.15	19.39
Mortality rate	5.00%	5.00%	21.08	20.25	21.07	20.25

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	21.84	21.12	23.96	23.53
Salary growth rate	0.50%	0.50%	23.12	22.63	22.60	21.92
Mortality rate	5.00%	5.00%	22.86	22.27	22.85	22.27

Leave Salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	3.29	4.42	3.66	4.94
Salary growth rate	0.50%	0.50%	3.67	4.94	3.28	4.42
Mortality rate	5.00%	5.00%	3.47	4.67	3.46	4.67

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

Notes to Financial Statements - *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

(iii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

31 FAIR VALUE MEASUREMENTS

(Rupees in crores)

Financial instruments by category

Particulars	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	181.43	-	-	156.25	-
- Preference shares	-	-	-	15.77	-	-
- Others	-	-	8.42	-	-	8.80
Trade receivables	-	-	288.57	-	-	171.10
Balances with Banks	-	-	1.78	-	-	1.51
Derivative financial assets	0.82	1.62	-	2.24	0.95	-
Security deposits	-	-	11.15	-	-	8.19
Other financial assets	-	-	5.43	-	-	4.70
Total financial assets	**0.82**	**183.05**	**315.35**	**18.01**	**157.20**	**194.30**
Financial liabilities						
Trade payables	-	-	378.49	-	-	178.97
Borrowings - Current	-	-	309.41	-	-	150.26
Borrowings - Non Current	-	-	278.07	-	-	121.60
Current Maturities of long term borrowings	-	-	78.03	-	-	82.37
Derivative financial liabilities	5.48	0.09	-	6.90	0.38	-
Other financial liabilities	-	-	20.72	-	-	20.93
Total financial liabilities	**5.48**	**0.09**	**1,064.72**	**6.90**	**0.38**	**554.13**

Notes to Financial Statements - *(continued)*

31 FAIR VALUE MEASUREMENTS - *(continued)*

(i) Fair value hierarchy

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

Financial assets and liabilities measured at fair value - recurring fair value measurements

(Rupees in crores)

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL:					
Investments					
- Preference shares	3	-	-	-	-
Derivative financial asset	4	-	0.82	-	0.82
Financial assets at FVOCI:					
Investments					
- Equity instruments	3	161.47	15.08	4.88	181.43
- Others		-	-	-	-
Derivative financial asset	4	-	1.62	-	1.62
Total financial assets		**161.47**	**17.52**	**4.88**	**183.87**
Financial liabilities					
Financial liabilities at FVTPL:					
Derivative financial liability	18	-	5.48	-	5.48
Financial liabilities at FVOCI:					
Derivative financial liability	18	-	0.09	-	0.09
Total financial liabilities		**-**	**5.57**	**-**	**5.57**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Others	3	-	-	8.42	8.42
Total financial assets		**-**	**-**	**8.42**	**8.42**
Financial Liabilities					
Borrowings	14, 16, 18	-	-	665.51	665.51
Total financial liabilities		**-**	**-**	**665.51**	**665.51**

Notes to Financial Statements - *(continued)*

31 FAIR VALUE MEASUREMENTS - *(continued)*

Financial assets and liabilities measured at fair value - recurring fair value measurements (Rupeess in crores)

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Investments					
- Preference shares	3	-	-	15.77	15.77
Derivative financial asset	4	-	2.24	-	2.24
Financial Investments at FVOCI:					
Investments					
- Equity instruments	3	139.30	12.07	4.88	156.25
- Others		-	-	-	-
Derivative financial asset	4	-	0.95	-	0.95
Total financial assets		**139.30**	**15.26**	**20.65**	**175.21**
Financial liabilities					
Financial Investments at FVTPL:					
Derivative financial liability	18	-	6.90	-	6.90
Financial Investments at FVOCI:					
Derivative financial liability	18	-	0.38	-	0.38
Total financial liabilities		**-**	**7.28**	**-**	**7.28**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Others	3	-	-	8.80	8.80
Total financial assets		**-**	**-**	**8.80**	**8.80**
Financial Liabilities					
Borrowings	14, 16, 18	-	-	354.23	354.23
Total financial liabilities		**-**	**-**	**354.23**	**354.23**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

FVTPL - Fair value through statement of Profit and Loss; FVOCI - Fair value through Other Comprehensive Income.

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Market Risk - Foreign exchange		i) The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
Market Risk - Interest rate	Foreign currency denominated borrowings	i) The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow risk. ii) Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps. The Company's fixed rate borrowings are carried at amortised cost. iii) Foreign currency borrowings are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.
Liquidity risk	Borrowings [Other than soft loans given by Govt. Authorities]	i) The Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. ii) The Company prepares a detailed annual operating plans to assess the fund requirements - both short term and long term. iii) Detailed monthwise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. iv) Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. v) For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. vi) The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cashflow from operations to ensure that the borrowing is minimized.
Credit Risk		i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. ii) The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. iii) To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. iv) It considers available reasonable and supportive forward-looking information (more specifically described below). v) A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

<table>
<tr><th>Risk</th><th>Exposure arising from</th><th>Risk Parameters and Mitigation</th></tr>
<tr><td>a.</td><td>Cash and Cash Equivalents</td><td>Surplus cash is deposited only with banks / financial institutions with a high external credit rating.</td></tr>
<tr><td>b.</td><td>Domestic Trade Receivables</td><td>i) The Company extends credit to the customers and such extension of credit is based on customers' credit worthiness, ability to repay and past track record.
ii) The Company has extensive reporting systems and review to constantly monitor the receivables.</td></tr>
<tr><td>c.</td><td>Export Trade Receivables</td><td>The Company's export customers are Original Equipment Manufacturers with high credit rating. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.</td></tr>
<tr><td colspan="2">Export trade receivables and Import Payables</td><td>i) The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure.
ii) Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.</td></tr>
<tr><td colspan="2">Foreign currency denominated borrowings</td><td>The Company has hedged its borrowings by covering the principal repayments using Principal Only Swaps and cost reduction structure viz., Call Spread under the approved Forex management policy.</td></tr>
</table>

(A) Credit Risk

Basis of recognition of expected credit loss & providing for such loss

<table>
<tr><th>Rating</th><th>Category</th><th>Description of category</th><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>1</td><td>High Quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>2</td><td>Quality assets, low credit risk</td><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.</td></tr>
<tr><td>3</td><td>Standard Assets, moderate credit risk</td><td>Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.</td></tr>
<tr><td>4</td><td>Substandard Assets, relatively high credit risk</td><td>Assets where there has been a significant increase in credit risk since initial recognition.</td><td colspan="2" rowspan="2">Life time expected credit losses</td></tr>
<tr><td>5</td><td>Low quality assets, very high credit risk</td><td>Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.</td></tr>
<tr><td>6</td><td>Doubtful assets, credit impaired</td><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.</td><td colspan="3">Asset is written off</td></tr>
</table>

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

(Rupees in crores)

31-Mar-18

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets/Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	8.42	-	-	8.42
	1	Other financial assets	16.58	-	-	16.58

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	288.57	1.19	289.76
Expected loss rate	-	100%	-
Expected credit losses	-	1.19	1.19
Carrying amount of trade receivables	288.57	-	288.57

31-Mar-17

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Assets / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	1	Investments at amortised cost	8.80	-	-	8.80
	1	Other financial assets	12.89	-	-	12.89

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	171.10	0.48	171.58
Expected loss rate	-	100%	-
Expected credit losses	-	0.48	0.48
Carrying amount of trade receivables	171.10	-	171.10

Reconciliation of loss allowance provision - Trade receivables

Loss allowance April 1, 2016	**2.16**
Changes in loss allowance	(1.68)
Loss allowance March 31, 2017	**0.48**
Changes in loss allowance	0.71
Loss allowance March 31, 2018	**1.19**

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

(Rupees in crores)

(B) Liquidity risk

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2018	31 March, 2017
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	428.09	523.84

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse The Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-18

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	310.76	0.44	80.57	276.76	-	668.53
Trade payables	378.49	-	-	-	-	378.49
Other financial liabilities	7.87	-	9.84	-	-	17.71
Derivatives	0.67	-	2.11	2.79	-	5.57

31-Mar-17

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	158.27	6.49	71.34	119.64	-	355.74
Trade payables	182.93	-	-	-	-	182.93
Other financial liabilities	6.43	4.33	8.65	-	-	19.41
Derivatives	3.25	-	-	4.03	-	7.28

(C) Market risk

(i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	31-03-2018		31-03-2017	
	USD	EUR	USD	EUR
<u>Financial assets</u>				
Trade receivables	74.55	41.81	49.51	30.14
Derivatives	2.41	0.02	1.95	1.25
Exposure to foreign currency risk (assets)	**76.96**	**41.83**	**51.46**	**31.39**
<u>Financial liabilities</u>				
Foreign currency loan	221.60	-	180.49	-
Trade payables	114.37	28.89	61.25	15.41
Derivatives	4.95	0.63	7.28	-
Exposure to foreign currency risk (liabilities)	**340.92**	**29.52**	**249.02**	**15.41**
Net Exposure to foreign currency risk assets / (liabilities)	**(263.96)**	**12.31**	**(197.56)**	**15.98**

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

(Rupees in crores)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
USD sensitivity				
INR / USD Increases by 10%	(23.53)	(17.63)	0.04	(0.04)
INR / USD Decreases by 10%	23.53	17.63	(0.04)	0.04
EURO sensitivity				
INR / EURO Increases by 10%	1.09	1.42	0.01	0.01
INR / EURO Decreases by 10%	(1.09)	(1.42)	(0.01)	(0.01)

* Holding all other variables constant

(ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. In respect of foreign currency borrowings for longer period, the interest rates are covered through interest rate swaps (IRS).

Particulars	31 March 2018	31 March 2017
Variable rate borrowings	439.29	167.78
Fixed rate borrowings	226.22	182.45

Sensitivity	Impact on profit after tax	
	31 March 2018	31 March 2017
Increase in interest rates by 100 bps	(3.91)	(1.49)
Decrease in interest rates by 100 bps	3.91	1.49

(iii) Price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through other comprehensive income or at fair value through statement of profit and loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	81.64	59.37	0.82	0.67	Apr'18 to Aug'18	(1.46)	1.46
Principal only swaps (POS), Interest rate swaps (IRS) & Call Spread	-	224.91	1.62	5.57	Apr'18 to Sep '22	1.75	(1.75)

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

(Rupees in crores)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2017

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Foreign exchange forward contracts	72.74	38.64	2.32	0.71	Apr'17 - Jul'17	1.77	(1.77)
Principal only swaps & Interest rate swaps	-	184.63	0.87	6.57	Apr'17 to Mar'22	(9.39)	9.39

ii) Disclosure of effects of hedge accounting on financial performance :

for the year ended 31-03-2018 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge :				
Foreign exchange forward contracts & IRS	(0.57)	-	-	-

for the year ended 31-03-2017 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge :				
Foreign exchange forward contracts & IRS	1.18	-	-	-

Movements in Cash flow hedging reserve

Particulars	Forward Contracts	Interest Rate Swap	Total
Opening balance as at April 1, 2016	(0.07)	(0.33)	(0.40)
Change in fair value of hedging instruments	0.19	0.99	1.18
Reclassification to statement of profit and loss	-	-	-
Deferred tax on the above	(0.07)	(0.34)	(0.41)
Closing balance as at March 31, 2017	0.05	0.32	0.37
Change in fair value of hedging instruments	0.47	(1.04)	(0.57)
Reclassification to statement of profit and loss	-	-	-
Deferred tax on the above	(0.16)	0.36	0.20
Closing balance as at March 31, 2018	**0.36**	**(0.36)**	**(0.00)**

Notes to Financial Statements - *(continued)*

33 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives in regard to managing capital are

• safeguard its status as a going concern

• to ensure returns to shareholders

• to ensure benefits to stakeholders

In order to maintain optimum capital structure, the board may

• increase the capital by fresh issue of shares or

• reduce the same by return to equity holders

• vary the equity by increasing or reducing the quantum of dividend

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt divided by total equity

Gearing ratio refers to the level of a Company's debt compared to its total equity.

The Company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

(Rupees in crores)

Particulars	March 31, 2018	March 31, 2017
Net Debt	664	354
Total equity	664	612
Net Debt to equity ratio	100%	58%

(b) Dividends

Particulars	March 31, 2018	March 31, 2017
Equity shares:		
First Interim dividend paid for the year ended 31.03.2017 (Rs.15.00 per share)	-	30.35
Second Interim dividend paid for the year ended 31.03.2017 (Rs.16.50 per share)	-	33.38
Interim dividend paid for the year ended 31.03.2018 (Rs.15.00 per share)	30.35	

34 OTHER DISCLOSURES

(i) Contingent liabilities

Details	March 31, 2018	March 31, 2017
(i) Claims against the Company not acknowledged as debt		
- Income tax	3.76	6.53
- Service tax	1.60	1.89
- Value Added Tax	0.22	0.16
- Others	-	0.51
(ii) Guarantees excluding Financial Guarantees	6.64	6.62
(iii) Other money for which the Company is contingently liable (includes uncalled money of Rs.3,675 on partly paid shares of Adyar Property Holding Company Limited, Chennai)	64.79	78.31
Total	**77.01**	**94.02**

Notes to Financial Statements - *(continued)*

34 OTHER DISCLOSURES - *(continued)*

(Rupees in crores)

(ii) Capital commitments

Details	March 31, 2018	March 31, 2017
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	106.24	33.45
(ii) Investments (On commitment for capital contribution to TVS Shriram Growth Fund 3 of TVS Capital Funds Limited, Chennai)	18.00	-

(iii) Rental expenses relating to operating Lease

Details	March 31, 2018	March 31, 2017
Minimum lease payments		
- Not later than one year	17.72	22.21
- Later than one year and not later than five years	48.16	27.47
- Later than five years	7.62	-
Total	**73.50**	**49.68**

(iv) Audit Fees

Details	March 31, 2018	March 31, 2017
As statutory auditors	0.42	0.36
Taxation matters	0.08	0.06
Certification matters	0.05	0.03
Total	**0.55**	**0.45**

(v) Expenditure incurred on Corporate Social Responsibility activities:

Details	March 31, 2018	March 31, 2017
(a) Gross amount required to be spent by the company during the year	0.97	0.80
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.25	0.85
Total	**0.25**	**0.85**

(vi) Exceptional income represents profit from sale of land.

(vii) Segment Reporting:

This disclosure is given as part of consolidated accounts.

(viii)

Details	March 31, 2018	March 31, 2017
Trade payables include amount due to micro and small scale industrial units	12.26	2.95
Disclosure under Micro, Small and Medium Enterprises Development Act, 2006	March 31, 2018	March 31, 2017
(i) The principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
a) Principal (all are within agreed credit period and not due for payment)	12.26	2.95
b) Interest (as no amount is overdue)	Nil	Nil
(ii) 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 payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(iii) 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.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

Notes to Financial Statements - *(continued)*

34 OTHER DISCLOSURES - *(continued)*

(Rupees in crores)

(ix) Research and development expenditure incurred and claimed under Income Tax Act, 1961

Details	March 31, 2018	March 31, 2017
a) Revenue Expenditure		
Salaries & wages	2.93	5.05
Materials/consumables/spares	0.01	0.02
Repairs and maintenance	-	0.04
Software / data processing	0.43	0.35
Foreign and inland travel	-	0.02
Administrative and other expenses	-	0.03
Power	0.31	0.28
Total - A	**3.68**	**5.79**
b) Capital expenditure		
Plant & Equipment (included in total cost of additions of Rs. 197.16 Cr under Plant and Equipment)	0.84	7.52
Others	0.05	0.30
Total - B	**0.89**	**7.82**
Total expenditure (A + B)	**4.57**	**13.61**

35 RELATED PARTY DISCLOSURES

LIST OF RELATED PARTIES

a) Reporting entity: Sundaram-Clayton Limited, Chennai (SCL)

b) Holding Company: T V Sundram Iyengar & Sons Private Limited, Madurai

c) Subsidiary companies:

(i) TVS Motor Company Limited, Chennai (TVSM)
(ii) Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM
(iii) TVS Housing Limited, Chennai - Subsidiary of TVSM
(iv) TVS Motor Services Limited, Chennai - Subsidiary of TVSM
(v) TVS Credit Services Limited, Chennai (TVSCS) - Subsidiary of TVS Motor Services Limited
(vi) Harita Collection Services Private Limited, Chennai - Subsidiary of TVSCS
(vii) Harita ARC Private Limited, Chennai - Subsidiary of TVSCS
(viii) TVS Micro Finance Private Limited, Chennai - Subsidiary of TVSCS
(ix) TVS Commodity Financial Solutions Private Limited, Chennai - Subsidiary of TVSCS
(x) TVS Two Wheeler Mall Private Limited, Chennai - Subsidiary of TVSCS
(xi) TVS Housing Finance Private Limited, Chennai - Subsidiary of TVSCS
(xii) Sundaram Holding USA, INC.,Delaware USA - Subsidiary of Sundaram Auto Components Ltd.
(xiii) Green Hills Land Holding LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, INC.
(xiv) Components Equipment Leasing LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, INC.

Notes to Financial Statements - *(continued)*

35 RELATED PARTY DISCLOSURES - *(continued)*

		(xv)	Sundaram-Clayton (USA) LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, INC.
		(xvi)	Premier Land Holding LLC, South Carolina, USA - Subsidiary of Sundaram Holding USA, INC.
		(xvii)	Sundaram-Clayton (USA) Limited, llinois, USA
		(xviii)	TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) - Subsidiary of TVSM
		(xix)	PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore
		(xx)	TVS Motor Company (Europe) B.V., Amsterdam - (TVSM Europe) - Subsidiary of TVSM
		Other related parties and their relationship where transaction exists:	
d)	Fellow Subsidiaries	(i)	TVS Electronics Limited, Chennai
		(ii)	TVS Capital Funds Private Limited, Chennai
		(iii)	TVS Investments Private Limited, Chennai
e)	Group member	(i)	Sundram Fasteners Limited, Chennai
		(ii)	Delphi TVS Diesel Systems Limited, Chennai
		(iii)	India Nippon Electricals Limited, Chennai
		(iv)	TVS Logistics Services Limited, Chennai
		(v)	Sundaram Brake Linings Limited, Chennai
		(vi)	TVS Autoserv GmbH, Germany
		(vii)	TVS Dynamic Global Freight Services Limited, Chennai
		(viii)	Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai
		(ix)	Green Infra Wind Energy Theni Limited, Haryana
f)	Associate companies	(i)	Sundram Non-Conventional Energy Systems Limited, Chennai
		(ii)	Emerald Haven Realty Limited , Chennai
		(iii)	TVS Training and Services Limited, Chennai
g)	Key management personnel(KMP)	(i)	Mr . Venu Srinivasan, Chairman and Managing Director
		(ii)	Dr . Lakshmi Venu, Joint Managing Director
		(iii)	Mr. Sudarshan Venu, Joint Managing Director
h)	Relative of KMP	(i)	Mrs . Mallika Srinivasan
i)	Enterprise over which KMP have significant influence		Harita-NTI Limited, Chennai

Notes to Financial Statements - *(continued)*

35 RELATED PARTY DISCLOSURES - *(continued)*

Related party transactions

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP - Significant Influence	KMP	Relative of KMP	Total
1	Purchase of goods	Harita-NTI Limited, Chennai	-	-	-	-	-	4.50	-	-	4.50
		T V Sundram Iyengar & Sons Private Ltd., Madurai	0.74	-	-	-	-	-	-	-	0.74
			0.74	-	-	-		4.50	-	-	5.24
			(0.43)	-	-	-	-	(2.49)	-	-	(2.92)
2	Sale of goods (including sub contract charges)	TVS Motor Company Limited, Chennai	-	390.14	-	-		-	-	-	390.14
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.96	-	-	-	0.96
		Delphi TVS Diesel Systems Limited, Chennai	-	-	-	-	15.63	-	-	-	15.63
			-	390.14	-	-	16.59	-	-	-	406.73
			-	(329.09)	-	-	(12.67)	-	-	-	(341.76)
3	Purchase of power	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	0.87	-	-	-	-	0.87
			-	-	-	0.87	-	-	-	-	0.87
			-	-	-	(0.86)	-	-	-	-	(0.86)
4	Rendering of services	TVS Motor Company Limited, Chennai	-	31.06	-	-	-	-	-	-	31.06
		Sundaram Auto Components Limited, Chennai	-	3.18	-	-	-	-	-	-	3.18
		TVS Credit Services Limited, Chennai	-	1.42	-	-	-	-	-	-	1.42
		TVS Motor Services Limited, Chennai - (Subsidiary) - (Rs.5000)	-	-	-	-	-	-	-	-	-
		TVS Electronics Limited, Chennai	-	-	0.12	-	-	-	-	-	0.12
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (Rs.5000)	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai - (Group)- (Rs.5000)	-	-	-	-	-	-	-	-	-
		Green Infra Wind Energy Theni Limited, Haryana - (Group) - (Rs.5000)	-	-	-	-	-	-	-	-	-
		India Nippon Electricals Limited, Chennai	-	-	-	-	0.05	-	-	-	0.05
		Harita-NTI Limited, Chennai	-	-	-	-	-	0.29	-	-	0.29
			-	35.66	0.12	-	0.05	0.29	-	-	36.12
			-	(30.70)	(0.10)	-	(0.03)	(0.21)	-	-	(31.04)
5	Receiving of services	Sundaram Auto Components Limited, Chennai	-	4.79	-	-	-	-	-	-	4.79
		Sundaram-Clayton (USA) Limited, Illinois, USA	-	0.04	-	-	-	-	-	-	0.04
		TVS Credit Services Limited, Chennai	-	0.41	-	-	-	-	-	-	0.41
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.17	-	-	-	-	-	-	-	0.17
		TVS Training and Services Limited, Chennai	-	-	-	0.64	-	-	-	-	0.64
		TVS Motor Company Limited, Chennai	-	1.40	-	-	-	-	-	-	1.40
		TVS Electronics Limited, Chennai	-	-	0.95	-	-	-	-	-	0.95
		TVS Logistics Services Limited, Chennai	-	-	-	-	3.52	-	-	-	3.52
		Sundaram Brake Linings Limited, Chennai	-	-	-	-	0.02	-	-	-	0.02
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	31.57	-	-	-	31.57
		TVS Autoserv GmbH, Germany	-	-	-	-	6.97	-	-	-	6.97
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.85	-	-	-	0.85
			0.17	6.64	0.95	0.64	42.93	-	-	-	51.33
			(0.08)	(3.46)	(1.03)	(0.47)	(20.48)	-	-	-	(25.52)
6	Lease rent paid Lease rent received	Sundaram Auto Components Limited, Chennai	-	0.01	-	-	-	-	-	-	0.01
		Sundram Non-Conventional Energy Systems Limited, Chennai - (Associates) - Rs.48,000	-	-	-	-	-	-	-	-	-
			-	0.01	-	-	-	-	-	-	0.01
			-	(0.01)	-	-	-	-	-	-	(0.01)
7	Remuneration paid	Key Management Personnel	-	-	-	-	-	-	2.87	-	2.87
			-	-	-	-	-	-	(7.21)	-	(7.21)

Previous year's figures are furnished in brackets

Notes to Financial Statements - *(continued)*

35 RELATED PARTY DISCLOSURES - *(continued)*

Related party transactions - *(continued)* (Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Subsidiaries	Fellow Subsidiaries	Associates	Group member	KMP - Significant Influence	KMP	Relative of KMP	Total
8	Purchase of Investments	Subscription of Equity Shares - Sundaram Holding USA Inc., USA	-	40.80	-	-	-	-	-	-	40.80
		Purchase of Equity Shares of TVS Credit Services Limited from TVSM	-	17.01	-	-	-	-	-	-	17.01
			-	57.81	-	-	-	-	-	-	57.81
			-	(11.35)	-	-	-	-	-	-	(11.35)
9	Sale of Investments	Sale of Non-Cumulative Redeemable Preference Shares of TVS Motor Services Limited to TVSM	-	17.01	-	-	-	-	-	-	17.01
			-	-	-	-	-	-	-	-	-
10	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	0.35	-	-	-	-	0.35
		TVS Capital Funds Limited, Chennai	-	-	-	-	-	-	-	-	-
		TVS Motor Company Limited, Chennai	-	89.99	-	-	-	-	-	-	89.99
			-	89.99	-	0.35	-	-	-	-	90.34
			-	(68.17)	(0.10)	(0.35)	-	-	-	-	(68.62)
11	Outstanding as on 31st March 2018 Receivables	TVS Motor Company Limited, Chennai	-	44.40	-	-	-	-	-	-	44.40
		Sundaram Auto Components Limited, Chennai	-	0.67	-	-	-	-	-	-	0.67
		TVS Motor Services Limited, Chennai - (Subsidiary) - (Rs.5,900)	-	-	-	-	-	-	-	-	-
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) (Rs.5,900/-)	-	-	-	-	-	-	-	-	-
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.24	-	-	-	0.24
		Delphi TVS Diesel Systems Limited, Chennai	-	-	-	-	4.60	-	-	-	4.60
		Harita-NTI Limited, Chennai	-	-	-	-	-	0.06	-	-	0.06
		Green Infra Wind Energy Theni Limited, Haryana - (Group) (Rs.11,518)	-	-	-	-	-	-	-	-	-
		India Nippon Electricals Limited, Chennai	-	-	-	-	0.02	-	-	-	0.02
		Sundram Non-Conventional Energy Systems Ltd, Chennai - (Associates)-(Rs.6480)	-	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai - (Group) (Rs.5,900)	-	-	-	-	-	-	-	-	-
		TVS Electronics Limited, Chennai	-	-	0.04	-	-	-	-	-	0.04
			-	45.07	0.04	-	4.86	0.06	-	-	50.03
			-	(28.00)	(0.05)	-	(2.74)	(0.05)	-	-	(30.84)
12	Outstanding as on 31st March 2018 Payables	TVS Electronics Limited, Chennai	-	-	0.25	-	-	-	-	-	0.25
		TVS Motor Company Limited, Chennai	-	0.90	-	-	-	-	-	-	0.90
		TVS Credit Services Limited, Chennai	-	0.41	-	-	-	-	-	-	0.41
		Sundaram Auto Components Limited, Chennai	-	1.23	-	-	-	-	-	-	1.23
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.25	-	-	-	-	-	-	-	0.25
		TVS Training and Services Limited, Chennai	-	-	-	0.04	-	-	-	-	0.04
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	-	0.04	-	-	-	-	0.04
		TVS Logistics Services Limited, Chennai	-	-	-	-	0.67	-	-	-	0.67
		TVS Autoserv GmbH, Germany	-	-	-	-	2.89	-	-	-	2.89
		Sundram Fasteners Limited, Chennai	-	-	-	-	0.10	-	-	-	0.10
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	-	6.36	-	-	-	6.36
		Harita-NTI Limited, Chennai	-	-	-	-	-	0.87	-	-	0.87
		Key Management Personnel	-	-	-	-	-	-	-	-	-
			0.25	2.54	0.25	0.08	10.02	0.87	-	-	14.01
			(0.01)	(0.64)	(0.15)	(0.19)	(3.89)	(0.28)	(3.78)	-	(8.94)

Previous year's figures are furnished in brackets

Notes to Financial Statements - *(continued)*

36 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015

(Rupees in crores)

	Particulars	Name of the company		Amount outstanding as on 31.03.2018	Amount outstanding as on 31.03.2017
a)	Loans and advances				
(i)	Loans and advances in the nature of loans made to subsidiary company	NIL		-	-
(ii)	Loans and advances in the nature of loans made to associate company	NIL		-	-
(iii)	Loans and advances in the nature of loans where there is				
•	no repayment schedule or repayment beyond seven years (or)	NIL		-	-
•	no interest or interest below section 186 of the Companies Act, 2013	NIL		-	-
(iv)	Loans and advances in the nature of loans made to firms/companies in which directors of the company are interested	NIL		-	-
b)	Investments by the company				
(i)	In subsidiary companies	• TVS Motor Company Limited, Chennai		19.59	19.59
		(27,26,82,786 equity shares of Re.1/- each fully paid up)			
		Maximum amount held at any time			
		During the year	19.59		
		During the previous year	19.59		
		• Sundaram-Clayton (USA) Limited, Chicago, Illinois, USA			
		(100 equity shares of USD 1 each fully paid up)		0.001	0.001
		Maximum amount held at any time			
		During the year	0.001		
		During the previous year	0.001		
		• Sundaram Holding USA Inc., Delaware USA			
		(80,00,000 (last year - 16,93,682) Equity Shares of USD-1 each fully paid-up)		52.16	11.36
		Maximum amount held at any time			
		During the year	52.16		
		During the previous year	11.36		

Notes to Financial Statements - *(continued)*

(Rupees in crores)

36 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF SEBI (LODR) REGULATIONS, 2015 - *(continued)*

	Particulars	Name of the company		Amount outstanding as on 31.03.2018	Amount outstanding as on 31.03.2017
	In subsidiary companies - *(continued)*	• TVS Credit Services Limited, Chennai			
		(21,80,250 equity shares of Rs.10/- each fully paid up)		17.01	-
		Maximum amount held at any time			
		During the year	17.01		
		During the previous year	-		
(ii)	In associate companies	• Sundram Non-conventional Energy Systems Limited, Chennai		0.12	0.12
		(1,17,650 Equity shares of Rs 10/- each fully paid-up)			
		Maximum amount held at any time			
		During the year	0.12		
		During the previous year	0.12		
		• TVS Training & Services Limited, Chennai		2.76	2.76
		(27,63,359 Equity shares of Rs 10/- each fully paid-up)			
		Maximum amount held at any time			
		During the year	2.76		
		During the previous year	2.76		

37 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No.007761S

V SATHYANARAYANAN
Partner
Membership No.:027716

Chennai
22nd May 2018

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

Consolidated Financial Statements

of

Sundaram-Clayton Limited

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Independent Auditor's Report on Consolidated Ind AS Financial Statements for the year ended 31st March 2018

To the Members of
Sundaram-Clayton Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Sundaram-Clayton Limited ("the Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), it's Associates, comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated1 Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements, in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidate financial position, consolidated financial performance and consolidated cash flows of the Group, including it's Associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of companies included in the Group and its Associates are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company as aforesaid.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the consolidated Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub paragraph (a) of the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2018 and their consolidated profit, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date**.**

Other Matters

We did not audit the financial statements of twenty numbers of subsidiaries whose financial statements reflect total assets of Rs. 16,030.94 Crores as at 31st March, 2018, total revenues of Rs. 18,108.57 Crores and net cash inflows amounting to Rs. 115.64 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of profit of Rs. 1.34 Crore for the year ended 31st March, 2018, as considered in the consolidated financial statements, in respect of three numbers of associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub sections (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on other Legal and Regulatory Requirements

As required by section 143(3) of the Act, based on our audit 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 of the aforesaid consolidated Ind AS Financial Statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as appears from our examination of those books and the reports of the other auditors;

(c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;

(e) On the basis of written representations received from the Directors of the Holding Company as on 31st March 2018, taken on record by the Board of Directors of the Holding Company, and the report of the statutory auditors of its subsidiary companies none of the Directors of the Group companies is disqualified as on 31st March 2018, from being appointed as a Director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiaries and its associates (incorporated in India) and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on separate financial statement of these subsidiaries and associates as noted in paragraph (a) on "Other Matters":

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates in its Ind AS financials statements – Refer note 35 (i) to the Ind AS financial statements;

   ii. The Group and its associate entities did not have any material foreseeable losses on long-term contracts including derivatives contracts – Refer note 32 (C) to the Ind AS financial statements;

   iii. There has been no delay in transferring amounts required to be transferred by the Holding Company and its subsidiary companies and associate companies incorporated in India, to investor education and Protection fund.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
FRN: 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716

Chennai
22nd May 2018

Annexure 'A' to the Independent Auditors' Report on the Consolidated Ind AS Financial Statements for the year ended 31st March 2018

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of Sundaram-Clayton Limited ("the Holding Company"), Jayalakshmi Estates, #29, Haddows Road, Chennai – 600006, and its subsidiaries and its associate companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(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 over Financial Reporting

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

Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate companies, incorporated in India have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to of its subsidiary companies and associate companies, which are companies incorporated in India is based on the corresponding reports of the auditors of such companies incorporated in India.

For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
FRN: 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716

Chennai
22nd May 2018

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2018

(Rupees in crores)

	Notes	As at 31.03.2018	As at 31.03.2017
ASSETS			
Non-current assets			
Property, plant and equipment	2	3,316.55	2,758.03
Capital work in progress	2	356.33	100.68
Investment Properties		138.40	32.56
Goodwill	2	112.61	5.48
Other intangible assets	2	59.60	55.40
Intangibles under development		39.39	-
Financial assets			
i. Investments	3	483.89	1,240.82
ii. Loans (Receivable from financing activity)	8	2,826.25	-
iii. Others	11	29.05	9.09
Investments accounted using equity method	4	123.54	91.77
Non-Current tax assets (Net)		37.27	26.51
Other non-current assets	5	155.39	101.17
Total non-current assets		**7,678.27**	**4,421.51**
Current assets			
Inventories	6	1,417.00	1,396.71
Financial assets			
i. Trade receivables	7	1,312.70	845.44
ii. Loans (Receivable from financing activity)	8	3,305.45	-
iii. Cash and cash equivalents	9	103.37	47.94
iv. Bank balances other than (iii) above	10	71.62	5.03
v. Others	11	90.68	21.07
Current tax assets (Net)		70.00	12.16
Other current assets	12	711.89	567.20
Total current assets		**7,082.71**	**2,895.55**
Total Assets		**14,760.98**	**7,317.06**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	10.12	10.12
Other equity	14	2,141.32	1,856.89
Equity attributable to owners		2,151.44	1,867.01
Non controlling interest	14	1,191.21	928.21
Total equity		**3,342.65**	**2,795.22**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	2,639.00	622.83
Others	20	2.79	4.03
Provisions	16	106.75	86.68
Deferred tax liabilities (net)	17	34.62	162.96
Total non-current liabilities		**2,783.16**	**876.50**
Current liabilities			
Financial liabilities			
i. Borrowings	18	3,501.87	891.11
ii. Trade payables	19	3,013.77	2,106.86
iii. Other financial liabilities	20	1,629.70	275.73
Other current liabilities	21	396.06	291.65
Provisions	16	91.31	77.78
Current tax liabilities (Net)		2.46	2.21
Total current liabilities		**8,635.17**	**3,645.34**
Total liabilities		**11,418.33**	**4,521.84**
Total equity and liabilities		**14,760.98**	**7,317.06**
Significant accounting policies	1		

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No.007761S

V SATHYANARAYANAN
Partner
Membership No.:027716

Chennai
22nd May 2018

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

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

(Rupees in crores)

		Notes	Year ended 31.03.2018	Year ended 31.03.2017
I.	**Income**			
	Revenue from operations	22	17,902.56	14,730.27
	Other income	23	148.37	171.26
	Total income		**18,050.93**	**14,901.53**
II.	**Expenses**			
	Cost of material consumed	24	11,476.62	9,012.66
	Purchase of stock in trade	24	256.07	292.70
	Changes in inventories of finished goods, Stock-in -trade and work-in-process	24	(15.50)	(34.87)
	Excise duty		390.82	1,232.07
	Employee benefit expenses	25	1,404.47	1,041.73
	Finance costs	26	371.92	88.16
	Depreciation and amortisation expense	2	446.68	377.45
	Other expenses	27	2,880.46	2,185.00
	Total expenses		**17,211.54**	**14,194.90**
III.	**Profit before exceptional items, share of net profit of investment and tax (I-II)**		**839.39**	**706.63**
IV.	Share of net profit from associates using equity method		1.34	0.89
V.	**Profit before exceptional items and tax (III+IV)**		**840.73**	**707.52**
VI.	Exceptional items		-	2.28
VII.	**Profit before tax (V+VI)**		**840.73**	**709.80**
VIII.	Income Tax expense			
	Current tax payable / (receipt)	28	246.34	176.17
	Deferred tax liabilities / (assets)	29	(34.39)	(13.44)
IX.	**Profit for the year (VII-VIII)**		**628.78**	**547.07**
X.	(Profit) / Loss attributable to Non-controlling Interest		(290.65)	(216.87)
XI.	**Profit for the year attributable to owners (IX-X)**		**338.13**	**330.20**
XII.	**Other comprehensive income**			
	(A) Items that will not be reclassified to statement of profit and loss			
	Remeasurements of post employment benefit obligations		(2.56)	(6.82)
	Change in fair value of equity instruments		24.78	109.07
	Income tax relating to these items		0.68	(0.79)
	(B) Items that will be reclassified to statement of profit and loss			
	Fair value changes on cash flow hedges		(3.39)	(2.59)
	Change in fair value of debt instruments		(0.85)	-
	Foreign currency translation adjustments		6.12	(23.97)
	Share of other comprehensive income from associates using equity method		-	(0.03)
	Income tax relating to these items		1.47	0.89
	Other comprehensive income for the year, net of tax		**26.25**	**75.76**
XIII.	**Other Comprehensive income attributable to non-controlling interest (profit) / loss**		3.01	(3.66)
XIV.	**Total comprehensive income attributable to owners (XI+XII-XIII)**		**367.39**	**402.30**
	Earnings per equity share			
	Basic & Diluted earnings per share	30	**167.12**	**163.21**

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No.007761S

V SATHYANARAYANAN
Partner
Membership No.:027716

Chennai
22nd May 2018

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

STATEMENT OF CHANGES IN EQUITY

(Rupees in crores)

a Equity Share Capital

As at 01-04-2016	10.12
Changes in equity share capital	-
As at 31-03-2017	10.12
Changes in equity share capital	-
As at 31-03-2018	10.12

b Other Equity

Particulars	Reserves & Surplus					Other Reserves			Non Controlling Interest	Total
	General reserve	Capital reserve	Securities Premium	Statutory reserve	Retained earnings	Equity Instruments Fair Value through Other Compre-hensive Income	Foreign currency translation reserve	Hedging reserve		
Balance as at 01-04-2016	**658.10**	**99.11**	**36.42**	**-**	**622.96**	**100.33**	**(5.22)**	**0.97**	**769.25**	**2,281.92**
Add : Profit for the year 2016-17					330.20				216.87	547.07
Other comprehensive income for the year 2016-17					(3.55)	90.09	(13.77)	(0.67)	3.66	75.76
Less : Transferred to retained earnings					3.16	(3.72)				(0.56)
Less : Exchange differences					20.15	0.48	(0.12)		2.83	23.34
Add : Share of profit of associate					(0.03)					(0.03)
Less : Distribution to shareholders :										-
2016-17 First Interim dividend paid					(30.35)				(27.87)	(58.22)
2016-17 Second Interim dividend paid					(33.38)				(26.23)	(59.61)
Less : Dividend Tax*					(14.27)				(10.30)	(24.57)
Balance as at 01-04-2017	**658.10**	**99.11**	**36.42**	**-**	**894.89**	**187.18**	**(19.11)**	**0.30**	**928.21**	**2,785.10**
Add : Profit for the year 2017-18					338.13				290.65	628.78
Add: Other comprehensive income for the year 2017-18					(0.34)	25.65	6.12	(2.17)	(3.01)	26.25
Less : Transferred to retained earnings										-
Less : Exchange differences								1.23		1.23
Add : Transferred from retained earnings to statutory reserve				10.28	(10.28)					-
Add : Transaction with non controlling interest					(35.52)				55.74	20.22
Less : Distribution to shareholders :										
2017-18 First Interim dividend paid					(30.35)				(40.48)	(70.83)
2017-18 Second Interim dividend paid					-				(26.31)	(26.31)
Less : Dividend Tax*					(18.32)				(13.59)	(31.91)
Balance as at 31-03-2018	**658.10**	**99.11**	**36.42**	**10.28**	**1,138.21**	**212.83**	**(12.99)**	**(0.64)**	**1,191.21**	**3,332.53**

*The Company has taken credit for the dividend distribution tax paid by one of the subsidiary companies on the dividend declared as per section section 115-O (1A) of the Income Tax Act, 1961.

Nature and Purpose of Other Reserves

Security premium reserve: This consist of premium realised on issue of shares and will be applicable / utilised in accordance with the provisions of the Companies Act, 2013

General reserve: General reserve is part of retained earnings. This is available for distribution to shareholders as dividend and capitalisation.

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Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(Rupees in crores)

			Year ended 31.03.2018		Year ended 31.03.2017
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net profit before tax			840.73		709.80
Adjustments for:					
Depreciation and amortisation for the year		446.81		377.57	
Other Non Cash Items					
Exceptional Income		-		(2.28)	
Loss on sale/scrapping of property, plant and equipment		0.15		3.41	
Profit on sale of property, plant and equipment		(2.77)		(0.70)	
Dividend income		(1.65)		(1.42)	
Interest income		(50.25)		(49.69)	
Unrealised exchange (gain) / loss		(0.87)		(0.80)	
Fair value of financial assets & financial liabilities		(59.70)		(84.99)	
Loss on sale of investment		29.03		-	
Profit on sale of investment		-		(0.05)	
Interest expense (excluding relatable to financial enterprise)		112.02		86.43	
			472.77		327.48
Operating profit before working capital changes			**1,313.50**		**1,037.28**
Adjustments for:					
Inventories		(20.29)		(278.15)	
Trade Receivables		(453.12)		(199.67)	
Other financial assets		53.43		20.17	
Other Bank balances		(66.59)		-	
Other non-current assets		(54.07)		(46.91)	
Other current assets		(54.92)		80.70	
Movement in foreign currency translation adjustments		(1.23)		(23.96)	
Loans (Receivable from financing activity)		(823.12)		-	
Provisions		18.21		12.53	
Trade Payables		789.38		359.43	
Other Financial liabilities		(31.35)		17.68	
Other current liabilities		(4.93)		7.10	
			(648.60)		(51.08)
Cash generated from operations			664.90		986.20
Direct taxes paid			(340.45)		(147.81)
Net cash from operating activities	**(A)**		**324.45**		**838.39**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018 - *(continued)*

(Rupees in crores)

				Year ended 31.03.2018		Year ended 31.03.2017
B	**CASH FLOW FROM INVESTING ACTIVITIES**					
	Additions to property, plant and equipment (including Capital work in progress)			(1,322.12)		(772.35)
	Sale of fixed assets			43.62		13.83
	Investment accounted using equity method			(31.77)		-
	(Purchase) / Sale of investments			(96.54)		(110.16)
	Contribution from non controlling interest			(57.07)		-
	Consideration paid on acquisition of subsidiary			(1.62)		-
	Cash and cash equivalents pursuant to acquisition			34.19		-
	Interest received			50.25		49.69
	Dividend received			1.65		1.42
	Net Cash from/(used in) investing activities	**(B)**		**(1,379.41)**		**(817.57)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**					
	Net Borrowings:					
	Term loans availed / (repaid)			599.12		(114.70)
	Short term borrowings availed / (repaid)			447.38		282.57
	Interest paid			(112.02)		(86.43)
	Dividend and dividend tax paid			(129.05)		(142.40)
	Net cash from financing activities	**(C)**		**805.43**		**(60.96)**
D	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS**	**(A+B+C)**		**(249.53)**		**(40.14)**
	Cash and cash equivalents at the beginning of the year					
	Cash and Bank balances		47.94		50.69	
	Cash credit balance		(348.01)		(310.62)	
				(300.07)		(259.93)
	Cash and cash equivalents at the end of the year					
	Cash and Bank balances		103.37		47.94	
	Cash credit balance		(652.97)	(549.60)	(348.01)	(300.07)

Change in liability arising from financing activities

Particulars	Note	01/04/2017	Cash flow	Impact due to business combination	Foreign exchange movement	31/03/2018
Long term borrowings (including current maturities)	15	773.92	599.12	2,719.38	(1.24)	4,091.18
Short term borrowings	18	543.10	447.38	792.16	0.37	1,783.01

Notes:

1 The above statement has been prepared in indirect method except in case of dividend, tax and purchase and sale of investments which have been considered on the basis of actual movement of cash.

2 Cash and cash equivalent include cash and bank balances.

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22nd May 2018

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Company Secretary

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the Consolidated financial statements of Sundaram-Clayton Limited and its subsidiaries and associates.

a) Brief description of the Company

Sundaram-Clayton Limited ('the Company') is a public limited company incorporated in India whose shares are publicly traded. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof and housing development.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Disclosures under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decision.

The financial statements have been prepared on historical cost basis under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

Principles of Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. (This is generally the case where the group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements

d) Significant estimates and judgments

The areas involving significant estimates or judgments are:

i) Estimation of defined benefit obligation - (Refer Note 36)

ii) Estimation of useful life of Property, Plant and Equipment (Refer Note 1(f) and 1(g))

iii) Estimation of impairment of goodwill.

e) Revenue recognition

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

i) <u>Sale of products:</u>

Revenue from sale of products is recognised when significant risk and rewards of ownership pass to the customers, as per the terms of the contract and it is probable that the economic benefits associated with the transaction will flow to the Group.

ii) <u>Revenue from Services:</u>

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

iii) <u>Revenue from Real Estate:</u>

The revenue from sale of land is recognised on transferring all significant risk and rewards of ownership on land to the buyers and Group does not retain any effective control over the same.

iv) <u>Revenue from Financing:</u>

- Interest income for loans (other than Purchase of Originally Credit Impaired (POCI) is recognised using the Effective Interest Rate (EIR) method.
- For financial assets that are not “POCI” but have subsequently become credit-impaired (or ‘stage-3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).
- Income in the nature of overdue interest, and bounce charges are recognized on realization, due to uncertainty of collection.

f) Property, Plant and Equipment

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

i) purchase price,

ii) taxes and duties,

iii) labour cost, and

iv) directly attributable overheads incurred upto the date the asset is ready for its intended use.

v) Government grants that are directly attributable to the assets acquired.

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

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains/(losses).

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

g) Depreciation

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

ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Group is furnished below:

Description	Years
Factory building and other buildings	5 to 64
Plant and Equipment	4 to 21
Electrical Equipment	15
Furniture and Fixtures	4 to 10
Computers	3 to 4
Mobile phones	1 to 2
Vehicles	5 to 6

iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.

iv) The residual value for all the above assets are retained at 5% of the cost except for Mobile phones for which Nil residual value is considered. Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

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

vi) Depreciation in respect of tangible assets costing individually less than Rs.5,000/- is provided at 100%.

h) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item is measured reliably.

i) Intangible assets

Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

Other intangible assets

Intangible assets acquired are accounted at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software and 6-10 years in case of Design, Development and Technical knowhow.

j) Loans (receivable from financing activity)

The loans to borrowers are stated at the contract value after netting off un-matured Interest Income, Un-matured Upfront Incomes and advance EMIs and adding unamortized portion of upfront expenses wherever applicable, installments appropriated up to the year end and amount written off.

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

(a) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

(b) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

(c) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities are translated at the closing rate at the date of that balance sheet

b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

c) all resulting exchange differences are recognised in other comprehensive income.

m) Hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

· hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)

· hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or

· hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 31. Movements in the hedging reserve in shareholders' equity are shown in Note 32 (D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects the Statement of Profit and Loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Statement of Profit and Loss within other gains/(losses).

n) Inventories

Inventories are valued at the lower of cost and net realisable value.

i. Cost of raw materials, components, stores, spares, work-in-process and finished goods are determined on a moving average basis.

ii. Cost of finished goods and work-in-process comprises of Direct materials, Direct labour and an applicable proportion of variable and fixed overhead expenditure,.Fixed Overhead Expenditure absorbed on the basis of normal operating capacity.

iii. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

iv. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

Land held for development/sale by the real estate subsidiary is valued at the lower of cost and net realisable value. Cost includes cost of acquisition and all related costs.

o) Employee benefits

i) Short term obligations:

Short term obligations are those that are 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 the amounts expected to be paid at the time of settlement.

ii) Other long term employee benefit obligations:

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

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

iii) Post-employment obligation:

The Group operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees, pension plan for eligible senior managers; and

b) Defined contribution plan such as provident fund.

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

a) Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan 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 Actuaries using the projected unit credit method.

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net of deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit or Loss as past service cost.

b) Provident fund:

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Group. The Group is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

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

p) Taxes on income

Tax expense comprises of (i) current tax and (ii) deferred tax.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Group accounts for such allowances as tax credits, which

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

q) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in "Other Income" on completion of export obligation as approved by Regulatory Authorities.

r) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation, when the products are sold.

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

ii) Contingent liabilities:

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

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components and (3) Financial Services (4) Others.

t) Leases

Based on Ind AS Transition Facilitation Group (ITFG) Clarification Bulletin 7, leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Consequently, leasehold land which was part of non-current assets in the previous year, have now been regrouped to Fixed assets.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

u) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

v) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

w) Investments and Other financial assets

i) Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the Group measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

(A) Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(B) Equity instruments:

The Group subsequently measures all investments in equity (except of the subsidiaries / associates) at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Group elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 32 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Group determines whether there has been a significant increase in credit risk.

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

(iv) Derecognition of financial assets

A financial asset is derecognised only when:

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

b) the Group 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 Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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

(v) Income recognition

Interest income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividend income:

Dividends are recognised in statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

x) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

y) Current and Non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Group's considered view, twelve months is its operating cycle for all entities within the group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realisation of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.

z) Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

za) Recent accounting pronouncements

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - "Revenue from Contract with Customers" and also certain amendments made to the existing Ind AS. The notification shall be effective from 1st April 2018.

The management believes that adoption of The Indian Accounting Standard (Ind AS) 115 - "Revenue from Contracts with Customers" does not have any significant impact on the consolidated financial statements of the Group.

The management believes that adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration and Ind AS 12 Income Taxes, do not have any significant impact on the consolidated financial statements of the Group.

The amendment to Ind AS 40 viz., Investment Property, is not applicable to the Group.

Notes to Financial Statements

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

(Rupees in crores)

Description	Property, Plant & Equipment								Intangible			Total
	Free hold land	Lease hold land	Buildings	Plant & equip-ment	Furniture & fixtures	Office equip-ment	Vehicles	Total	Software	Design Develop-ment	Total intangible assets	(tangible and intangible)
	1	2	3	4	5	6	7	8	9	10	11	12
Cost of assets:												
As at 01-04-2016	210.45	10.39	519.62	1,899.58	26.71	37.14	19.87	2,723.76	29.35	36.22	65.57	2,789.33
Additions	27.32	-	92.33	531.23	26.22	16.58	8.21	701.89	9.39	24.97	34.36	736.25
Foreign Currency translation reserve difference	1.62	-	(0.99)	(1.50)	(4.99)	4.86	(0.01)	(1.01)	-	-	-	(1.01)
Sub-total	239.39	10.39	610.96	2,429.31	47.94	58.58	28.07	3,424.64	38.74	61.19	99.93	3,524.57
Sales / deletion	(0.54)	-	(4.73)	(87.54)	(1.35)	(8.43)	(0.84)	(103.43)	(0.08)	(0.04)	(0.12)	(103.55)
Total	**238.85**	**10.39**	**606.23**	**2,341.77**	**46.59**	**50.15**	**27.23**	**3,321.21**	**38.66**	**61.15**	**99.81**	**3,421.02**
Depreciation / Amortisation												
Upto 31-03-2016	-	-	23.46	255.50	5.87	11.27	3.84	299.94	8.76	7.61	16.37	316.31
For the year	-	-	25.61	302.25	4.61	12.61	4.29	349.37	16.31	11.77	28.08	377.45
Amortisation	-	0.12	-	-	-	-	-	0.12	-	-	-	0.12
Foreign Currency translation reserve difference	-	-	(0.46)	3.51	(4.59)	4.43	(0.01)	2.88	-	-	-	2.88
Sub-total	-	0.12	48.61	561.26	5.89	28.31	8.12	652.31	25.07	19.38	44.45	696.76
Withdrawn on assets sold / deleted	-	-	(3.87)	(75.40)	(1.28)	(8.20)	(0.38)	(89.13)	(0.04)	-	(0.04)	(89.17)
Total	**-**	**0.12**	**44.74**	**485.86**	**4.61**	**20.11**	**7.74**	**563.18**	**25.03**	**19.38**	**44.41**	**607.59**
Net Carrying amount												
As at 31-03-2017	**238.85**	**10.27**	**561.49**	**1,855.91**	**41.98**	**30.04**	**19.49**	**2,758.03**	**13.63**	**41.77**	**55.40**	**2,813.43**

Goodwill	**2016-17**	**2015-16**
(i) Goodwill arising on business combination	2.20	2.20
(ii) Goodwill arising on consolidation	3.28	3.28
Total	**5.48**	**5.48**
Capital Work-In-Progress (At Cost)	**2016-17**	**2015-16**
(i) Building	7.66	12.73
(ii) Plant & equipment	92.79	56.20
(iii) Others	0.23	0.09
Total	**100.68**	**69.02**

Description	Property, Plant & Equipment								Intangible			Total
	Free hold land	Lease hold land	Buildings	Plant & equip-ment	Furniture & fixtures	Office equip-ment	Vehicles	Total	Software	Design Develop-ment	Total intangible assets	(tangible and intangible)
	1	2	3	4	5	6	7	8	9	10	11	12
Cost of assets:												
As at 01-04-2017	238.85	10.39	606.23	2,341.77	46.59	50.15	27.23	3,321.21	38.66	61.15	99.81	3,421.02
Incumbent Subsidiary	-	-	-	-	14.26	31.80	0.03	46.09	8.38	-	8.38	54.47
Additions	60.55	1.03	135.48	748.28	9.97	39.17	8.47	1,002.95	13.44	18.70	32.14	1,035.09
Foreign exchange translation reserve adjustments	(3.25)	-	(1.20)	(2.94)	0.01	(0.16)	(0.01)	(7.55)	-	-	-	(7.55)
Sub-total	296.15	11.42	740.51	3,087.11	70.83	120.96	35.72	4,362.70	60.48	79.85	140.33	4,503.03
Sales / deletion	(0.68)	-	(1.05)	(147.67)	(1.05)	(7.22)	(1.81)	(159.48)	(0.08)	-	(0.08)	(159.56)
Total	**295.47**	**11.42**	**739.46**	**2,939.44**	**69.78**	**113.74**	**33.91**	**4,203.22**	**60.40**	**79.85**	**140.25**	**4,343.47**
Depreciation / Amortisation												
Upto 31-03-2017	-	0.12	44.74	485.86	4.61	20.11	7.74	563.18	25.03	19.38	44.41	607.59
Incumbent Subsidiary	-	-	-	-	8.72	22.57	0.01	31.30	6.65	-	6.65	37.95
For the year	-	-	33.13	347.32	10.28	21.41	4.92	417.06	14.74	14.88	29.62	446.68
Amortisation	-	0.13	-	-	-	-	-	0.13	-	-	-	0.13
Foreign exchange translation reserve adjustments	-	-	(0.62)	(5.69)	-	(0.15)	(0.01)	(6.47)	-	-	-	(6.47)
Sub-total	-	0.25	77.25	827.49	23.61	63.94	12.66	1,005.20	46.42	34.26	80.68	1,085.88
Withdrawn on assets sold / deleted	-	-	(1.03)	(108.03)	(0.71)	(7.02)	(1.74)	(118.53)	(0.03)	-	(0.03)	(118.56)
Total	**-**	**0.25**	**76.22**	**719.46**	**22.90**	**56.92**	**10.92**	**886.67**	**46.39**	**34.26**	**80.65**	**967.32**
Net Carrying amount												
As at 31-03-2018	**295.47**	**11.17**	**663.24**	**2,219.98**	**46.88**	**56.82**	**22.99**	**3,316.55**	**14.01**	**45.59**	**59.60**	**3,376.15**

Goodwill	**2017-18**	**2016-17**
(i) Goodwill arising on business combination	2.20	2.20
(ii) Goodwill arising on consolidation	110.41	3.28
Total	**112.61**	**5.48**
Capital Work-In-Progress (At Cost)	**2017-18**	**2016-17**
(i) Building	151.12	7.66
(ii) Plant & equipment	193.31	92.79
(iii) Others	11.90	0.23
Total	**356.33**	**100.68**

Notes to Financial Statements - *(continued)*

3 INVESTMENTS

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31-03-2018	As at 31-03-2017			As at 31-03-2018	As at 31-03-2017
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(a)	**Investment in Equity Instruments Fair valued through OCI:**						
	Quoted :						
(i)	Suprajit Engineering Limited, Bengaluru	28,92,000	28,92,000	1.00	INR	80.35	69.54
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	2.16	1.99
(iii)	Suprajit Engineering Limited, Bengaluru	57,72,000	57,72,000	1.00	INR	160.75	138.79
(iv)	Harita Seating Systems Limited, Chennai	7,280	7,280	10.00	INR	0.72	0.51
	Unquoted :						
(v)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)	32,50,000	32,50,000	10.00	INR	1.19	1.10
(vi)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)	45,00,000	45,00,000	10.00	INR	4.50	4.50
(vii)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	10.52	9.48
(viii)	TVS Motor Services Limited, Chennai	-	3,80,000	10.00	INR	-	0.38
(ix)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.05	0.03
(x)	Green Infra Wind Energy Theni Limited, New Delhi (formerly known as TVS Wind Energy Limited)	30,00,000	30,00,000	10.00	INR	1.26	3.00
(xi)	TVS Credit Services Limited, Chennai	-	1,06,55,700	10.00	INR	-	76.70
(xii)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.13	0.11
(xiii)	Suryadev Alloys & Power Private Limited, Chennai	2,500	2,500	10.00	INR	0.02	0.02
(xiv)	Condivision Solutions Pvt. Limited, Bengaluru	6,760	-	10.00	INR	2.00	-
(xv)	Ultra Violette Automotive Private Limited	6,750	-	10.00	INR	5.00	-
(xvi)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	-	10.00	INR	0.02	-
(xvii)	PHI Research Pvt. Limited,	3,50,000	-	10.00	INR	3.01	-
(xviii)	Sai Regency Power Corporation Private Limited, Chennai	3,75,000	3,75,000	10.00	INR	0.38	0.38
(xix)	Adyar Property Holding Company Limited, Chennai (Cost Rs.6,825)	105	105		INR	-	-
	Private equity instruments:						
(xx)	TVS Shriram Growth fund Scheme 1A of TVS Capital Funds Limited, Chennai	37,256	66,522	1,000.00	INR	1.71	5.64
(xxi)	TVS Shriram Growth fund Scheme 1B of TVS Capital Funds Limited, Chennai	45,913	58,409	1,000.00	INR	11.37	6.43
(xxii)	TVS Shriram Growth fund Scheme 3 of TVS Capital Funds Limited, Chennai				INR	2.00	-
	Total value of Equity Instruments (a)					**287.14**	**318.60**
(b)	Investments in Preference Shares: (Unquoted)						
(i)	TVS Motor Services Limited, Chennai	-	55,10,10,000	10.00	INR	-	871.78
(ii)	TVS Motor Services Limited, Chennai	-	1,00,00,000	10.00	INR	-	15.77
(iii)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	11.70	11.70
(iv)	Axiom Research Labs Private Limited, Delhi	82	82	10.00	INR	1.00	1.00
	Total value of Preference shares (b)					**12.70**	**900.25**
(c)	Other non-current Investments:						
	Investments valued through OCI:						
(i)	Autotech Fund L.L.P. USA					10.11	-
	Pension Funds / Government Securities (Unquoted)						
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.11	6.14
(iii)	Life Insurance Corporation Pension Policy, Mumbai				INR	12.98	7.02
(iv)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	2.73	3.00
(v)	Life Insurance Corporation Pension Policy, Chennai				INR	5.32	5.51
(vi)	5 Years National Savings Certificates VIII Issue (in the name of nominee) - Face Value - Rs. 10,000				INR	-	-
(vii)	Tulsyan NEC Limited, Chennai	1,21,875	97,500	10.00	INR	0.37	0.29
(viii)	Investment in Mutual Funds				INR	0.94	0.01
	Debt Instruments						
(ix)	Investment in Zero coupon bonds					145.49	-
(x)	National Savings Certificates (Rs.37100/- deposited with Sales Tax authorities)						
	Total value of other investments (c)					**184.05**	**21.97**
	Total (a) + (b) + (c)					**483.89**	**1,240.82**
	Aggregate amount of quoted investments and market value thereof					243.98	210.83
	Aggregate amount of unquoted investments					239.91	1,029.99
	Total					**483.89**	**1,240.82**

1. All investments are fully paid up except investment in Adyar Property Holding Company Limited, Chennai.

Notes to Financial Statements - *(continued)*

(Rupees in crores)

		As at 31.03.2018	As at 31.03.2017
4	**INVESTMENTS ACCOUNTED USING EQUITY METHOD**		
	Cost of investment in Associates (Emerald Haven Realty Limited, Chennai, Sundram Non-conventional Energy Systems Limited, Chennai and TVS Training and Services Limited, Chennai)	114.10	82.88
	Add: Share of Other Equity	9.44	8.89
	Total	**123.54**	**91.77**
5	**OTHER NON-CURRENT ASSETS**		
	Capital advances	84.78	39.63
	Advances other than capital advances:		
	Prepaid lease rent	-	12.37
	Prepaid expenses	16.18	3.16
	Indirect taxes receivable	17.62	9.94
	Statutory and other deposits	36.81	36.07
	Total	**155.39**	**101.17**
6	**INVENTORIES**		
	Raw materials and components	575.81	590.97
	Goods-in-transit - Raw materials and components	135.38	115.62
	Work-in-process	116.12	121.18
	Finished goods	342.98	229.28
	Stock-in-trade	59.83	152.97
	Goods-in-transit - Stock in trade	-	49.79
	Stores and spares	186.88	136.90
	Total	**1,417.00**	**1,396.71**
7	**TRADE RECEIVABLES**		
	Secured, considered good	306.05	14.80
	Unsecured, considered good	1,006.65	830.64
	Doubtful	10.86	5.87
	Total	1,323.56	851.31
	Less: Allowance for doubtful receivables	10.86	5.87
	Total	**1,312.70**	**845.44**

Notes to Financial Statements - *(continued)*

8 LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

(Rupees in crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Current	Non Current	Current	Non Current
Secured:				
Automobile Financing				
Considered good	3,143.97	2,696.33	-	-
Considered Doubtful	177.03	151.84		
Less: Loss allowance				
Provision for expected credit loss (Refer Note No. 33)	(80.53)	(21.92)	-	-
Unsecured and considered good:				
Trade Advance and Term loan	67.31	-	-	-
Provision for expected credit loss (Refer Note No. 33)	(2.33)	-	-	-
Total	**3,305.45**	**2,826.25**	**-**	**-**

	As at 31.03.2018	As at 31.03.2017
9 CASH AND CASH EQUIVALENTS		
Balances with banks in current accounts	71.84	35.42
Deposits with maturity of less than three months	2.34	12.06
Cheques / drafts on hand	-	0.02
Cash on hand	29.19	0.44
Total	**103.37**	**47.94**
10 OTHER BANK BALANCES		
Earmarked balances with banks (for unpaid dividend)	5.20	5.03
Balance with banks (with more than 3 months and less than 12 months maturity)	66.42	-
Total	**71.62**	**5.03**

Notes to Financial Statements - *(continued)*

(Rupees in crores)

	As at 31.03.2018	As at 31.03.2017
11 FINANCIAL ASSETS - OTHERS		
Non-Current		
Deposits	19.19	8.41
Loans given to employees	1.75	-
Loans to others	7.16	-
Derivatives (Forwards,POS,IRS,Call spread)	0.82	0.68
Bank deposits	0.13	-
Sub-total	**29.05**	**9.09**
Current		
Unsecured, Considered Good :		
Employee Advances	15.94	13.06
Security Deposits	4.78	4.23
Claims receivable	5.55	1.27
Derivative financial instruments - receivable	1.62	2.51
Receivable towards sale of fixed assets	62.79	-
Sub-total	**90.68**	**21.07**
Total	**119.73**	**30.16**

	As at 31.03.2018	As at 31.03.2017
12 OTHER CURRENT ASSETS		
VAT / IT / Excise receivable	494.98	428.68
Prepaid expense	34.79	24.28
Vendor advance	103.98	58.56
Trade Deposits	0.96	0.83
Export Incentive receivable	75.36	49.81
Taxes and other recoveries	-	3.02
Others	1.82	2.02
Total	**711.89**	**567.20**

Notes to Financial Statements - *(continued)*

13 SHARE CAPITAL

a) **Details of authorised, issued and subscribed share capital**

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number	Rupees in crores	Number	Rupees in crores
Authorised Capital				
Equity Shares of Rs.5/- each	5,00,00,000	25.00	5,00,00,000	25.00
Issued,Subscribed & Paid up Capital				
Equity Shares of Rs.5/- each fully paid	2,02,32,085	10.12	2,02,32,085	10.12
	2,02,32,085	**10.12**	**2,02,32,085**	**10.12**

b) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	2,02,32,085	10.12	2,02,32,085	10.12
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	**2,02,32,085**	**10.12**	**2,02,32,085**	**10.12**

c) i) **Rights and preferences attached to equity share:**

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 2013.

ii) There are no restrictions attached to equity shares.

d) **Details of shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of the year**

Name of Shareholder	Relationship	Class of Share	As at 31.03.2018		As at 31.03.2017	
			No. of Shares held	% of Holding	No. of Shares held	% of Holding
T V Sundram Iyengar & Sons Pvt Ltd- Madurai	Holding Company	Equity	38,07,330	18.82	38,07,330	18.82
Sundaram Industries Pvt Ltd- Madurai	Fellow Subsidiary	Equity	60,62,522	29.96	60,62,522	29.96
Southern Roadways Limited- Madurai	Fellow Subsidiary	Equity	30,31,127	14.98	30,31,127	14.98

e) **Details of shareholders holding more than five percent at the end of the year (other than 13 (d)) above**

Name of Shareholder	Class of Share	As at 31.03.2018		As at 31.03.2017	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sundaram Finance Limited- Chennai*	Equity	-	-	22,73,081	11.24
Sundaram Finance Holdings Limited- Chennai*	Equity	22,73,081	11.24	-	-

* Consequent upon approval of Scheme of demerger, the shares held by Sundaram Finance Limited was transferred to Sundaram Finance Holdings Limited.

Notes to Financial Statements - *(continued)*

14 OTHER EQUITY

(Rupees in crores)

Particulars	As at 31.03.2018	As at 31.03.2017
General Reserve	658.10	658.10
Capital Reserve	99.11	99.11
Securities Premium Reserve	36.42	36.42
Statutory Reserve	10.28	-
Retained Earnings	1,138.21	894.89
Other Reserves	199.20	168.37
	2,141.32	**1,856.89**
Non-controlling interest	1,191.21	928.21
Total	**3,332.53**	**2,785.10**

15 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31.03.2018	As at 31.03.2017	Status as at 31.03.2018			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Secured Borrowings:							
FCNRB Term Loan - I	Bank	-	64.85		Bullet	-	Mar-18
FCNRB Term Loan - II	Bank	78.21	-	Overnight LIBOR plus margin	Half Yearly	6	Sep-22
ECB Loan 1 (4 Tranches)	Bank	130.16	129.09	3 Month USD LIBOR plus Margin	Bullet	4	Jul-2018 to Dec-2018
ECB Loan 2	Bank	64.66	-	3 Month USD LIBOR plus Margin	Half Yearly	7	
ECB Loan 3	Bank	78.03	77.39	3 Month USD LIBOR plus Margin	Bullet	-	Oct-18, Nov-18 & Mar-19
ECB Loan 4	Bank	64.65	38.25	6 Month USD LIBOR plus Margin	Half Yearly	6	Mar-22
Rupee Term loan I	Bank	-	17.52	MCLR plus margin	Quarterly	-	Dec-17
Rupee Term loan II	Bank	64.88	-	MCLR plus margin	Quarterly	12	Mar-23
Rupee Term loan III	Financial Institution	65.00	-	MCLR plus margin	Bullet	-	Mar-21
Term Loan	Financial Institution	-	14.19				
Term Loan (2 Tranches)	Bank	65.00	-	3 Month USD LIBOR plus Margin	Half Yearly	3	Jul-2019
Term Loan	Bank	-	64.94				
Term Loan	Bank	200.00	-	8.3%	Bullet	1	Oct-2019
Term Loan	Bank	87.05	-	8.2%	Quarterly	7	Dec-2019
Term Loan	Bank	20.00	-	8.8%	Quarterly	8	Mar-2020
Term Loan	Bank	90.00	-	8.4%	Quarterly	6	Sep-2019
Term Loan	Bank	21.21	-	8.8%	Monthly	7	Oct-2018
Term Loan	Bank	33.33	-	8.8%	Quarterly	2	Sep-2018
Term Loan	Bank	40.00	-	8.4%	Quarterly	2	Aug-2018
Term Loan	Bank	15.00	-	8.4%	Quarterly	3	Nov-2018
Term Loan	Bank	74.90	-	8.4%	Quarterly	3	Nov-2018
Term Loan	Bank	41.97	-	8.4%	Quarterly	5	Jun-2019
Term Loan	Bank	40.00	-	8.7%	Quarterly	4	Mar-2019
Term Loan	Bank	20.00	-	8.5%	Quarterly	2	Sep-2018
Term Loan	Bank	8.33	-	8.5%	Quarterly	2	Sep-2018
Term Loan	Bank	30.00	-	8.5%	Quarterly	6	Jul-2019
Term Loan	Bank	37.50	-	8.9%	Half Yearly	3	Aug-2019
Term Loan	Bank	25.00	-	8.5%	Quarterly	6	Sep-2019
Term Loan	Bank	64.67	-	8.5%	Monthly	21	Jan-2020

Notes to Financial Statements - *(continued)*

15 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - *(continued)*

(Rupees in crores)

Nature	Lenders	As at 31.03.2018	As at 31.03.2017	Status as at 31.03.2018			
				Interest Rate	Frequency	No. of Instalments Due	Maturity
Term Loan	Bank	58.33	-	8.4%	Quarterly	7	Dec-2019
Term Loan	Bank	50.00	-	8.3%	Quarterly	4	Jan-2019
Term Loan	Bank	174.88	-	8.4%	Quarterly	7	Dec-2019
Term Loan	Bank	80.00	-	8.5%	Quarterly	8	Mar-2020
Term Loan	Bank	33.33	-	8.4%	Quarterly	8	Mar-2020
Term Loan	Bank	62.50	-	8.3%	Quarterly	5	Jun-2019
Term Loan	Bank	87.50	-	8.4%	Quarterly	7	Dec-2019
Term Loan	Bank	38.23	-	8.6%	Quarterly	4	Mar-2019
Term Loan	Bank	100.00	-	8.4%	Quarterly	10	Aug-2020
Term Loan	Bank	200.00	-	8.2%	Quarterly	10	Nov-2020
Term Loan	Bank	100.00	-	8.3%	Annual	2	Sep-2020
Term Loan	Bank	190.00	-	8.4%	Quarterly	12	Mar-2021
Term Loan	Bank	200.36	-	8.0%	Bullet	1	Mar-2019
Term Loan	Bank	91.67	-	8.1%	Quarterly	11	Nov-2020
Term Loan	Others	100.00	-	8.1%	Quarterly	10	Dec-2020
Term Loan	Others	158.10	-				
Term Loan (4 Tranches)	State owned corporation	157.08	157.08	0.1%	Bullet	4	2022-27
Unsecured Borrowings:							
Sub Debt	Bank	18.75	-	10.1%	Annual	3	Jun-2020
Sub Debt	Others	25.00	-	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.95	-	9.5%	Bullet	1	May-2023
Sub Debt	Bank	50.00	-	9.3%	Bullet	1	Jul-2023
Sub Debt	Bank	25.00	-	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.84	-	10.0%	Bullet	1	Apr-2022
Sub Debt	Others	43.50	-	8.0%	Annual	3	Jan-2020
Sub Debt	Others	50.00	-	11.5%	Bullet	1	Sep-2020
Sub Debt	Others	50.00	-	11.0%	Bullet	1	Jul-2021
Sub Debt	Others	50.00	-	10.8%	Bullet	1	Sep-2021
Sub Debt	Bank	49.92	-	10.5%	Bullet	1	May-2022
Perpetual Debt	Others	99.76	-	11.5%	Bullet	1	Nov-2027
Soft loan	Others	1.31	1.96	0.0%	Annual	1	
Buyers credit	Bank	4.02	4.00	6 Month USD LIBOR plus Margin	Bullet	-	Jul-2019
Sales Tax Deferral Phase I	Others	25.32	31.65	0.0%	Annual	4	2020-21
Sales Tax Deferral Phase II	Others	157.28	173.00	0.0%	Annual	10	2027-28
		4,091.18	**773.92**				
Less: Current Maturities of Long Term Borrowings (Refer Note 20)		**1,452.18**	**151.09**				
Total Non Current Financial Liabilities (Borrowings)		**2,639.00**	**622.83**				

Details of securities created:

1) ECB Loan I - Exclusive charge over assets procured out of proceeds of the loan.
2) ECB Loan from Bank II & Rupee term loan III - Hypothecation of Movable fixed assets, Charge creation is under process.
3) Rupee Term Loan II: Secured by first and exclusive charge on specific plant and equipment situated at the Company's factories.
4) Holding Company has given guarantee in the form of Put Option amounting to Rs.18.75 Crores towards Sub-Ordinated Debt.
5) Soft loan is repayable in 5 yearly instalments, "from the commencement of sale of the product produced in the commercial plant, or a new producing plant installed on the basis of result of the Technology Development and Demonstration Programme (TDDP) project, whichever is earlier".
6) Term loan received from Banks and Other Parties of Rs.2573.86 Crores inclusive of Current and Non Current Dues is secured against hypothecation of receivables from the financing activity of the Company.
7) Loan from State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.
8) FCNR(B) loan from Bank: Secured by charge on specific plant and equipment situated at the Company's factories.
9) Term Loans received from bank for an amount of Rs.65 Crores is secured over a lien on collection account held at a foreign country.

Notes to Financial Statements - *(continued)*

(Rupees in crores)

16 PROVISIONS

Particulars	As at 31.03.2018		As at 31.03.2017	
	Current	Non-current	Current	Non-current
Provision for Employee Benefits				
(a) Pension	41.32	70.11	34.48	61.85
(b) Leave salary	5.61	30.80	2.42	22.39
(c) Gratuity	4.43	3.89	13.36	0.49
Others				
(a) Warranty	29.26	-	27.52	-
(b) Sales tax	-	1.95	-	1.95
(c) Disputed tax provided for	10.69	-	-	-
Total	**91.31**	**106.75**	**77.78**	**86.68**

17 DEFERRED TAX LIABILITY / (ASSETS)

	As at 31.03.2018	As at 31.03.2017
The balance comprises temporary differences attributable to:		
Depreciation	369.10	312.90
Others	-	18.33
Total deferred tax liability	369.10	331.23
Deferred tax asset consists of :		
- tax on employee benefit expenses	52.42	40.89
- tax on warranty provision	10.98	10.55
- tax on expected credit losses provision	23.78	-
- tax on investment property	13.91	-
- tax on finance cost provision	50.02	-
- tax on investments	5.46	-
- tax on others	8.82	15.14
- Unused tax credits (MAT credit entitlement)	134.16	101.69
- Carried forward loss	34.93	-
Total deferred tax assets	334.48	168.27
Net deferred tax liability	**34.62**	**162.96**

Movement in deferred tax :	**Depreciation**	**Others**	**Total**
As at 01.04.2017	312.90	(149.94)	162.96
Charged/(credited):			
- to profit or loss	56.20	(19.16)	37.04
- to other comprehensive income	-	(0.79)	(0.79)
- to incumbent subsidiary's deferred tax assets	-	(95.39)	(95.39)
- utilisation tax credits (MAT credit utilisation)	-	7.47	7.47
- Unused tax credits (MAT credit entitlement)	-	(33.84)	(33.84)
- to disputed tax provided for	-	(6.75)	(6.75)
- Carried forward loss	-	(36.08)	(36.08)
As at 31.03.2018	**369.10**	**(334.48)**	**34.62**

Notes to Financial Statements - *(continued)*

(Rupees in crores)

	As at 31.03.2018	As at 31.03.2017
18 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)		
Borrowings repayable on demand from banks		
Secured*	1,718.86	348.01
Unsecured	449.26	274.93
Short term loans:		
From banks:		
Secured	540.00	-
Unsecured	735.25	268.17
From others (secured)	58.50	-
Total Borrowings under Current Liabilities	**3,501.87**	**891.11**

* Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of all current assets viz., inventories of raw materials, semi finished and finished goods, stores and spares, bills receivable, book debts and all other current assets

Short term borrowings from banks of a subsidiary include :

a) A loan of Rs.84.86 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India and

b) A loan of Rs.13.05 crores in IDR and Rs. 13.87 crores in USD obtained from another bank secured by susidiary inventories and trade account receivable.

c) Working capital loan and cash credit of Rs.1,346.49 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Company.

19 TRADE PAYABLES

	As at 31.03.2018	As at 31.03.2017
Current		
Dues to Micro and Small Enterprises **	87.22	38.20
Dues to enterprises other than Micro and Small Enterprises	2,926.55	2,068.66
Total trade payables	**3,013.77**	**2,106.86**

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Notes to Financial Statements - *(continued)*

(Rupees in crores)

		As at 31.03.2018	As at 31.03.2017
20	**OTHER FINANCIAL LIABILITIES**		
	Non-Current		
	Derivative Instruments - Payable	**2.79**	**4.03**
	Current		
	Current Maturities of long term borrowings		
	(i) ECB Loan from Bank	208.19	-
	(ii) Financing company borrowings	1178.6	
	(iii) Term loans from bank - III	-	17.52
	(iv) Term loans - FCNRB loan - I	-	-
	(v) Term loans - FCNRB loan - II	-	64.85
	(vi) Financial Institution	43.33	14.19
	(vii) Term loan from bank - IV	-	32.47
	(viii) Buyers credit	-	-
	(ix) Sales tax deferral loan from Karnataka Government - Phase I	6.33	6.33
	(x) Sales tax deferral loan from Karnataka Government - Phase II	15.73	15.73
		1,452.18	151.09
	Interest accrued but not due on loans	22.36	4.78
	Trade deposits received	51.82	23.62
	Unclaimed Dividends	5.20	5.03
	(Not due for transfer to Investor Education and Protection Fund)		
	Payables against capital goods	48.31	28.27
	Employee related liabilities	16.56	21.25
	Liabilities for expenses	8.05	3.57
	Derivative Instruments - Payable	7.07	5.56
	Collection in respect of derecognised assets	18.15	-
	Other payable - towards investment property	-	32.56
	Total other current financial liabilities	**1,629.70**	**275.73**
21	**OTHER CURRENT LIABILITIES**		
	Statutory dues	202.12	162.21
	Employee related	90.85	47.67
	Advance received from customers	93.04	79.77
	Deferred income - Government grants	8.58	-
	Money held under trust	1.47	2.00
	Total other current liabilities	**396.06**	**291.65**

Notes to Financial Statements - *(continued)*

(Rupees in crores)

		Year ended 31.03.2018	Year ended 31.03.2017
22	**REVENUE FROM OPERATIONS (INCLUDING EXCISE DUTY)**		
	Sale of products	16,852.41	14,404.18
	Sale of raw materials	58.20	107.17
	Sale of services	15.18	21.92
	Interest income of financial enterprise	669.70	-
	Other operating revenue	307.07	197.00
	Total revenue	**17,902.56**	**14,730.27**
23	**OTHER INCOME**		
	Dividend income	1.65	1.42
	Interest income	50.25	49.69
	Profit on sale of Investments	-	0.05
	Profit on sale of property, plant and equipment	2.77	0.70
	Gain on foreign currency transactions and translation	0.32	-
	Increase in Fair value of Investments	59.70	84.99
	Fair value changes on derivatives not designated as hedges	19.04	-
	Provision for debtors no longer required	4.50	0.82
	Government Grant[#]	9.67	31.56
	Other non-operating income	0.47	2.03
	Total other income	**148.37**	**171.26**
	[#] Relatable to operations of the Company.		
24	**MATERIAL COST**		
	Cost of materials consumed		
	Opening stock of raw materials and components	590.97	389.00
	Add: Purchases	11,461.46	9,214.63
		12,052.43	9,603.63
	Less: Closing stock of raw materials and components	575.81	590.97
	Consumption of raw materials and components	**11,476.62**	**9,012.66**
	Purchases of stock-in-trade	**256.07**	**292.70**
	Changes in inventories of finished goods, work-in-process and stock-in-trade:		
	Opening stock:		
	Work-in-process	121.18	89.01
	Stock-in-trade	152.97	154.73
	Finished goods	229.28	224.82
	Total (A)	**503.43**	**468.56**
	Closing stock:		
	Work-in-process	116.12	121.18
	Stock-in-trade	59.83	152.97
	Finished goods	342.98	229.28
	Total (B)	**518.93**	**503.43**
	Changes in inventories (A)-(B)	**(15.50)**	**(34.87)**

Notes to Financial Statements - *(continued)*

(Rupees in crores)

		Year ended 31.03.2018	Year ended 31.03.2017
25	**EMPLOYEE BENEFIT EXPENSE**		
	Salaries, wages and bonus	1,182.74	888.54
	Contribution to provident and other funds	78.99	53.95
	Welfare expenses	142.74	99.24
	Total employee benefit expense	**1,404.47**	**1,041.73**
26	**FINANCE COSTS**		
	Interest	354.48	86.43
	Other borrowing cost	11.36	0.31
	Exchange differences	6.08	1.42
	Total finance costs	**371.92**	**88.16**
27	**OTHER EXPENSES**		
	Consumption of stores, spares and tools	176.51	142.91
	Power and fuel	246.76	197.20
	Rent	63.83	56.96
	Repairs - buildings	35.77	35.41
	Repairs - plant and equipment	111.59	106.22
	Insurance	19.59	14.53
	Rates and taxes (excluding taxes on income)	13.90	14.33
	Audit fees (Refer note 35 (iii))	2.48	1.99
	Packing and freight charges	855.31	571.96
	Advertisement and publicity	307.45	295.90
	Other marketing expenses	338.24	280.74
	Loss on sale of property, plant and equipment	0.15	3.41
	Loss on sale of investments	29.03	-
	Foreign exchange loss	31.46	10.72
	Loss allowance for expected credit losses relating to loans	80.86	-
	Corporate social responsibility expenditure	11.93	10.75
	Contributions to electoral trust	0.53	6.58
	Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)	555.07	435.39
	Total other expenses	**2,880.46**	**2,185.00**
28	**CURRENT TAX**		
	Current tax on profits for the year	253.70	175.96
	Adjustments for current tax of prior periods	(7.36)	0.21
	Total current tax	**246.34**	**176.17**

Notes to Financial Statements - *(continued)*

(Rupees in crores)

	Year ended 31.03.2018	Year ended 31.03.2017
29 DEFERRED TAX		
Decrease / (increase) in deferred tax assets	(39.99)	1.96
(Decrease) / increase in deferred tax liabilities	39.44	48.85
Unused tax (credit) (MAT credit entitlement)	(29.10)	(57.94)
Unused tax (credit) / reversal (MAT credit entitlement) of prior periods	(4.74)	(6.31)
Total deferred tax expense / (benefit)	**(34.39)**	**(13.44)**
Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	839.39	706.63
Tax at the Indian tax rate of 34.61% (2016-2017 – 34.61%)	290.51	244.56
Additional deduction towards Research & Development expenses	(65.09)	-
Additional deduction towards Depreciation / Amortisation	(18.30)	-
Fair valuation gains not subjected to current tax	(20.32)	-
Capital Receipts	(3.57)	-
Others	7.09	-
Ind AS transition adjustments, [1/5th of the Opening adjustments are considered for calculation]	-	9.48
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Capital Receipt	-	-
Other items	(1.16)	2.79
Tax differences due to subsidiary adjustments	32.52	(70.89)
Tax credits not availed in books	-	(10.00)
Tax Relating to Earlier Years	(7.36)	0.21
Deferred Tax Liability	(25.82)	50.83
MAT Credit Entitlement	23.45	(64.25)
Income tax expense	**211.95**	**162.73**

30 EARNINGS PER SHARE

	31 March, 2018	31 March, 2017
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the Company (in Rs.)	167.12	163.21
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share (Rupees in crores)	338.13	330.20
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	2,02,32,085	2,02,32,085

Notes to Financial Statements - *(continued)*

31 FAIR VALUE MEASUREMENTS

(Rupees in crores)

Financial instruments by category	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	287.14	0.37	-	318.60	-
- Preference shares	-	-	12.70	887.55	-	12.70
- Debt instruments	-	-	145.49	-	-	-
- Others	0.94	10.11	27.14	-	-	21.97
Trade receivables	-	-	1,312.70	-	-	845.44
Loans (Receivable from financing activity)	-	-	6,131.70	-	-	-
Other Bank balances	-	-	175.12	-	-	47.48
Derivative financial assets	0.82	1.62	-	2.24	0.95	-
Security Deposits	-	-	19.19	-	-	-
Other Financial assets	-	-	97.97	-	-	26.97
Total financial assets	**1.76**	**298.87**	**7,922.38**	**889.79**	**319.55**	**954.56**
Financial liabilities						
Borrowings	-	-	7,593.05	-	-	1,665.03
Trade Payables	-	-	3,013.77	-	-	2,106.86
Derivative Financial Liability	7.17	2.69	-	9.06	0.53	-
Other Financial Liability	-	-	170.45	-	-	86.52
Total financial liabilities	**7.17**	**2.69**	**10,777.27**	**9.06**	**0.53**	**3,858.41**

(i) Fair value hierarchy

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

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	0.94	0.82	-	1.76
Financial Investments at FVOCI	3	243.98	25.19	28.08	297.25
Derivatives designated as hedges	11	-	1.62	-	1.62
Total financial assets		**244.92**	**27.63**	**28.08**	**300.63**
Financial liabilities					
Derivatives	20	-	9.86	-	9.86
Total financial liabilities		**-**	**9.86**	**-**	**9.86**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	-	-	12.70	12.70
Others	3	-	-	27.14	27.14
Debt instruments	3	-	-	145.49	145.49
Total financial assets		**-**	**-**	**185.33**	**185.33**
Financial Liabilities					
Borrowings	15, 18, 20	-	-	7,593.05	7,593.05
Total financial liabilities		**-**	**-**	**7,593.05**	**7,593.05**

Notes to Financial Statements - *(continued)*

31 FAIR VALUE MEASUREMENTS – *(continued)*

(Rupees in crores)

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	-	2.24	887.55	889.79
Financial Investments at FVOCI	3	210.83	12.07	95.70	318.60
Derivatives designated as hedges	11	-	0.95	-	0.95
Total financial assets		**210.83**	**15.26**	**983.25**	**1,209.34**
Financial Liabilities					
Derivatives	20	-	9.59	-	9.59
Total financial liabilities		**-**	**9.59**	**-**	**9.59**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2017	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	-	-	12.70	12.70
Others	3	-	-	21.97	21.97
Total financial assets		**-**	**-**	**34.67**	**34.67**
Financial Liabilities					
Borrowings	15,18, 20	-	-	1,665.03	1,665.03
Total financial liabilities		**-**	**-**	**1,665.03**	**1,665.03**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers between levels 1 and 2 during the year.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Notes to Financial Statements - *(continued)*

31 FAIR VALUE MEASUREMENTS – *(continued)*

(Rupees in crores)

(iii) Fair value measurement using significant unobservable inputs (Level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
As at 01-04-2016	803.29	18.53	821.82
Additions	5.00	65.30	70.30
Gains/(losses) recognised in profit or loss	79.26	-	79.26
Gains/(losses) recognised in other comprehensive income	-	11.87	11.87
As at 31-03-2017	887.55	95.70	983.25
Additions / (deletions)	(887.55)	(92.40)	(979.95)
Gains/(losses) recognised in profit or loss	-	-	-
Gains/(losses) recognised in other comprehensive income	-	24.78	24.78
As at 31-03-2018	-	28.08	28.08

(iv) Valuation inputs & relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31.03.2018	31.03.2017		31.03.2018	31.03.2017	
Preference shares	-	887.55	a) Earnings growth rate b) Risk adjusted discount rate	- -	20-30% 18.32%	If the growth rate increases by 5% and the reduction in discount rate by 50 bps, the value of preference shares will increase by 2% and *vice versa.*
Unquoted Equity shares	28.08	95.70	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%	Not significant

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies.

Risk adjustments have been derieved based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

(Rupees in crores)

Particulars	31-Mar-18		31-Mar-17	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	12.70	12.70	12.70	12.70
Debt Instruments	145.49	145.49	21.97	21.97
Total financial assets	**158.19**	**158.19**	**34.67**	**34.67**
Financial Liabilities				
Borrowings	7,593.05	7,593.05	1,665.03	1,665.03
Total financial liabilities	**7,593.05**	**7,593.05**	**1,665.03**	**1,665.03**

Notes to Financial Statements - *(continued)*

31 FAIR VALUE MEASUREMENTS – *(continued)*

(Rupees in crores)

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for Preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

32 FINANCIAL RISK MANAGEMENT

The group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

<table>
<tr><th>Risk</th><th>Exposure arising from</th><th>Risk Parameters and Mitigation</th></tr>
<tr><td colspan="2">Market Risk - Foreign exchage</td><td>i) The group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions.
ii) Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the group's functional currency (INR).
iii) The risk is measured through a forecast of highly probable foreign currency cash flows. The group has a forex management policy which is duly approved by the Board.
iv) The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.</td></tr>
<tr><td>Market Risk - Interest rate</td><td>Foreign currency denominated borrowings</td><td>i) The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.
ii) Group's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary.
iii) The group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.</td></tr>
<tr><td>Liquidity risk</td><td>INR denominated borrowings [Other than soft loans given by Govt. Authorities)</td><td>i) The group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.
ii) The group prepares a detailed annual operating plans to assess the fund requirements - both short term and long term.
iii) Detailed monthwise cash flow forecast is also carried out along with required sensitivities.Based on these factors adequate working capital credit limits are organised in advance.
iv) Group has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board.
v) For long term fund requirements, group targets various options such as rupee term loan, external commercial borrowing, debentures etc.
vi) The group obtains a credit rating for the various borrowing facilities on annual basis. Group constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.</td></tr>
<tr><td colspan="2">Credit Risk</td><td>i) Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost.
ii) The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.
iii) To assess whether there is a significant increase in credit risk the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.</td></tr>
</table>

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

(Rupees in crores)

Risk	Exposure arising from	Risk Parameters and Mitigation
		iv) It considers available reasonable and supportive forwarding-looking information(more specifically described below) . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. v) A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
a.	Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
b.	Domestic Trade Receivables	i) Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. ii) The group extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness,ability to repay and past track record. iii) The group has extensive reporting systems and review to constantly monitor the outstandings.
c.	Export Trade Receivables	The group's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with Export Credit Guarantee Corporation of India Limited.
Export trade receivables and Import Payables		i) The group has a forex management policy duly approved by the Board. The group's policy is to hedge most of its net currency exposure. ii) Group reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements under are strictly adhered.
Foreign currency denominated borrowings		The group has hedged its borrowings by covering the principal repayments.

(A) Credit risk

Basis of recognition of expected credit loss provision

Rating	Category	Description of category	Investments	Loans and deposits	Trade receivables
1	High Quality assets, negligible credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12 month expected credit losses		Life time expected credit losses (simplified approach)
2	Quality assets, low credit risk	Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past			
3	Standard Assets, moderate credit risk	Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong			
4	Substandard Assets, relatively high credit risk	Assets where there has been a significant increase in credit risk since initial recognition.	Life time expected credit losses		
5	Low quality assets, very high credit risk	Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due			
6	Doubtful assets, credit impaired	Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and loss.	Asset is written off		

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

(Rupees in crores)

31-Mar-18

a) Expected credit loss for trade investments, loans and other financial assets

Particulars	Internal rating	Assets / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	185.33	0%	-	185.33
	1	Other financial assets	117.16	0%	-	117.16

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,312.70	10.86	1,323.56
Expected loss rate	-	100%	-
Expected credit losses	-	10.86	10.86
Carrying amount of trade receivables	1,312.70	-	1,312.70

31-Mar-17

a) Expected credit loss for trade investments, loans and other financial assets

Particulars	Internal rating	Assets / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	34.67	0%	-	34.67
	1	Other financial assets	18.56	0%	-	18.56

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	844.45	6.86	851.31
Expected loss rate	-	86%	-
Expected credit losses	-	5.87	5.87
Carrying amount of trade receivables	844.45	0.99	845.44

Reconciliation of loss allowance provision - Trade receivables

Loss allowance April 1, 2016	**7.85**
Changes in loss allowance	(1.98)
Loss allowance April 1, 2017	**5.87**
Changes in loss allowance	4.99
Loss allowance March 31, 2018	**10.86**

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

(Rupees in crores)

(B) Liquidity risk

(i) Financing arrangements

The group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2018	31 March, 2017
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,279.01	1,189.57
- Expiring beyond one year (bank loans)	-	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days

(ii) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

31-Mar-18

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	2,222.27	663.33	2,221.85	2,087.14	401.48	7,596.07
Trade payables	3,013.77	-	-	-	-	3,013.77
Other financial liabilities	92.23	-	-	9.84	-	102.07
Derivatives	3.27	-	2.11	4.48	-	9.86

31-Mar-17

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	909.94	12.82	87.07	425.83	229.37	1,665.03
Trade payables	2,106.86	-	-	-	-	2,106.86
Other financial liabilities	73.54	4.33	8.65	-	-	86.52
Derivatives	3.40	-	-	6.19	-	9.59

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(C) Market risk

i) Foreign Exchange Risk

The group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Particulars	31.03.2018		31.03.2017	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	308.60	121.81	232.45	40.65
Derivatives	2.41	0.02	1.95	1.25
Net exposure to foreign currency risk (assets)	**311.01**	**121.83**	**234.40**	**41.90**
Financial liabilities				
Foreign currency loan	770.81	7.84	309.58	70.55
Trade payables	337.08	33.22	256.73	16.81
Derivatives	9.24	0.63	9.59	-
Net exposure to foreign currency risk (liabilities)	**1,117.13**	**41.69**	**575.90**	**87.36**
Net exposure to foreign currency risk assets / (liabilities)	**(806.12)**	**80.14**	**(341.50)**	**(45.46)**

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)* (Rupees in crores)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax *		Impact on other components of equity*	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
USD sensitivity				
INR/USD Increases by 10%	(63.65)	(26.25)	0.04	(0.04)
INR/USD Decreases by 10%	63.65	26.25	(0.04)	0.04
EURO sensitivity				
INR/EURO Increases by 10%	6.11	3.50	0.01	(0.01)
INR/EURO Decreases by 10%	(6.11)	(3.50)	(0.01)	0.01

* Holding all other variables constant

ii) Interest Rate risk

For short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, group resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

	31-Mar-18	31-Mar-17
Variable rate borrowings	6,056.59	987.76
Fixed rate borrowings	1,536.46	677.27

Sensitivity	Impact on profit after tax	
	31-Mar-18	31-Mar-17
Increase in interest rates by 100 bps	(45.48)	(7.61)
Decrease in interest rates by 100 bps	45.48	7.61

iii) Price risk

The group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as fair value through OCI or at fair value through statement of profit and loss To manage its price risk from investments in equity securities, the group diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

i) Disclosure of effects of hedge accounting on financial position

a) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	335.99	59.37	257.77	0.67	Apr'18 to Aug'18	(3.30)	3.30
(ii) Principal only swaps & Interest rate swaps	-	224.91	1.62	5.57	Apr'18 to Sep'22	1.75	(1.75)

Notes to Financial Statements - *(continued)*

32 FINANCIAL RISK MANAGEMENT - *(continued)*

(Rupees in crores)

b) Disclosure of effects of hedge accounting on financial position as at 31-03-2017

Type of hedge and risks	Nominal value		Carrying amount hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
(i) Foreign exchange forward contracts, PCFC	245.52	38.64	174.95	0.71	Apr'17 - Aug'17	(1.95)	1.95
(ii) Principal only swaps & Interest rate swaps	-	184.63	0.87	6.57	Apr'17 - Mar'22	(9.39)	9.39

ii) Disclosure of effects of hedge accounting on financial performance :

a) for the year ended 31-03-2018 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge :				
Foreign exchange forward contracts, PCFC & Interest Rate Swap	(3.17)	-	(2.45)	Revenue

b) for the year ended 31-03-2017 :

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedging reserve to statement of profit and loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge :				
Foreign exchange forward contracts, PCFC & Interest Rate Swap	1.03	-	(3.62)	Revenue

33 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY

Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored.

Receivable from Finance Activity:

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on number of days past due information. The amount represents gross carrying amount.

Particulars	As at 31.03.2018	As at 31.03.2017
Gross carrying value of loan Assets:		
Stage-1 (less than 30 days)	5,738.38	-
Stage-2 (30-90 days)	169.24	-
Stage-3 (more than 90 days)	328.86	-
Total gross carrying value on reporting date	**6,236.48**	**-**

Notes to Financial Statements - *(continued)*

33 FINANCIAL RISK MANAGEMENT RELATING TO LOANS RECEIVABLE FROM FINANCING ACTIVITY - *(continued)*

(Rupees in crores)

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the Expected Credit Loss (ECL) model

In assessing the impairment of loans assets under ECL Model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the days past due status:

- Stage 1: 30 days past due
- Stage 2: 31-90 days past due
- Stage 3: more than 90 days past due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. Effective Interest Rate (EIR) has been taken as discount rate for all loans.

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model :

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals. There is no change in estimation techniques or significant assumptions during the reporting period.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analyses based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, financial asset to be in default when it is more than 90 days past due. The financial services business considers a financial asset under default as ‘credit impaired’

Impairment loss

The expected credit loss allowance provision is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross balance as at 31st March 2018	5,738.38	169.24	328.86	6,236.48
Expected Credit Loss	19.76	2.08	82.94	104.78
Expected Credit Loss Rate	0.34%	1.23%	25.22%	1.68%
Net of impairment provision	5,718.62	167.16	245.92	6,131.70

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31st March 2017	-	-	-	-
Expected Credit Loss	-	-	-	-
Expected Credit Loss Rate	-	-	-	
Net of impairment provision	-	-	-	-

Notes to Financial Statements - *(continued)*

34 CAPITAL MANAGEMENT

(a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The group's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

(Rupees In crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Net debt	7,489.68	1,617.09
Total equity	3,342.65	2,795.22
Net debt to equity ratio	224.06%	57.85%

The group also monitors Interest coverage ratio :

Group's earnings before interest and taxes (EBIT) divided by Interest .

The group's strategy is to maintain a optimum interest coverage ratio The Interest coverage ratio were as follows:

Particulars	As at 31.03.2018	As at 31.03.2017
EBIT	1,212.65	797.96
Interest	371.92	88.16
Interest coverage ratio	**3.26**	**9.05**

(b) Dividends

Particulars	As at 31.03.2018	As at 31.03.2017
(i) Equity shares		
First Interim dividend for the year ended 31 March 2017 of Rs.15.00 per fully paid share during 2016-17	-	58.22
Second Interim dividend for the year ended 31 March 2017 of Rs.16.50 per fully paid share during 2016-17	-	59.61
Interim dividend for the year ended 31 March 2018 of Rs.15.00 per fully paid share during 2017-18	30.35	-
(ii) Dividends not recognised at the end of the reporting period	-	-

Notes to Financial Statements - *(continued)*

35 OTHER DISCCLOSURES

(Rupees in crores)

(i) Contingent liabilities

Details	31st March 2018	31st March 2017
(i) Claims against the Company not acknowledged as debt		
- Income tax	46.96	28.48
- Service tax	7.81	8.63
- Value added tax / Sales tax	3.54	1.97
- Excise	70.85	30.02
- Customs	1.36	1.87
- Others	5.46	4.01
(ii) Guarantees excluding Financial Guarantees	6.64	6.62
(iii) Other money for which the Company is contingently liable	236.14	207.02
Total	**378.76**	**288.62**

(ii) Capital commitments

Details	31st March 2018	31st March 2017
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	339.07	497.15
(ii) Investments (On commitment for capital contribution to TVS Shriram Growth Fund 3 of TVS Capital Funds, Chennai)	18.00	-

(iii) Audit Fees

Details	31st March 2018	31st March 2017
As statutory auditors	2.05	1.56
Taxation matters	0.26	0.19
Certification matters	0.17	0.24
Total	**2.48**	**1.99**

(iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31st March 2018	31st March 2017
(a) Gross amount required to be spent by the Company during the year	12.32	10.70
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	11.93	10.75
Total	**11.93**	**10.75**

(v) Exceptional income represents profit from sale of land.

Notes to Financial Statements - *(continued)*

36 EMPLOYEE BENEFIT OBLIGATIONS

(Rupees in crores)

Particulars	Defined Benefit Obligation						Other employee benefits		
	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2016	**79.35**	**81.36**	**(2.01)**	**84.40**	**-**	**84.40**	**20.34**	**-**	**20.34**
Current service cost	6.15	-	6.15	4.23	-	4.23	3.42	-	3.42
Interest expense/(income)	6.36	6.56	(0.20)	6.07	-	6.07	1.53	-	1.53
Experience (gains)/losses	-	-	-	-	-	-	0.17	-	0.17
(Gain)/loss from change in financial assumptions	-	-	-	-	-	-	0.23	-	0.23
Total amount recognised in statement of profit and loss	**12.51**	**6.56**	**5.95**	**10.30**	**-**	**10.30**	**5.35**	**-**	**5.35**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(3.19)	3.19	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	6.17	-	6.17	1.49	-	1.49	0.11	-	0.11
Experience (gains)/losses	13.72	-	13.72	(10.92)	-	(10.92)	(0.99)	-	(0.99)
Total amount recognised in other comprehensive income	**19.89**	**(3.19)**	**23.08**	**(9.43)**	**-**	**(9.43)**	**(0.88)**	**-**	**(0.88)**
Employer contribution	-	6.68	(6.68)	-	-	-	-	-	-
Benefit payments	(5.25)	(5.25)	-	-	-	-	-	-	-
March 31, 2017	**106.50**	**86.16**	**20.34**	**85.27**	**-**	**85.27**	**24.81**	**-**	**24.81**

Particulars	Defined Benefit Obligation						Other employee benefits		
	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2017	**106.50**	**86.16**	**20.34**	**85.27**	**-**	**85.27**	**24.81**	**-**	**24.81**
Incumbent Subsidiary	6.99	5.97	1.02	9.16	-	9.16	5.20	-	5.20
Current service cost	9.85	-	9.85	4.78	-	4.78	3.34	-	3.34
Interest expense/(income)	8.28	7.19	1.09	6.63	-	6.63	2.08	-	2.08
Experience (gains)/losses	-	-	-	-	-	-	-	-	-
Total amount recognised in statement of profit and loss	**18.13**	**7.19**	**10.94**	**11.41**	**-**	**11.41**	**5.42**	**-**	**5.42**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.41)	0.41	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(7.95)	-	(7.95)	0.08	-	0.08	(2.11)	-	(2.11)
Experience (gains)/losses	13.55	-	13.55	(5.29)	-	(5.29)	7.87	-	7.87
Total amount recognised in other comprehensive income	**5.60**	**(0.41)**	**6.01**	**(5.21)**	**-**	**(5.21)**	**5.76**	**-**	**5.76**
Employer contribution	-	23.68	(23.68)	-	-	-	(0.96)		(0.96)
Benefit payments	(7.23)	(7.41)	0.18	-	-	-	(3.83)	-	(3.83)
March 31, 2018	**129.99**	**115.18**	**14.81**	**100.63**	**-**	**100.63**	**36.40**	**-**	**36.40**

Notes to Financial Statements - *(continued)*

36 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

(i) Post-Employment benefits

(Rupees in crores)

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave Salary	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	8%	7%	7%	7%	8%	7%
Salary growth rate	6%	6%	6%	6%	6%	6%
Mortality rate	IALM (2006-08) Ultimate					

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 58 years.

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Gratuity	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	124.52	98.55	135.89	107.36
Salary growth rate	0.50%	0.50%	135.97	107.38	124.41	98.49
Mortality rate	5.00%	5.00%	130.00	102.78	129.95	102.76

Pension	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	92.74	79.33	103.21	88.99
Salary growth rate	0.50%	0.50%	99.05	85.33	96.48	82.58
Mortality rate	5.00%	5.00%	97.75	83.94	97.72	83.92

Leave Salary	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
Details	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate	0.50%	0.50%	34.69	22.71	38.32	25.11
Salary growth rate	0.50%	0.50%	38.36	25.11	34.64	22.70
Mortality rate	5.00%	5.00%	36.44	23.86	36.42	23.86

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

(iii) Risk exposure

Through its defined benefit plans, The group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The group intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Notes to Financial Statements - *(continued)*

37 RELATED PARTY DISCLOSURES

LIST OF RELATED PARTIES

a)	Reporting entity :	Sundaram-Clayton Limited, Chennai (SCL)	
b)	Holding Company :	T V Sundram Iyengar & Sons Private Limited, Madurai	
c)	Subsidiary companies	(i)	TVS Motor Company Limited, Chennai (TVSM)
		(ii)	Sundaram Auto Components Limited, Chennai - Subsidiary of TVSM
		(iii)	TVS Housing Limited, Chennai - Subsidiary of TVSM
		(iv)	TVS Motor Services Limited, Chennai - Subsidiary of TVSM
		(v)	TVS Credit Services Limited, Chennai (TVSCS) - Subsidiary of TVS Motor Services Limited
		(vi)	Harita Collection Services Private Limited, Chennai - Subsidiary of TVSCS
		(vii)	Harita ARC Private Limited, Chennai - Subsidiary of TVSCS
		(viii)	TVS Micro Finance Private Limited, Chennai - Subsidiary of TVSCS
		(ix)	TVS Commodity Solutions Private Limited, Chennai - Subsidiary of TVSCS
		(x)	TVS Two Wheeler Mall Private Limited, Chennai - Subsidiary of TVSCS
		(xi)	TVS Housing Finance Private Limited, Chennai - Subsidiary of TVSCS
		(xii)	Sundaram Holding USA, INC.,Delaware USA - Subsidiary of Sundaram Auto Components Limited
		(xiii)	Green Hills Land Holding LLC - Subsidiary of Sundaram Holding USA, INC.
		(xiv)	Components Equipment Leasing LLC - Subsidiary of Sundaram Holding USA, INC.
		(xv)	Sundaram-Clayton (USA) LLC - Subsidiary of Sundaram Holding USA, INC.
		(xvi)	Premier Land Holding LLC - Subsidiary of Sundaram Holding USA, INC.
		(xvii)	Sundaram-Clayton (USA) Limited, Illinois, USA
		(xviii)	TVS Motor (Singapore) Pte. Limited, Singapore - (TVSM Singapore) - Subsidiary of TVSM
		(xix)	PT TVS Motor Company Indonesia, Jakarta - Subsidiary of TVSM Singapore
		(xx)	TVS Motor Company (Europe) B.V. Amsterdam - (TVSM Europe) - Subsidiary of TVSM

Other related parties and their relationship where transaction exists:

d)	Fellow Subsidiaries	(i)	TVS Electronics Limited, Chennai
		(ii)	TVS Capital Funds Private Limited, Chennai
		(iii)	TVS Investments Private Limited, Chennai
		(iv)	Southern Roadways Limited, Madurai
		(v)	Sundaram Industries Private Limited, Madurai
		(vi)	Lucas TVS Limited, Chennai
		(vii)	Lucas Indian Services Limited, Chennai
		(viii)	TVS Auto Assist (India) Limited, Chennai
e)	Group member	(i)	Sundram Fasteners Limited, Chennai
		(ii)	Delphi TVS Diesel Systems Limited, Chennai
		(iii)	India Nippon Electricals Limited, Chennai
		(iv)	TVS Logistics Services Limited, Chennai
		(v)	Sundaram Brake Linings Limited, Chennai
		(vi)	TVS Autoserv GmbH, Germany
		(vii)	TVS Dynamic Global Freight Services Limited, Chennai
		(viii)	Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai
		(ix)	Green Infra Wind Energy Theni Limited, Haryana
		(x)	Brakes India Private Limited, Chennai
		(xi)	TVS Srichakra Limited, Madurai
		(xii)	Wheels India Limited, Chennai

Notes to Financial Statements - *(continued)*

37 RELATED PARTY DISCLOSURES - *(continued)*

(xiii) TVS Auto Bangladesh Limited, Dhaka
(xiv) TVS Lanka Private Limited, Colombo
(xv) Upasana Engineering Limited, Chennai
(xvi) TVS Commutation Solutions Limited, Chennai
(xvii) TVS Agro Products Private Limited (Formerly known as TVS Organics Private Limited), Chennai
(xviii) Designo Lifestyle Solutions Private Limited, Bangalore
(xix) Dua Associates, New Delhi
(xx) Dua Consulting Private Limited, New Delhi
(xxi) McCann-Erickson (India) Private Limited, New Delhi

f) Associate companies
(i) Sundram Non-Conventional Energy Systems Limited, Chennai
(ii) Emerald Haven Realty Limited , Chennai
(iii) TVS Training and Services Limited, Chennai

g) Key management personnel (KMP)
(i) Mr. Venu Srinivasan, Chairman and Managing Director
(ii) Dr . Lakshmi Venu, Joint Managing Director
(iii) Mr. Sudarshan Venu, Joint Managing Director

h) Relative of KMP
(i) Mrs . Mallika Srinivasan

i) Enterprise over which KMP have significant influence
Harita-NTI Limited, Chennai

Related party transactions

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP - Significant Influence	KMP	Relative of KMP	Total
1	Purchase of goods	Harita-NTI Limited, Chennai	-	-	-	-	6.23	-	-	6.23
		TVS Electronics Limited, Chennai	-	0.19	-	-	-	-	-	0.19
		Sundaram Industries Private Limited, Madurai	-	0.10	-	-	-	-	-	0.10
		Lucas TVS Limited, Chennai	-	121.40	-	-	-	-	-	121.40
		Lucas Indian Services Limited, Chennai	-	7.97	-	-	-	-	-	7.97
		Brakes India Private Limited, Chennai	-	-	-	17.35	-	-	-	17.35
		TVS Srichakra Limited, Madurai	-	-	-	418.43	-	-	-	418.43
		Wheels India Limited, Chennai	-	-	-	8.22	-	-	-	8.22
		Sundram Fasteners Limited, Chennai	-	-	-	57.71	-	-	-	57.71
		India Nippon Electricals Limited, Chennai	-	-	-	288.23	-	-	-	288.23
		Sundaram Brake Linings Limited, Chennai	-	-	-	12.05	-	-	-	12.05
		Upasana Engineering Limited, Chennai	-	-	-	16.40	-	-	-	16.40
		TVS Agro Products Private Limited, Chennai	-	-	-	1.07	-	-	-	1.07
		Designo Lifestyle Solutions Private Limited, Bangalore	-	-	-	0.10	-	-	-	0.10
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	1.16	-	-	-	-	-	-	1.16
			1.16	129.66	-	819.56	6.23	-	-	956.61
			(0.88)	(85.66)	-	(576.44)	(3.67)	-	-	(666.65)
2	Sale of goods (including sub contract charges)	Lucas TVS Limited, Chennai	-	0.13	-	-	-	-	-	0.13
		Sundram Fasteners Limited, Chennai	-	-	-	0.96	-	-	-	0.96
		Delphi TVS Diesel Systems Limited, Chennai	-	-	-	15.63	-	-	-	15.63
		TVS Auto Bangladesh Limited, Dhaka	-	-	-	465.48	-	-	-	465.48
		TVS Lanka Private Limited, Colombo	-	-	-	155.43	-	-	-	155.43
		T V Sundram Iyengar & Sons Pvt Ltd., Madurai	6.24	-	-	-	-	-	-	6.24
			6.24	0.13	-	637.50	-	-	-	643.87
			-	(0.08)	-	(502.27)	-	-	-	(502.35)

Previous year's figures are furnished in brackets

Notes to Financial Statements - *(continued)*

37 RELATED PARTY DISCLOSURE - *(continued)*

Related party transactions - *(continued)*

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP - Significant Influence	KMP	Relative of KMP	Total
3	Purchase of power	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.87	-	-	-	-	0.87
			-	-	0.87	-	-	-	-	0.87
			-	-	(0.86)	-	-	-	-	(0.86)
4	Rendering of services	Southern Roadways Limited, Chennai	-	0.01	-	-	-	-	-	0.01
		Lucas TVS Limited, Chennai	-	0.01	-	-	-	-	-	0.01
		TVS Logistics Services Limited, Chennai	-	-	-	0.54	-	-	-	0.54
		Sundram Fastners Limited, Chennai	-	-	-	0.01	-	-	-	0.01
		Emerald Haven Realty Limited, Chennai	-	-	0.35		-	-	-	0.35
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	0.10	-	-	-	0.10
		TVS Electronics Limited, Chennai	-	0.12	-	-	-	-	-	0.12
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) - (Rs.5000)	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai - (Group) - (Rs.5000)	-	-	-	-	-	-	-	-
		Green Infra Wind Energy Theni Limited, Haryana - (Group) - (Rs.5000)	-	-	-	-	-	-	-	-
		India Nippon Electricals Limited, Chennai	-	-	-	0.05	-	-	-	0.05
		Harita-NTI Limited, Chennai	-	-	-	-	0.29	-	-	0.29
			-	0.14	0.35	0.70	0.29	-	-	1.48
			-	(0.10)	-	(0.68)	(0.21)	-	-	(0.99)
5	Receiving of services	T V Sundram Iyengar & Sons Private Limited, Madurai	0.71	-	-	-	-	-	-	0.71
		TVS Training and Services Limited, Chennai	-	-	0.64	-	-	-	-	0.64
		TVS Electronics Limited, Chennai	-	2.16	-	-	-	-	-	2.16
		Southern Roadways Limited, Chennai	-	2.96	-	-	-	-	-	2.96
		TVS Auto Assist (India) Limited, Chennai	-	3.30	-	-	-	-	-	3.30
		Lucas TVS Limited, Chennai	-	0.14	-	-	-	-	-	0.14
		TVS Training and Services Limited, Chennai	-	0.03	-	-	-	-	-	0.03
		TVS Logistics Services Limited, Chennai	-	-	-	99.63	-	-	-	99.63
		Harita Techserv Limited, Chennai	-	-	-	2.60	-	-	-	2.60
		Brakes India Private Limited, Chennai	-	-	-	0.18	-	-	-	0.18
		Delphi-TVS Diesel System Limited, Chennai	-	-	-	0.01	-	-	-	0.01
		Sundaram Brake Linings Limited, Chennai	-	-	-	0.02	-	-	-	0.02
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	76.87	-	-	-	76.87
		TVS Autoserv GmbH, Germany	-	-	-	6.97	-	-	-	6.97
		Sundram Fasteners Limited, Chennai	-	-	-	0.85	-	-	-	0.85
		Dua Associates, New Delhi	-	-	-	0.79	-	-	-	0.79
		Dua Consulting Private Limited, New Delhi	-	-	-	4.44	-	-	-	4.44
		McCann-Erickson (India) Private Limited, New Delhi	-	-	-	6.43	-	-	-	6.43
			0.71	8.59	0.64	198.79	-	-	-	208.73
			(0.53)	(6.34)	(0.47)	(134.44)	-	-	-	(141.78)
6	Lease rent received	Sundram Non-Conventional Energy Systems Limited, Chennai - (Associates) - Rs.48,000	-	-	-	-	-	-	-	-
7	Remuneration paid	Key Management Personnel	-	-	-	-	-	40.13	0.33	40.46
			-	-	-	-	-	(31.95)	(0.36)	(32.31)
8	Investments made	Emerald Haven Realty Limited, Chennai	-	-	31.22	-	-	-	-	31.22
		Lucas-TVS Limited, Chennai	-	88.43	-	-	-	-	-	88.43
			-	88.43	31.22	-	-	-	-	119.65
			-	-	(40.00)	-	-	-	-	(40.00)
9	Investments Sold	Lucas-TVS Limited, Chennai	-	88.43	-	-	-	-	-	88.43
			-	-	-	-	-	-	-	-

Previous year's figures are furnished in brackets

Notes to Financial Statements - *(continued)*

37 RELATED PARTY DISCLOSURE - *(continued)*

Related party transactions - *(continued)*

(Rupees in crores)

Sl. No.	Nature of transactions	Name of the Company	Holding Company	Fellow Subsidiaries	Associates	Group member	KMP - Significant Influence	KMP	Relative of KMP	Total
10	Dividend received	Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.35	-	-	-	-	0.35
		TVS Capital Funds Limited, Chennai	-	-	-	-	-	-	-	-
		TVS Lanka Private Limited, Colombo	-	-	-	0.20	-	-	-	0.20
			-	-	0.35	0.20	-	-	-	0.55
			-	(0.10)	(0.35)	(0.37)	-	-	-	(0.82)
11	Outstanding as on 31st March 2018 Receivables	T V Sundram Iyengar & Sons Private Limited, Madurai	6.27	-	-	-	-	-	-	6.27
		TVS Auto Bangladesh Limited, Dhaka	-	-	-	67.48	-	-	-	67.48
		TVS Lanka Private Limited, Colombo	-	-	-	11.32	-	-	-	11.32
		TVS Investments Private Limited, Chennai - (Fellow Subsidiary) (Rs.5,900/-)	-	-	-	-	-	-	-	-
		Sundram Fasteners Limited, Chennai	-	-	-	0.24	-	-	-	0.24
		Delphi TVS Diesel Systems Limited, Chennai	-	-	-	4.60	-	-	-	4.60
		Harita-NTI Limited, Chennai	-	-	-	-	0.06	-	-	0.06
		Green Infra Wind Energy Theni Limited, Haryana - (Group) (Rs.11,518)	-	-	-	-	-	-	-	-
		India Nippon Electricals Limited, Chennai	-	-	-	0.02	-	-	-	0.02
		Sundram Non-Conventional Energy Systems Ltd, Chennai - (Associates)-(Rs.6480)	-	-	-	-	-	-	-	-
		Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai - (Group) (Rs.5,900)	-	-	-	-	-	-	-	-
		TVS Electronics Limited, Chennai	-	0.04	-	-	-	-	-	0.04
			6.27	0.04	-	83.66	0.06	-	-	90.03
			(0.03)	(0.13)	-	(76.96)	(0.05)	-	-	(77.17)
12	Outstanding as on 31st March 2018 Payables	TVS Electronics Limited , Chennai	-	0.37	-	-	-	-	-	0.37
		Lucas-TVS Limited, Chennai	-	19.08	-	-	-	-	-	19.08
		Lucas Indian Services Limited, Chennai	-	0.80	-	-	-	-	-	0.80
		Sundaram Industries Private Limited, Madurai	-	0.01	-	-	-	-	-	0.01
		Emerald Haven Reality Limited, Chennai	-	-	4.80	-	-	-	-	4.80
		Brakes India Private Limited, Chennai	-	-	-	3.32	-	-	-	3.32
		TVS Srichakra Limited, Madurai	-	-	-	42.74	-	-	-	42.74
		Wheels India Limited, Chennai	-	-	-	1.72	-	-	-	1.72
		Harita Techserv Limited, Chennai	-	-	-	0.24	-	-	-	0.24
		India Nippon Electricals Limited, Chennai	-	-	-	45.97	-	-	-	45.97
		Sundaram Brake Linings Limited, Chennai	-	-	-	2.21	-	-	-	2.21
		T V Sundram Iyengar & Sons Private Limited, Madurai	0.25	-	-	-	-	-	-	0.25
		TVS Training and Services Limited, Chennai	-	-	0.05	-	-	-	-	0.05
		Sundram Non-Conventional Energy Systems Limited, Chennai	-	-	0.04	-	-	-	-	0.04
		TVS Logistics Services Limited, Chennai	-	-	-	9.20	-	-	-	9.20
		TVS Autoserv GmbH, Germany	-	-	-	2.89	-	-	-	2.89
		Sundram Fasteners Limited, Chennai	-	-	-	9.89	-	-	-	9.89
		TVS Dynamic Global Freight Services Limited, Chennai	-	-	-	12.26	-	-	-	12.26
		Upsana Engineering Limited, Chennai	-	-	-	2.24	-	-	-	2.24
		Dua Consulting Private Limited, New Delhi	-	-	-	0.10	-	-	-	0.10
		McCann-Erickson (India) Private Limited, New Delhi	-	-	-	1.06	-	-	-	1.06
		TVS Agro Products Private Limited, Chennai	-	-	-	0.04	-	-	-	0.04
		Harita-NTI Limited, Chennai	-	-	-	-	1.03	-	-	1.03
		Key Management Personnel	-	-	-	-	-	-	-	-
			0.25	20.26	4.89	133.88	1.03	-	-	160.31
			(0.01)	(13.81)	(5.23)	(86.62)	0.28	(3.78)	(0.22)	(109.39)

Previous year's figures are furnished in brackets

Notes to Financial Statements - *(continued)*

38 SEGMENT REVENUES, RESULTS AND OTHER INFORMATION

Information about primary business segments (Rupees in crores)

Particulars	Business segments									
	Automotive components		Motor Vehicles		Financial Services		Others		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
External sales - domestic	832.05	942.93	12,594.13	11,014.20	746.67	-	1.39	7.00	14,174.24	11,964.13
- exports	640.20	502.20	3,088.12	2,263.94	-	-	-		3,728.32	2,766.14
Inter segment sales	802.05	655.72	-	-	-	-			802.05	655.72
Total sales	**2,274.30**	**2,100.85**	**15,682.25**	**13,278.14**	**746.67**	**-**	**1.39**	**7.00**	**18,704.61**	**15,385.99**
Less: Inter segment sales	802.05	655.72	-	-	-	-	-	-	802.05	655.72
Net Revenue	**1,472.25**	**1,445.13**	**15,682.25**	**13,278.14**	**746.67**	**-**	**1.39**	**7.00**	**17,902.56**	**14,730.27**
Segment results before interest and tax	(31.50)	98.07	897.69	696.35	345.05	-	0.07	0.37	1,211.31	794.79
Add: Share of Associate profit									1.34	0.89
Less: Interest									371.92	88.16
Add : Exceptional items									-	2.28
Add : Extraordinary income									-	-
Profit before tax									840.73	709.80
Taxes									211.95	162.73
Profit after tax									**628.78**	**547.07**
Segment Assets	2,195.80	1,696.27	5,741.49	5,615.53	6,819.26	-	4.43	5.26	14,760.98	7,317.06
Segment Liabilities	1,315.69	823.43	4,494.05	3,693.95	5,605.01	-	3.58	4.46	11,418.33	4,521.84
Segment Depreciation	90.48	76.21	349.75	301.24	6.45	-	-	-	446.68	377.45

Notes : Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

39 INTERESTS IN OTHER ENTITIES

(a) Subsidiaries

The group's subsidiaries at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business / country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	
TVS Motor Company Limited	India	57%	57%	43%	43%	Motor vehicles manufacturing
Sundaram Holding USA Inc., Delaware,USA	USA	68%	71%	32%	29%	Automotive components
TVS Housing Limited	India	57%	57%	43%	43%	Housing
Sundaram Auto Components Limited (SACL)	India	57%	57%	43%	43%	Automotive components
TVS Motor Company (Europe) B.V., Amsterdam	Netherlands	57%	57%	43%	43%	Others
TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	57%	57%	43%	43%	Others
PT.TVS Motor Company Indonesia, Jakarta	Indonesia	57%	57%	43%	43%	Motor vehicles manufacturing
TVS Motor Services Limited	India	57%	NA	43%	NA	Motor vehicle repair service
TVS Credit Services Limited	India	50%	NA	50%	NA	Financial Service
Harita ARC Private Limited	India	50%	NA	50%	NA	Financial Service
Harita Collection Services Private Limited	India	50%	NA	50%	NA	Financial Service
TVS Commodity Solutions Private Limited	India	50%	NA	50%	NA	Financial Service
TVS Housing Finance Private Limited	India	50%	NA	50%	NA	Financial Service
TVS Micro Finance Private Limited	India	50%	NA	50%	NA	Financial Service
TVS Two Wheeler Mall Private Limited	India	50%	NA	50%	NA	Financial Service

Notes to Financial Statements - *(continued)*

39 INTERESTS IN OTHER ENTITIES - *(continued)*

(Rupees in crores)

(b) Non-Controlling Interest (NCI)

Set out below is summarised financial information for each subsidiary that has non controlling interest that are material to the group. The amount disclosed for each subsidiary are before inter company eliminations.

Summarised balance sheet	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Current assets	2,578.11	2,186.89	142.07	290.45	3,539.26	-
Current liabilities	3,779.50	2,851.08	183.84	331.84	3,844.99	-
Net current assets / (liabilities)	(1,201.39)	(664.19)	(41.77)	(41.39)	(305.73)	-
Non-current assets	4,601.36	3,717.78	468.97	223.59	3,175.10	-
Non-current liabilities	519.55	645.26	80.83	13.92	1,977.18	-
Net non-current assets / (liabilities)	4,081.81	3,072.52	388.14	209.67	1,197.92	-
Net assets	2,880.42	2,408.33	346.37	168.28	892.19	-
Accumulated NCI	1,227.06	1,025.95	147.56	71.69	445.47	-

Summarised Statement of profit and loss	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Revenue	15,617.66	13,363.43	1,195.92	2,925.80	727.48	-
Profit for the year	662.59	558.08	17.05	25.10	74.17	-
Other comprehensive income	(2.87)	33.20	(3.73)	(0.65)	-	-
Total comprehensive income	659.72	591.28	13.32	24.45	74.17	-
Profit allocated to NCI	281.04	251.89	5.68	10.42	31.37	-
Dividends paid to NCI	66.79	50.60	2.22	3.50	-	-

Summarised Cash Flow Statement	TVS Motor Company Limited		Sundaram Auto Components Limited		TVS Credit Services Limited	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
Cash flow from operating activities	1,251.57	723.93	43.63	31.41	(1,150.83)	-
Cash flow from investing activities	(1,085.61)	(748.12)	(262.00)	(46.35)	(71.54)	-
Cash flow from financing activities	(74.74)	(72.70)	230.10	11.81	1,193.13	-
Net increase / (decrease) in cash and cash equivalents	91.22	(96.89)	11.73	(3.13)	(29.24)	-

(c) Interests in associates and joint ventures

(i) Individually immaterial associates

The group has interests in 3 individually immaterial associates that are accounted using equity method.

	31-Mar-18	31-Mar-17
Aggregate carrying amount of individually immaterial associates	123.54	91.77

	31-Mar-18	31-Mar-17
Share of profits from associates	1.34	0.89
Other Comprehensive Income	-	(0.03)
Total Comprehensive Income	1.34	0.86

Notes to Financial Statements - *(continued)*

40 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AS AT 31ST MARCH 2018

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of other compre-hensive income	Amount Rs. in crores	As % of total compre-hensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
Parent								
Sundaram-Clayton Limited, Chennai	30.86%	664.01	16.24%	54.92	92.72%	27.13	22.33%	82.05
Subsidiaries - Indian								
TVS Motor Company Limited, Chennai	133.88%	2,880.42	195.96%	662.59	(9.81%)	(2.87)	179.57%	659.72
TVS Motor Services Limited, Chennai	1.14%	24.55	13.32%	45.04	(1.35%)	(0.40)	12.15%	44.64
Sundaram Auto Components Limited, Chennai	9.29%	346.48	5.09%	17.20	(12.75%)	(3.73)	3.67%	13.47
TVS Housing Limited, Chennai	0.04%	0.85	0.01%	0.05	-	-	0.01%	0.05
Subsidiaries - Foreign								
Sundaram-Clayton (USA) Limited, Illinois, USA	0.00%	0.02	0.00%	0.01	-	-	0.00%	0.01
TVS Motor (Singapore) Pte Limited, Singapore	11.61%	249.69	(1.67%)	(5.63)	-	-	(1.53%)	(5.63)
TVS Motor Company Europe B.V., Amsterdam	0.11%	2.27	(0.14%)	(0.48)	-	-	(0.13%)	(0.48)
PT. TVS Motor Company Indonesia,Jakarta	5.18%	111.42	(14.89%)	(50.34)	-	-	(13.70%)	(50.34)
Sundaram Holding USA Inc., Delaware, USA	9.16%	197.15	(0.96%)	(3.24)	-	-	(0.88%)	(3.24)
Sub-total		4,476.86		720.12		20.13		740.25
Minority Interest in all subsidiaries	55.42%	1,192.23	85.96%	290.65	(10.29%)	(3.01)	78.29%	287.64
Sub-total		3,284.63		429.47		23.14		452.61
Add:								
Associates - Indian (Investment as per the equity method)								
Sundram Non-Conventional Energy Systems Limited , Chennai	0.04%	0.92	0.14%	0.49	-	-	0.13%	0.49
TVS Training and Services Limited, Chennai	0.13%	2.73	0.15%	0.50	0.07%	0.02	0.14%	0.52
Emerald Haven Realty Limited, Chennai	5.57%	119.89	0.10%	0.33	-	-	0.09%	0.33
Sub-total	158.41%	3,408.17	127.40%	430.79	79.17%	23.16	123.56%	453.95
Less: Effect of intercompany eliminations	58.41%	1,256.73	27.40%	92.66	(20.83%)	(6.10)	23.56%	86.56
Total	**100%**	**2,151.44**	**100%**	**338.13**	**100%**	**29.26**	**100%**	**367.39**

Note: Net Assets and Share in Profit or Loss of Parent Company and its subsidiaries are as per the Standalone Financial Statements of the respective entities.

Notes to Financial Statements - *(continued)*

41 BUSINESS COMBINATION

On 7th September 2017 TVS Motor Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

Details of the purchase consideration and goodwill are follows:

The purchase consideration of Rs. 1.62 Crores for this business combination is paid by cash.

Calculation of goodwill

Particulars	(Rupees in crores)
Consideration transferred	1.62
Non-controlling interest in the acquired entity	135.61
Acquisition date fair value of previously held equity interest	0.38
Less : Net identifiable assets acquired	(48.06)
Goodwill on consolidation	185.67
- Goodwill attributable to Minority Interest	78.54
- Goodwill attributable to Parent Company	107.13

The goodwill is attributable to the expected synergies on acquisition of the financial services business.
Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the basis of carrying amount of each asset in CGU. An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution

The acquired business contributed revenues of Rs.770.13 crores and profit before tax of Rs.85.15 crores for the period between 7th September 2017 and 31st March 2018.

If the acquisition had occurred on 1st April 2017, consolidated pro-forma revenue and profit before tax for the year ended 31st March 2018 would have been Rs.17,340.83 crores and Rs.937.57 crores, respectively.

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No.007761S

V SATHYANARAYANAN
Partner
Membership No.:027716

Chennai
22nd May 2018

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary

Notes to Financial Statements - *(continued)*

Annexure

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

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

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts (Rupees in crores)

S. No.	Particulars	Indian Subsidiaries										
		TVS Motor Company Limited	Sundaram Auto Compo-nents Ltd	TVS Housing Ltd	TVS Motor Services Ltd	TVS Credit Services Ltd	TVS Two Wheeler Mall Private Ltd	TVS Micro Finance Private Ltd	Harita ARC Private Ltd	Harita Collection Services Private Ltd	TVS Commodity Financial Solutions Private Ltd	TVS Housing Finance Private Ltd
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1.	Date on which subsidiary was acquired	15/11/2001	01/04/2003	21/06/2010	07/09/2017	07/09/2017	07/09/2017	07/09/2017	07/09/2017	07/09/2017	07/09/2017	08/09/2017
2.	Reporting period	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	07/09/2017 to 31/03/2018	07/09/2017 to 31/03/2018	07/09/2017 to 31/03/2018	07/09/2017 to 31/03/2018	07/09/2017 to 31/03/2018	07/09/2017 to 31/03/2018	07/09/2017 to 31/03/2018	08/09/2017 to 31/03/2018
3.	Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
	Closing Exchange rate	-	-	-	-	-	-	-	-	-	-	-
4.	Share capital	47.51	35.93	0.05	5.00	166.89	0.0025	0.0025	0.0025	0.0025	0.0025	12.00
5.	Reserves & Surplus	2,832.91	310.44	0.79	(392.09)	725.29	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	0.09
6.	Total assets	7,179.47	611.04	4.43	795.58	6,714.36	0.0025	0.0025	0.0025	0.0025	0.0025	12.21
7.	Total Liabilities	7,179.47	611.04	4.43	795.58	6,714.36	0.0025	0.0025	0.0025	0.0025	0.0025	12.21
8.	Investments	2,035.38	157.21	-	583.49	12.01	-	-	-	-	-	-
9.	Turnover	15,472.88	1,194.92	1.39	-	1,332.51	-	-	-	-	-	-
10.	Profit before taxation	878.64	24.34	0.07	(76.35)	169.88	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	0.09
11.	Provision for taxation	216.05	7.29	0.02	(12.97)	55.85	-	-	-	-	-	-
12.	Profit after taxation	662.59	17.05	0.05	(63.38)	114.03	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	0.09
13.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
14.	% of shareholding	57.40	57.40	57.40	57.40	50.07	50.07	50.07	50.07	50.07	50.07	50.07

S. No.	Particulars	Foreign Subsidiaries				
		Sundaram-Clayton (USA) Limited	PT TVS Motor Company Indonesia	TVS Motor Company (Europe) B.V.	TVS Motor (Singapore) Pte. Ltd	Sundaram Holding USA Inc
		(12)	(13)	(14)	(15)	(16)
1.	Date on which subsidiary was acquired	15/06/2012	05/09/2005	21/07/2005	21/10/2005	09/09/2015
2.	Reporting period	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018
3.	Reporting currency	USD	IDR	USD	SGD	USD
	Closing Exchange rate	INR 65.175/USD	INR 0.4725 / IDR 100	INR 65.175/USD	INR 49.82/SGD	INR 65.175/USD
4.	Share capital	-	778.67	126.52	266.48	206.51
5.	Reserves & Surplus	0.01	(667.25)	(124.25)	(16.79)	(9.36)
6.	Total assets	0.11	360.61	2.41	252.47	220.54
7.	Total Liabilities	0.11	360.61	2.41	252.47	220.54
8.	Investments	-	-	-	245.93	-
9.	Turnover	0.07	184.21	-	-	-
10.	Profit before taxation	-	(50.14)	(0.47)	(5.63)	(3.24)
11.	Provision for taxation	-	0.20	-	-	-
12.	Profit after taxation	-	(50.34)	(0.47)	(5.63)	(3.241)
13.	Proposed Dividend	-	-	-	-	-
14.	% of shareholding	100	57.40	57.40	57.40	68

Notes:

1. *The figures of Sundaram Holding USA Inc includes the consolidation of its subsidiaries viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram Clayton USA LLC (Formerly Known as Workspace Project LLC) and Premier Land Holding LLC.*
2. *Subsidiaries which are yet to commence operations:(1) TVS Two Wheeler Mall Private Ltd, (2) TVS Micro Finance Private Ltd, (3) Harita ARC Private Ltd, (4) Harita Collection Services Private Ltd, (5) TVS Commodity Financial Solutions Private Ltd, (6) TVS Housing Finance Private Ltd and (7) Premier Land Holding LLC.*
3. *Subsidiaries which have been liquidated or sold during the year – Nil.*

Part "B": Associates

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

(Rupees in crores)

S. No.	Name of Associate	Emerald Haven Realty Limited	Sundram Non-Conventional Energy Systems Limited	TVS Training and Services Limited
1.	Latest audited Balance Sheet Date	31st March 2018	31st March 2018	31st March 2018
2.	Date on which the Associate was acquired	26/03/2012	24/03/1995	20/02/2013
3.	Shares of Associate held by the Company on the year end			
(i)	No. of shares	11,12,19,512	1,17,650	27,63,359
(ii)	Amount of Investment in Associates	111.22	0.12	2.76
(iii)	Extend of Holding %	48.78	23.53	30.53
4.	Description of how there is significant influence	Holding More than 20% of share capital.		
5.	Reason why the associate is not consolidated	Not applicable		
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet	126.96	0.92	2.64
7.	Profit / Loss for the year:			
(i)	Considered in Consolidation	0.33	0.49	0.41
(ii)	Not Considered in Consolidation	0.34	1.59	0.92

Note :

1. Associates which are yet to commence Operations – Nil.

2. Associates which have been liquidated or sold during the year – Nil.

VENU SRINIVASAN
Chairman & Managing Director

Dr. LAKSHMI VENU
Joint Managing Director

As per our report annexed
For RAGHAVAN, CHAUDHURI & NARAYANAN
Chartered Accountants
Firm Regn. No.007761S

V SATHYANARAYANAN
Partner
Membership No.:027716

Chennai
22nd May 2018

V N VENKATANATHAN
Chief Financial Officer

R RAJA PRAKASH
Company Secretary