

RIDING THROUGH EVERY CHALLENGE

TVS SRICHAKRA LIMITED

2018-2019 | ANNUAL REPORT

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
V Anantha Nageswaran (From 13.11.2018)
A Arumugam (Till 23.12.2018)

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

Therkutheru, 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

TVS Sensing Solutions Private 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

HDFC 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

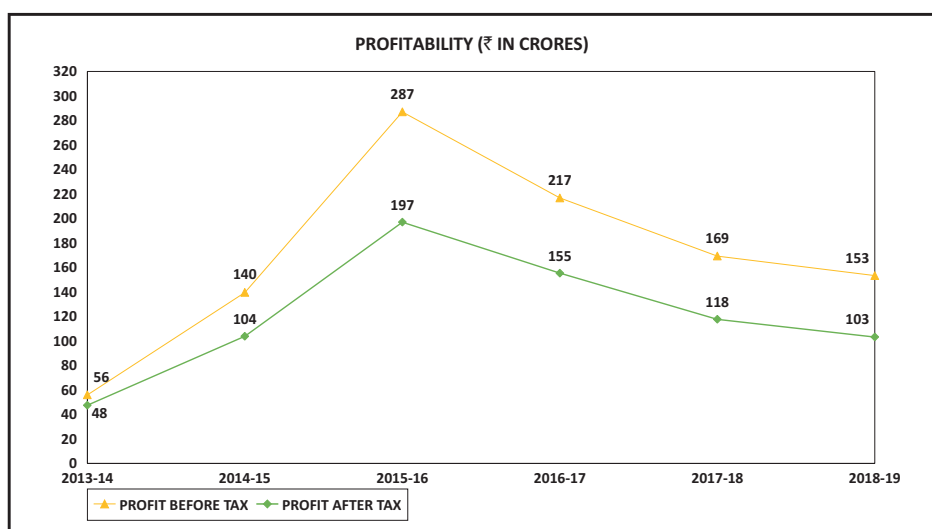
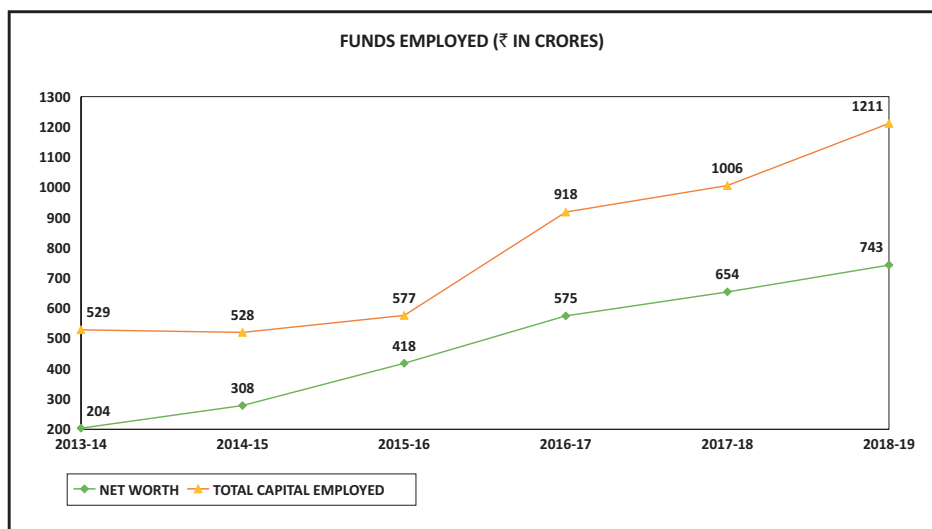
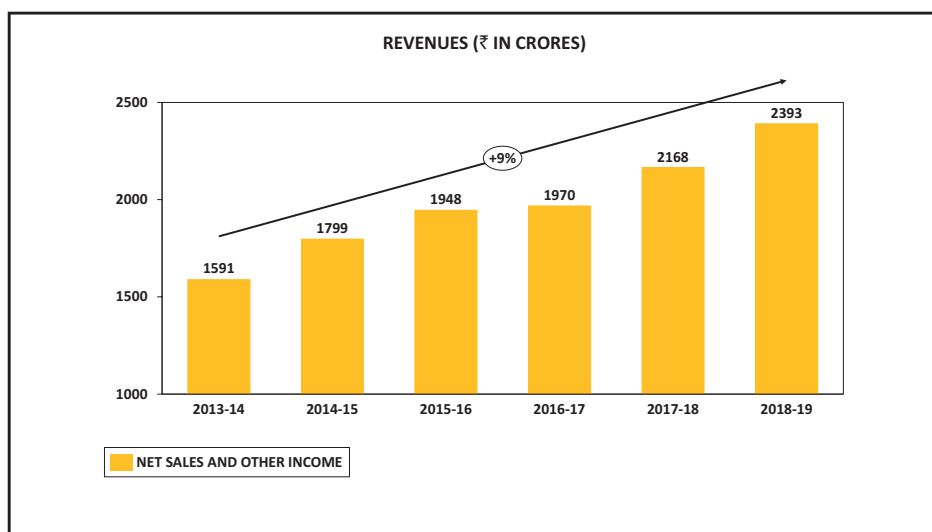
e-mail : corpserv@integratedindia.in

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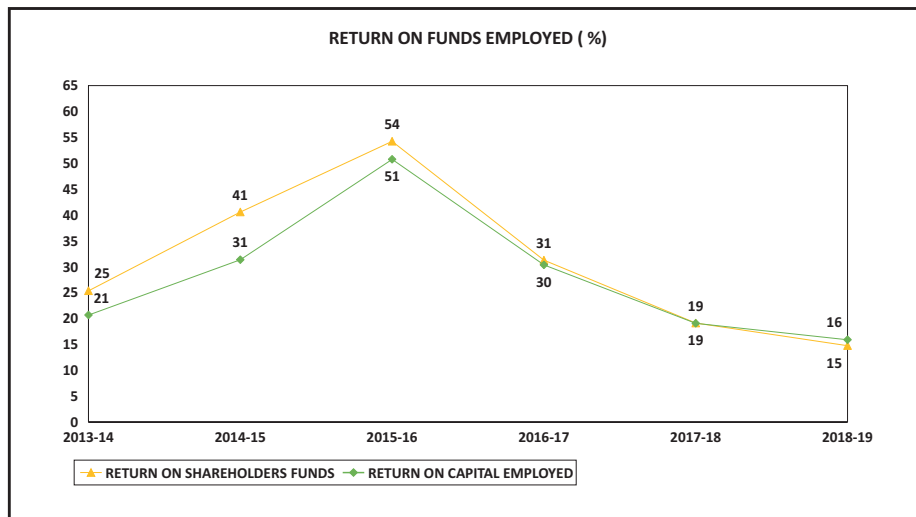
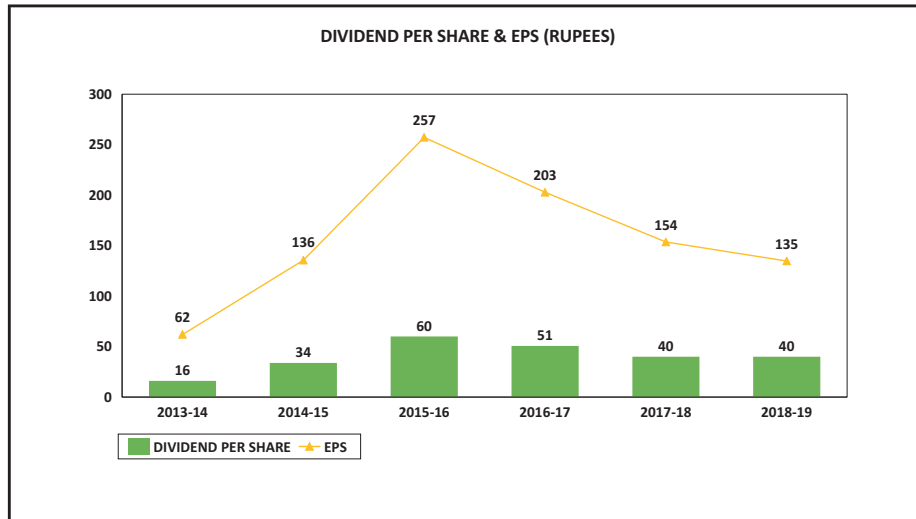
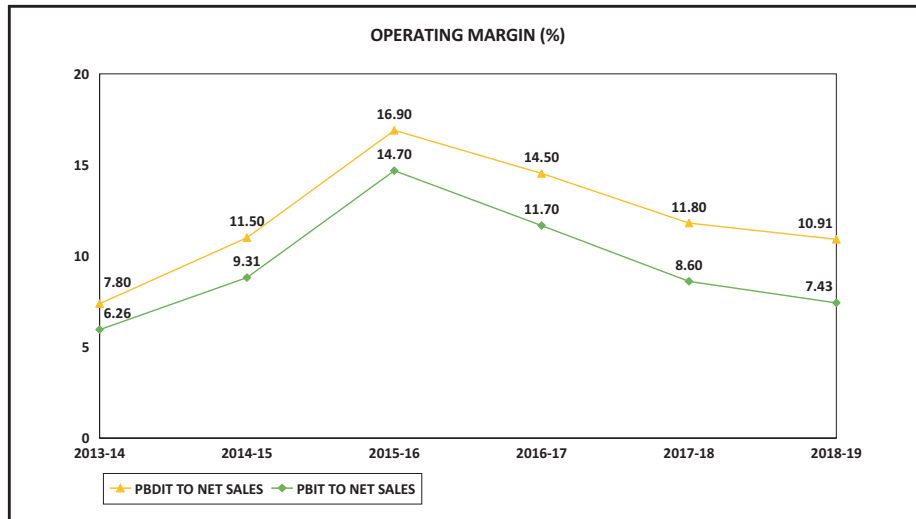
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FINANCIAL HIGHLIGHTS - STANDALONE



FINANCIAL HIGHLIGHTS - STANDALONE



FINANCIAL HIGHLIGHTS - STANDALONE

SIX YEAR PERFORMANCE AT A GLANCE

Rs. In Crs

PARTICULARS	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
A. OPERATING RESULTS						
NET INCOME (Excluding ED and Discounts) &&	1,590.96	1,799.17	1,947.75	1,970.23	2,167.62	2,393.18
PROFIT BEFORE DEPN. INT. & TAX	123.83	209.34	345.06	292.51	267.16	270.63
PROFIT BEFORE INT. & TAX	100.16	169.46	302.74	236.84	198.95	187.80
PROFIT BEFORE TAX (PBT)	55.92	139.57	286.99	216.71	169.25	153.30
PROFIT AFTER TAX (PAT)	47.45	103.79	196.95	155.33	117.61	103.17
DIVIDENDS \$	12.25	25.88	45.94	38.82	30.63	30.63
DIVIDEND TAX \$	2.08	5.27	9.35	7.90	6.30	6.30
PROFIT AFTER DIVIDEND	33.12	72.64	141.66	108.61	80.68	66.24
B. FINANCIAL STATUS						
GROSS FIXED ASSETS	370.01	443.59	580.59	782.60	939.66	1,046.73
NET FIXED ASSETS	249.77	282.84	403.10	568.66	621.24	656.07
INVESTMENTS	19.26	32.01	87.28	89.42	110.57	150.33
NET CURRENT ASSETS	260.00	212.92	86.23	260.28	274.26	404.99
SHARE CAPITAL	7.66	7.66	7.66	7.66	7.66	7.66
RESERVES AND SURPLUS	195.99	300.32	410.64	567.32	646.60	735.49
NET WORTH	203.65	307.98	418.30	574.98	654.26	743.15
LOAN FUNDS	303.52	204.33	130.71	306.60	308.47	412.69
DEFERRED TAX LIABILITY (NET)	21.86	15.46	27.60	36.78	43.35	55.54
TOTAL CAPITAL EMPLOYED	529.03	527.77	576.61	918.36	1,006.08	1,211.39
C. KEY RATIOS						
PBDIT TO NET SALES (%) *	7.76	11.55	16.90	14.53	11.81	10.91
PBIT TO NET SALES (%) *	6.26	9.31	14.68	11.67	8.61	7.43
PBT TO NET SALES (%) *	3.46	7.63	13.86	10.63	7.21	5.97
PBIT TO AV. CAPITAL EMPLOYED (%) *	20.68	31.37	50.75	30.37	19.08	15.91
RETURN ON AVERAGE NET WORTH (%)	25.36	40.57	54.24	31.28	19.13	14.77
EARNINGS PER SHARE (Rs.)	61.97	135.55	257.21	202.86	153.60	134.74
DIVIDEND PER SHARE (Rs.) #	18.72	40.68	72.21	61.02	48.22	48.22
DIVIDEND PAY OUT (%) #	30.21	30.01	28.07	30.08	31.40	35.79
BOOK VALUE PER SHARE (Rs.)	265.96	402.22	546.29	750.92	854.46	970.55
DEBT EQUITY RATIO (NO. OF TIMES)	1.49	0.66	0.31	0.53	0.47	0.56

* Excluding other income

Including dividend tax

\$ to be Approved by Shareholders in AGM

&& Figures from 2013-14 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

Your Directors take pleasure in presenting the 36th Annual Report of the Company together with the audited financial statements (standalone and consolidated) for the year ended 31st March, 2019.

FINANCIAL HIGHLIGHTS (Standalone)

(Rupees in Crores)

Details	Year ended 31st March, 2019	Year ended 31st March, 2018
Sales & Other Income	2393.18	2218.03*
Profit before finance cost and depreciation	270.63	267.16
Less : Finance Cost	34.50	29.70
Depreciation	82.83	68.21
Profit after finance cost and depreciation	153.30	169.25
Less : Provision for		
Income tax	46.00	46.94
Deferred tax	4.13	4.70
Profit after tax	103.17	117.61
Surplus brought forward from Previous Year	604.84	533.41
Remeasurement of post employment benefit obligation (net of tax)	-3.00	0.55
Dividend paid	-30.63	-38.83
Dividend Tax paid	-6.30	-7.90
Balance carried to Balance Sheet	668.08	604.84

PERFORMANCE OVERVIEW

Your Company's focus is on improving plant operations, enhance margins through continuous improvements and strive for growth.

Your Company has witnessed a 8% growth in revenue during the financial year 2018-2019, despite various factors affecting the overall industry. The Company continued to enjoy cordial and peaceful industrial relations with the workers and employees at all levels.

CONSOLIDATED PERFORMANCE

Income comprising of revenue from operations and other income for the financial year ended 31st March, 2019 was ₹ 2442.98 crores as compared to ₹ 2218.13* crores for the year ended 31st March, 2018.

Total consolidated revenue from operations increased to ₹ 2430.98 crores from ₹ 2202.76* crores in 2017-18.

Profit before tax for 2018-19 was ₹ 153.29 crores as compared to ₹ 168.98 crores in the previous year.

Profit after tax for 2018-19 was ₹ 103.27 crores as against ₹ 117.34 crores for the previous year.

HIGHLIGHTS ON PERFORMANCE OF SUBSIDIARIES AND THEIR CONTRIBUTION TO THE OVERALL PERFORMANCE OF THE COMPANY

Wholly owned subsidiary of the Company TVS Srichakra Investments Limited (TSIL) recorded a net loss of ₹ 141.48 lakhs (previous year net loss of ₹ 26.82 lakhs) and interest on Optionally Convertible Debentures (OCDs) was waived during the year ended 31st March, 2019.

TVS Sensing Solutions Private Limited (TSSPL) (formerly known as ZF Electronics TVS India Pvt. Limited (ZFTVS)) became a wholly owned subsidiary of TSIL from 4th June, 2018 and subsequently its name was changed to TSSPL. The total revenue from operations during the year under review of TSSPL increased to ₹ 58.12 crores compared to ₹ 49.07 crores in the previous year. TSSPL made an EBITDA of ₹ 4.06 crores as against ₹ 1.12 crores for the year ended 31st March, 2018.

DIVIDEND

The Company has a robust track record of rewarding its shareholders with a generous dividend pay-out. The Board of Directors is now pleased to recommend a dividend of ₹ 40/- per equity share (400%) which will result in a total payout of ₹36.90 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>

* including excise duty

DIRECTORS' REPORT

FINANCE

Cash and cash equivalent as at 31st March, 2019 was ₹ 7.50 crores.

The Company's working capital management is robust and involves a well-organized process which facilitates continuous monitoring and control over receivables and other parameters.

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.

Details 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 2010-11 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.20,67,175/- remained unclaimed and the same was transferred to IEPF Account on 1.10.2018.

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

As per Section 124 and other applicable provisions of the Companies Act, 2013, pursuant to the provisions of IEPF Rules / Securities and Exchange Board of India (SEBI) notification, shareholders who have not encashed dividend for seven consecutive years, such shares have to be transferred to the Investor Education and Protection Fund Authority (IEPF Authority). Accordingly, 10,646 equity shares had been transferred by the Company to the IEPF Authority on 6.10.2018. Details of shares transferred to IEPF Authority had been uploaded on the website of IEPF as well as on the Company's website.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility (CSR) has been an integral part of the Company and the Company is committed to its social responsibilities and takes initiatives to serve the society as a good corporate citizen.

Your Company has constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013 and has developed and implemented the policy on Corporate Social Responsibility. The CSR Committee comprises of Ms. Shobhana Ramachandran, Mr. P Vijayaraghavan and Mr. Rasesh R Doshi. The Committee, inter alia, monitors the CSR activities.

The Company was required to spend an amount of Rs.443.70 lakhs (including Rs.5.70 lakhs unspent amount of last year carried forward) and ensured that the same is fully spent during the year.

The CSR policy of the Company is hosted on the Company's website at <http://www.tvstyres.com/policy/CSR%20POLICY.pdf> and the "Annual Report on CSR Activities" is annexed to the Board's Report as Annexure 1.

The Company also undertakes other need based initiatives in compliance with Schedule VII to the Act.

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

Your Company has over the years established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behaviour. "Whistle Blower Policy" (WBP) is the vigil mechanism instituted by the Company to report concerns about unethical behaviour in compliance with the requirements of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and provides adequate safeguard against victimization of persons who use such mechanism. The whistle-blower policy is put on the Company's website and can be accessed at : <http://www.tvstyres.com/policy/WHISTLE%20BLOWER%20POLICY.pdf>.

No instances were reported under this mechanism and detail about this policy is available in the Corporate Governance Report.

DIRECTORS' REPORT

SUBSIDIARY COMPANY(S)

The audited accounts of the following subsidiary Company(s)

- a) TVS Srichakra Investments Limited (TSIL)
- b) TVS Sensing Solutions Private Limited (formerly known as ZF Electronics TVS India Private Limited) – subsidiary of TSIL has been consolidated with the Company as on 31st March, 2019.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year ended 31st March 2019 are prepared in compliance with the applicable provisions of the Act, Indian Accounting Standards and SEBI LODR. The audited consolidated financial statements along with all relevant documents and the Auditor's Report thereon form part of Annual Report and may be accessed on the Company's website www.tvstyres.com.

Pursuant to Section 129(3) of the Act, a statement containing salient features of the financial statement of the subsidiaries in the prescribed Form AOC1 is attached as Annexure 2.

The Financial Statements of the subsidiary companies are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Act. The Company shall provide free of cost, a copy of the financial statement of its subsidiary Company(s) to the Members upon their request. The financial statement of the subsidiary companies are also available on the website of the Company at www.tvstyres.com.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Act, your Directors state that:

- a) in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) 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
- f) 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.

DIRECTORS

Retirement by rotation

Mr. P Vijayaraghavan (DIN: 00633205), will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

The brief resume of the aforesaid Director and other information have been detailed in the notice convening the 36th Annual General Meeting of the Company. Appropriate resolution for his re-appointment is being placed for approval of the members at the ensuing Annual General Meeting. Your Directors recommend his re-appointment as Director of the Company.

Independent Directors

The Board of Directors on the recommendation of the Nomination and Remuneration Committee, in its meeting held on 13.11.2018 subject to the approval by members of the Company, appointed Dr. V Anantha Nageswaran (DIN: 00760377), as an Additional Director in the category of Independent Director with effect from 13.11.2018 for a term of 5 consecutive years upto 12.11.2023.

Brief resume of the Independent Director seeking appointment along with other details required are provided in the Notice of 36th AGM of the Company. Appropriate resolution for his appointment is being placed for approval of the members at the ensuing AGM. The Board recommends his appointment as an Independent Director.

The Company has received declaration from all the Independent Directors that they continue to fulfill the criteria of independence as prescribed under the provisions of the Act as well as SEBI LODR (including statutory re-enactment(s) thereof for the time being in force). In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the SEBI LODR and are independent of the management.

Familiarization Programme for Independent Directors

Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company and business strategy. The Company has done various programmes to familiarize Independent Directors with the Company, responsibilities