

ANNUAL
REPORT
2017-18



**HEAVY
TESTED
AND
PROVEN**

CORPORATE INFORMATION

Board of Directors

R. Naresh
Executive Vice Chairman

Shobhana Ramachandhran
Managing Director

M. S. Viraraghavan
P. Vijayaraghavan
H. Janardana Iyer
V. Ramakrishnan
Rasesh R Doshi
A. Arumugam

Audit Committee

M.S. Viraraghavan
Chairman

P. Vijayaraghavan
H. Janardana Iyer
Rasesh R Doshi

Nomination and Remuneration Committee

M. S. Viraraghavan
Chairman

P. Vijayaraghavan
H. Janardana Iyer

Stakeholders Relationship Committee

P. Vijayaraghavan
Chairman

Shobhana Ramachandhran
V. Ramakrishnan

Corporate Social Responsibility Committee

Shobhana Ramachandhran
Chairman

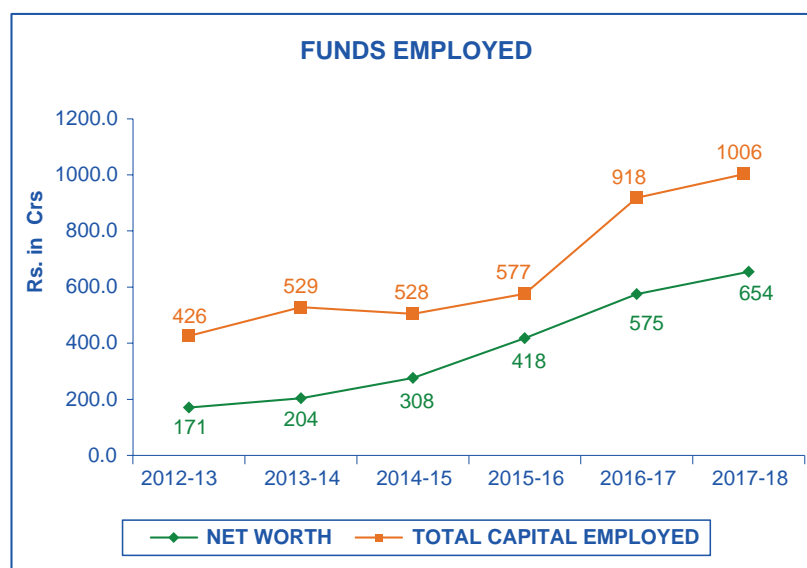
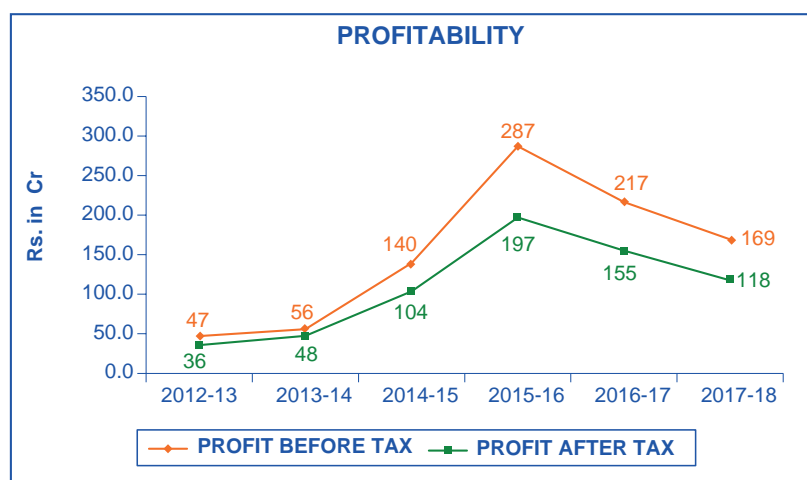
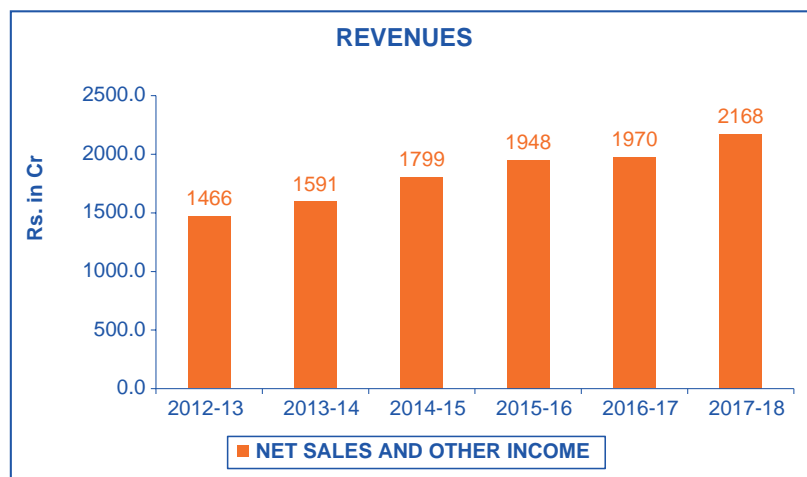
P. Vijayaraghavan
Rasesh R Doshi

Registered Office	TVS Building 7-B West Veli Street Madurai 625 001 Tamil Nadu
Plant Location	Madurai Vellaripatti Village, Melur Taluk, Madurai 625 122 Tamil Nadu Narasingampatti Village Therkuthuru, Melur Taluk Madurai 625 122 Tamil Nadu Uttarkhand Plot No. 7, Sector – 1, IIE, SIDCUL Pant Nagar 263 153 Rudrapur Tehsil – Kichha, Uttarkhand
Administrative Office	No. 10 Jawahar Road Madurai 625 002 Tamil Nadu Tel : 0452 2443300 Fax : 0452 2443466 Email : secretarial@tvstyres.com sec.investorgrievances@tvstyres.com Website : www.tvstyres.com
Subsidiary Company	TVS Srichakra Investments Limited
Statutory Auditors	PKF Sridhar & Santhanam LLP Chartered Accountants KRD Gee Gee Crystal No. 91-92, 7th Floor Dr Radhakrishnan Salai Mylapore, Chennai 600 004
Listing of Shares with	BSE Limited National Stock Exchange of India Limited
Bankers	State Bank of India DBS Bank Limited
Registrar and Share Transfer Agent	Integrated Registry Management Services Private Limited “Kences Towers”, II Floor, No. 1, Ramakrishna Street North Usman Road, T. Nagar, Chennai 600 017 Tamil Nadu Tel : 044 28140801 e-mail : corpserv@integratedindia.in

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FINANCIAL HIGHLIGHTS - STANDALONE



FINANCIAL HIGHLIGHTS - STANDALONE

SIX YEAR PERFORMANCE AT A GLANCE

Rs. In Crs

PARTICULARS	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
A. OPERATING RESULTS						
NET INCOME(Excluding ED and Discounts) &&	1465.75	1590.96	1799.17	1947.75	1970.23	2167.62
PROFIT BEFORE DEPN. INT. & TAX	128.67	123.83	209.34	345.06	292.51	267.16
PROFIT BEFORE INT. & TAX	104.45	100.16	169.46	302.74	236.84	198.95
PROFIT BEFORE TAX (PBT)	47.27	55.92	139.57	286.99	216.71	169.25
PROFIT AFTER TAX (PAT)	35.68	47.45	103.79	196.95	155.33	117.61
DIVIDENDS \$	5.74	12.25	25.88	45.94	38.82	30.63
DIVIDEND TAX \$	0.98	2.08	5.27	9.35	7.90	6.30
PROFIT AFTER DIVIDEND	28.96	33.12	72.64	141.66	108.61	80.68
B. FINANCIAL STATUS						
GROSS FIXED ASSETS	302.57	370.01	443.59	580.59	782.60	939.66
NET FIXED ASSETS	216.43	249.77	282.84	403.10	568.66	621.24
INVESTMENTS	19.28	19.26	32.01	87.28	89.42	110.57
NET CURRENT ASSETS	190.59	260.00	212.92	86.23	260.28	274.26
SHARE CAPITAL	7.66	7.66	7.66	7.66	7.66	7.66
RESERVES AND SURPLUS	162.88	195.99	300.32	410.64	567.32	646.60
NET WORTH	170.54	203.65	307.98	418.30	574.98	654.26
LOAN FUNDS	232.98	303.52	204.33	130.71	306.60	308.47
DEFERRED TAX LIABILITY (NET)	22.78	21.86	15.46	27.60	36.78	43.35
TOTAL CAPITAL EMPLOYED	426.30	529.03	527.77	576.61	918.36	1006.08
C. KEY RATIOS						
PBDIT TO NET SALES (%) *	5.97	7.76	11.55	16.90	14.53	11.81
PBIT TO NET SALES (%) *	4.27	6.26	9.31	14.68	11.67	8.61
PBT TO NET SALES (%) *	0.24	3.46	7.63	13.86	10.63	7.21
PBIT TO AV. CAPITAL EMPLOYED (%) *	13.17	20.68	31.37	50.75	30.37	19.08
RETURN ON AVERAGE NET WORTH (%)	22.86	25.36	40.57	54.24	31.28	19.13
EARNINGS PER SHARE (Rs.)	46.59	61.97	135.55	257.21	202.86	153.60
DIVIDEND PER SHARE (Rs.) #	8.77	18.72	40.68	72.21	61.02	48.22
DIVIDEND PAY OUT (%) #	18.83	30.21	30.01	28.07	30.08	31.40
BOOK VALUE PER SHARE (Rs.)	222.72	265.96	402.22	546.29	750.92	854.46
DEBT EQUITY RATIO (NO. OF TIMES)	1.37	1.49	0.66	0.31	0.53	0.47

*Excluding other income

#Including dividend tax

\$ to be Approved by Shareholders in AGM

&& Figures from 2012-13 have been regrouped/reclassified in accordance with IND AS Disclosures

Previous years figures have been regrouped to conform to the Current classification.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the 35th Annual Report of the Company together with the audited financial statement for the year ended 31st March, 2018.

FINANCIAL HIGHLIGHTS

(Rupees in Crores)

Details	Year ended 31st March, 2018	Year ended 31st March, 2017
Sales & Other Income (including excise duty)	2218.03	2140.65
Profit before finance cost and depreciation	267.16	292.51
Less : Finance Cost	29.70	20.13
Depreciation	68.21	55.67
Profit after finance cost and depreciation	169.25	216.71
Less : Provision for		
Income tax	46.94	52.50
Deferred tax	4.70	8.88
Profit after tax	117.61	155.33
Surplus brought forward from Previous Year	533.41	378.23
Remeasurement of post employment benefit obligation (net of tax)	0.55	-0.15
Dividend paid ^{\$}	-38.83	-
Dividend Tax paid ^{\$}	-7.90	-
Balance carried to Balance Sheet	604.84	533.41

\$ As per IND AS dividend is to be accounted only on payment basis from the financial year 2017-18.

OPERATIONS

Your Company continues its focus on increasing plant efficiency and has improved margins through continuous improvements. The approach has been to focus on improving plant operations, enhance margins through continuous improvements and strive for growth.

During the financial year 2017-2018 the Company has witnessed a marginal growth in revenue despite various factors affecting the overall industry.

STANDALONE FINANCIAL PERFORMANCE

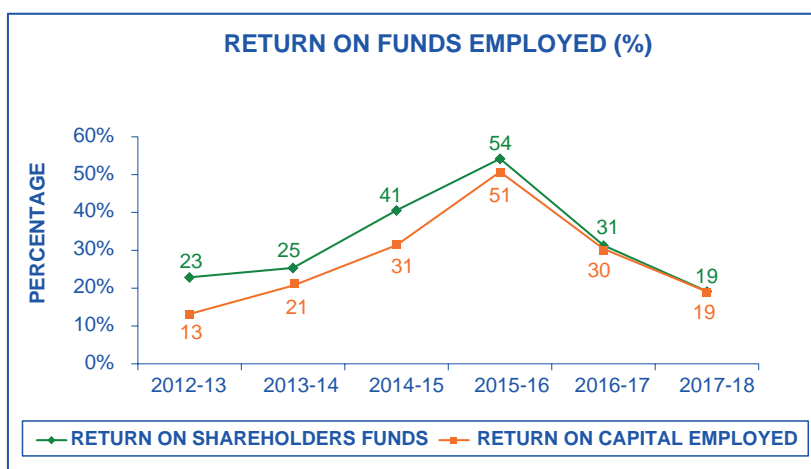
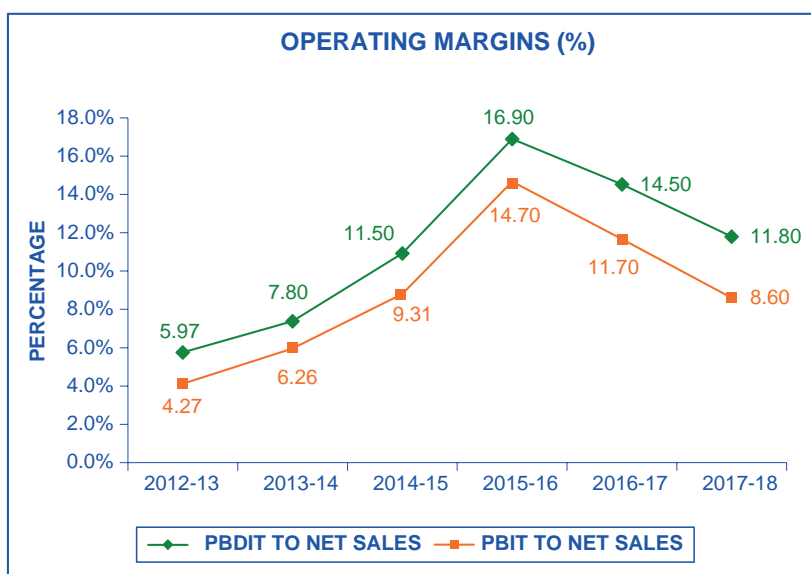
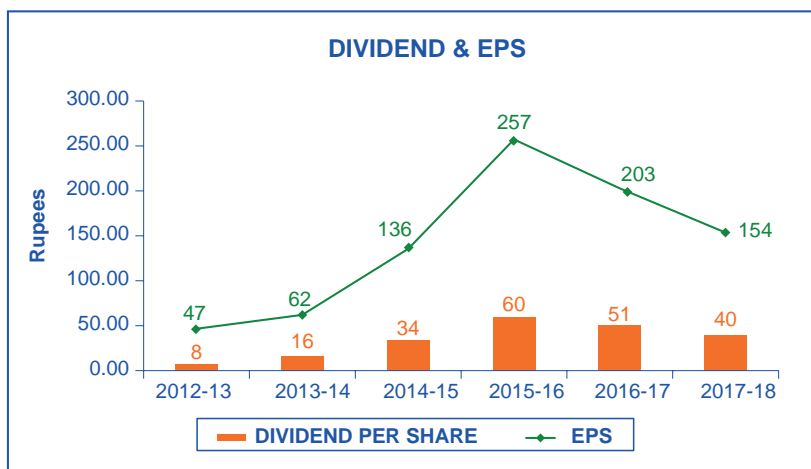
During the financial year under review your company registered net sales of ₹ 2218.03 Crores (including other income) as against ₹ 2140.65 crores during the previous financial year. Profit before Finance Cost and Depreciation stood at ₹ 267.16 crores as against ₹ 292.51 crores during the previous financial year. The net profit after tax for the current financial year stood at ₹ 117.61 crores compared to ₹ 155.33 crores during the previous financial year.

CONSOLIDATED PERFORMANCE

Your Company achieved a consolidated turnover of ₹ 2218.13 (including excise duty) crores for the year ended 31st March, 2018 as compared to ₹ 2135.53 crores in the previous year.

Profit before tax was at ₹ 168.98 crores for the year ended 31st March, 2018 as compared to ₹ 211.07 crores in the previous year.

FINANCIAL HIGHLIGHTS - STANDALONE



DIRECTORS' REPORT (Contd.)

Your Company recorded a net profit of ₹ 117.34 crores for the year ended 31st March, 2018 as against ₹149.69 crores for the previous year on a consolidated basis.

HIGHLIGHTS ON PERFORMANCE OF SUBSIDIARY AND ASSOCIATES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY

Your Company's wholly owned subsidiary TVS Srichakra Investments Limited (TSIL) recorded a net loss of ₹ 26.82 lakhs (PY ₹ 576 lakhs). During the year interest on Optionally Convertible Debentures (OCDs) was waived.

During the year, ZF Electronics TVS (India) Pvt. Limited (ZFTVS), an associate Company, recorded a total revenue of ₹ 49.07 Crores (PY ₹ 46.43 Crores), ZFTVS made an EBITDA of ₹ 1.12 Crores (PY ₹ (0.35) Crores) and incurred a net loss of ₹ 2.45 Crores (PY ₹ 3.82 Crores), mainly due to increase in cost of raw materials. Subsequently, ZFTVS has become a wholly owned subsidiary of TSIL with effect from 4th June, 2018 and the name was changed to TVS Sensing Solutions Private Limited (TSSPL) on 5th July, 2018. TSSPL is identifying business development opportunities and cost reduction actions for turning around and continuing its past track record of profitability.

DIVIDEND

The Board of Directors has recommended a dividend of ₹ 40/- (400%) per equity share of ₹ 10/- each for the financial year ended 31st March, 2018 amounting to ₹ 36.92 crores (inclusive of dividend distribution tax of ₹ 6.30 crores). The dividend payment is subject to approval of members at the ensuing Annual General Meeting.

The Dividend Distribution Policy of the Company is available on the Company's **website: <http://www.tvstyres.com/policy/DIVIDEND%20DISTRIBUTION%20POLICY.pdf>**

FINANCE

Your Company was able to continue its sustained efforts in judicious management of working capital through regular monitoring receivables, inventories and other working capital parameters. The Cash and cash equivalent as at 31st March, 2018 was at ₹ 6.63 crores.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

No loan or guarantee covered under the provisions of Section 186 of the Companies Act, 2013 ("the Act") has been given by your Company.

Particulars of investments made by your Company are furnished in the notes to the financial statements.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

As per Section 125 of the Companies Act, 2013, after completion of seven years from the date of transfer to unpaid dividend account, the unclaimed dividend amount has to be transferred to the Investor Education and Protection Fund Authority (IEPF Account). Accordingly, the unclaimed dividend amount for the financial year 2009-10 became due for transfer to IEPF Authority. The Company sent letters to those shareholders, who have not encashed their dividend amount. Despite the reminder letters sent to such shareholders, an amount of Rs.17,33,280/- remained unclaimed and the same was transferred to IEPF Account on 15.4.2017.

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

Pursuant to the provisions of IEPF Rules / Securities and Exchange Board of India (SEBI) notification, all shares in respect of which dividend has not been paid or claimed for a period of seven consecutive years, shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account'). In this regard, the Company has sent letters to the

DIRECTORS' REPORT (Contd.)

shareholders concerned and also published notice in the newspapers as per the IEPF Rules. Accordingly, the Company had transferred 90,195 equity shares to the IEPF Account on 30.11.2017

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR Committee constituted as per Section 135 of the Companies Act, 2013 comprises of Ms. Shobhana Ramachandhran, Mr. P Vijayaraghavan and Mr. Rasesh R Doshi. Details of role and functioning of the Committee are given in the Corporate Governance Report.

The Company's Corporate Social Responsibility (CSR) activities / projects are focused towards promoting general health care, providing safe drinking water, empowering women by providing education and employment enhancing vocation skills and by setting up day care centers, ensuring environmental sustainability and conservation and maintenance of natural resources, protection of natural heritage, sports, arts and culture. The CSR policy may be accessed at the Company's website at the link: <http://www.tvstyres.com/policy/CSR%20POLICY.pdf>

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013.

The "Annual Report on CSR Activities" is annexed to the Board's Report as Annexure 1.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are re-enforced on an ongoing basis. The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company.

BUSINESS RISK MANAGEMENT

The Business risks identified by the Company are regularly reviewed by Senior Management and the key risks are revised and modified as per the changing scenario. The Board reviews the key risks identified and mitigation plan initiated by the Company on a quarterly basis.

VIGIL MECHANISM

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") is implemented through the Company's Whistle Blower Policy to report any serious actual or suspected frauds, concerns relating to financial matters / reporting, unethical or illegal conduct or actual or possible violation of Code of Conduct / Ethical Standards and provides adequate safeguard against victimization of persons who use such mechanism. The policy has been uploaded on the website of the Company: <http://www.tvstyres.com/policy/WHISTLE%20BLOWER%20POLICY.pdf>.

During the year, no instances were reported under this mechanism and details pertaining to Vigil mechanism / Whistle Blower Policy are explained in the Corporate Governance Report.

SUBSIDIARY COMPANY(S)

The audited accounts of the subsidiary company TVS Srichakra Investments Limited have been consolidated with the Company as on 31st March, 2018.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statement (CFS) of the Company and its subsidiary company(s) is prepared in accordance with the Act, relevant rules, Accounting Standards and as stipulated in the Regulations. The audited financial statement including