Tube Investments of India Ltd.
Dare House, 234, N.S.C. Bose Road, Chennai 600 001, India
Tel: 91.44.4217 7770-5 Fax: 91.44.4211 0404
Website: www.tiindia.com CIN: L35921TN1949PLC002905

(formerly known as TI Financial Holdings Limited)
CIN: L35100TN2008PLC069496

10th November, 2017

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051

BSE Ltd.
1st Floor
New Trading Ring, Rotunda Building
P J Towers, Dalal Street
Fort
Mumbai 400 001

Dear Sirs,

Sub: Submission of Annual Report for FY 2016-17

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we send herewith the Annual Report of the Company for the financial year 2016-17.

Kindly take the same on record.

Thanking you,

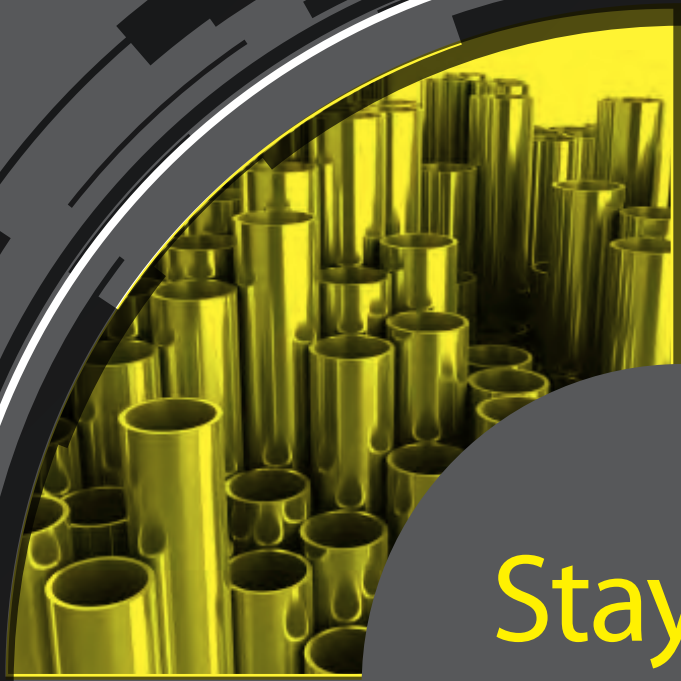
Yours faithfully,
For TUBE INVESTMENTS OF INDIA LTD

A K ANANTHARAMAKRISHNAN
SR. GENERAL MANAGER (SECRETARIAL)

Encl:

murugappa

INDIA





Staying Focused...





Tube Investments of India Limited

Annual Report 2016-17

Cautionary Statement

Certain expectations and projections regarding the future performance of the Company referenced in the Annual Report constitute forward-looking statements. These expectations and projections are based on currently available competitive, financial and economic data, along with the Company's operating plans and are subject to certain future events and uncertainties, which could cause actual results to differ materially from those indicated by such statements.

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Staying Focused...

With a strong footing across divisions, Tube Investments of India Limited (TII) caters to a wide array of sectors. In line with its manufacturing prowess, post restructuring, the Company will be focusing on manufacturing business and TI Financial Holdings Limited would cater to financial services. Heralding a new chapter in the Company's history, the restructuring would not only bolster TII's prospects as a pure play manufacturing enterprise in the domestic market but also further consolidate its efforts to be the preferred supplier for export markets.

We have striven to surpass all expectations by intensifying our efforts in capacity building and achieving new operational benchmarks. Overall, our FY17 has been a year of added achievements and transcending boundaries. Going forward, our competitive advantages of high-quality operational and technical expertise, strong relationship with customers and unique positioning to gain from the growth of both two wheelers and four wheelers will cement our position in India. Our novel approach towards enhancing productivity and adding value-added products in the portfolio will prove to be a morale booster for the stakeholders who always look forward to value creation.

As a distinct manufacturing enterprise that is fresh out of restructuring, we would be able to channelise our resources into boosting technical and operational efficiencies. We aim to achieve our goal by leveraging our focus in the areas of product research and development, project planning, technology and innovation. Even as we embark on a new journey, we continue to be guided by the five lights of Murugappa Group – integrity, passion, quality, respect and responsibility.



We are Tube Investments of India

Post restructuring, we are mobility focused manufacturing company from the Murugappa Group, one of the oldest and most diversified business houses of India. Our business interests span across products like steel strips, tubes and tubular components, bicycles and fitness products, chains for automotive and industrial applications, metal formed parts for automotive, railways, industrial gears and automotive dies. We have a network of 17 manufacturing units located close to the major manufacturing hubs with Just In Time (JIT) supply capabilities. Our 5 depots and 35 warehouses located across the country give the extra comfort of serving our customers effectively and efficiently. Our strong distribution network of dealers, concept stores and outlets keep us well placed to address both the urban markets as well as the hinterlands.

Our Company operates under three business divisions namely Engineering, Bicycles and Metal Formed Products. Besides, we also undertake industrial gears and design and manufacture of dies for automobile majors through a subsidiary and joint venture respectively. With an annual standalone turnover of ₹4,207.77 Cr. (FY17), our Company commanded a net worth of ₹1,142.01 Cr. and employed 3,481 people as on 31st March 2017

Business Segment



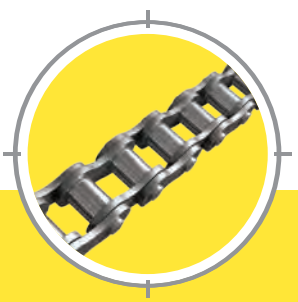
Engineering

Manufacturing of high precision, safety critical CDW and ERW tubes, tubular components, large diameter tubes for hydraulic cylinders and off-road applications, and special grade Cold rolled Steel Strips (CRSS).



Bicycles

Manufacturing and marketing a wide range of bicycle brands, fitness equipment and accessories.
The bicycle range include standard commute bicycles to premium bicycles for kids, the health conscious, the urban commute and performance cycling.
Our brands command a leadership position in India.



Metal Formed Products

Manufacturing and supply of auto and industrial chains, fine blanking components. Motor casings and metal formed products for automotive, industrial and railway segments.

Awards & Accolades



Fine Blanking Quality Award from Autoliv



Best Strategic Supplier Award from Showa Japan



Supplier Quality Excellence Award from Caterpillar



Quality Circle Award from Wipro



Supplier Performance Award from Sona Koyo



Award for Make In India - Localisation of Components from Spicer



Fine Blanking Quality Award from Bajaj Auto



Best Exports Performance Award from EEPC

Engineering Division

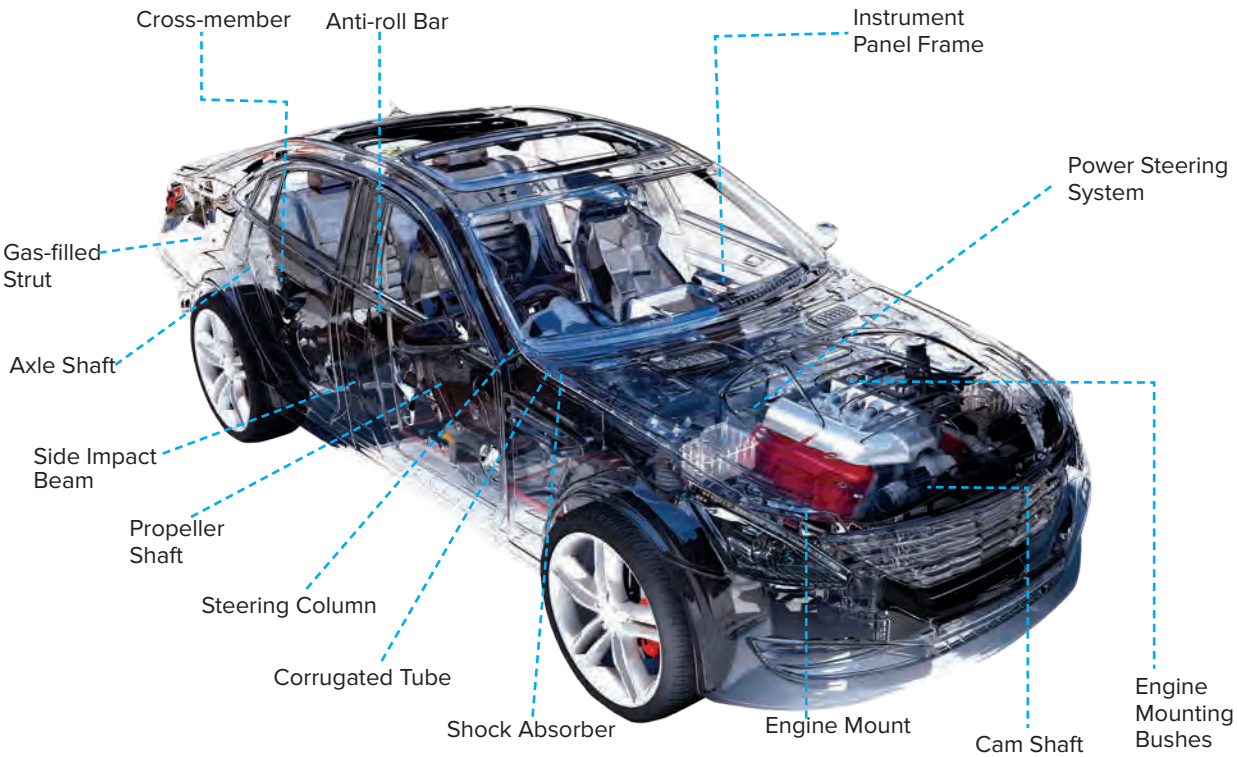


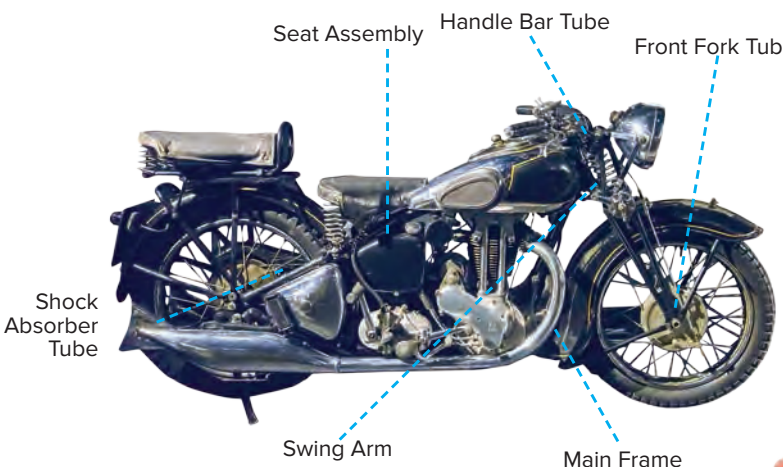
- Preferred Indian supplier and market leader in high-precision CDW tubes
- Strategic supplier for application-specific special grade Cold-Rolled Steel Strips (CRSS)
- Only manufacturer with 4 plants proximately located to customers in key geographies
- Value-added products contributed to 12% of overall tube sales in FY17

Products:

- Cold Drawn Welded (CDW) Precision tubes
- ERW Tubes
- Tubular Components
- CRSS









Large Diameter high precision tubes manufacturing for non-automotive and off-road applications.



Bicycle Division

Large dealer network across India servicing

10,000+	3	13
touch points	strategically located manufacturing plants	warehouses

Second largest bicycle manufacturer in India catering to wide range of consumer segments







- Standard bicycles for rural and semi-urban commuters
- Premium Cycling Group caters to the performance cyclists through an array of prestigious home-grown and international brands

- Special bicycles catering to all ages and consumer profiles – kids, adolescent boys and girls, urban adults and performance







Major bicycle suppliers for various Government schemes in the form of institutional orders





- Ciclo Café, India's first cycling theme restaurant is now open in Chennai, Hyderabad and Gurugram

- Deliver unique experiences to cycling enthusiasts through marquee events such as *Gran Fondo* and *Cyclothon*







- Pioneer in retail through its retail formats of : Track and Trail Urban, Track and Trail Sport and BSA Hercules Rural outlets
- Omni channel presence with unified online and in-store experience through www.trackandtrail.in and renowned online market places
- BSA Workouts cater to the home fitness needs through a range of offerings

Brands

BSA

LADYBIRD

HERCULES

ROADEO

MACH CITY

montra

Retail Experience Brands:

TRACK & TRAIL
CYCLES AND MORE

CICLO CAFÉ

Exclusive India Distributor:

Bianchi

cannondale

DAHON
freedom unfolds

GT

mongoose

License Agreement for India:

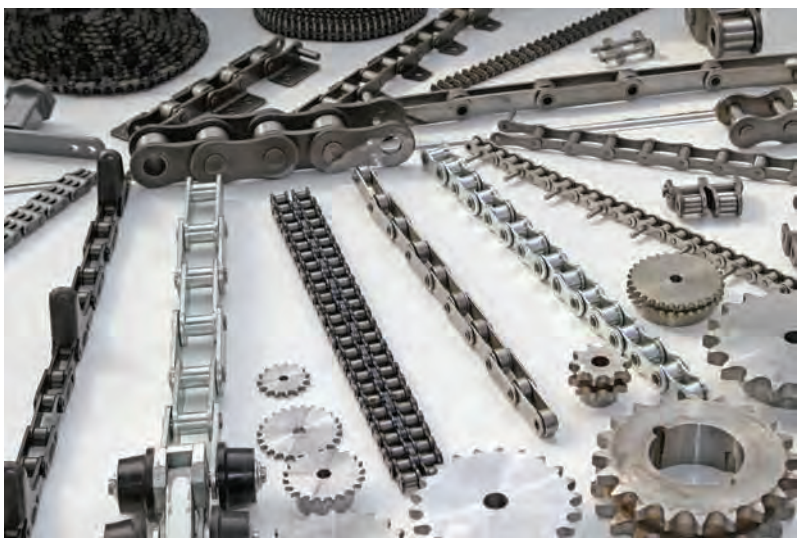
SCHWINN

RIDLEY

Bicycle portfolio has leading brand *BSA* and *Hercules* in the standard segment and *Roadeo* and *Montra* in the premium segment

Metal Formed Products Division

Metal formed products division caters to both automotive and non-automotive segments







Market Leader in India for Roll-formed Doorframes



Drawn Motor Casings



Divisional Channels



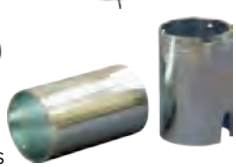
Cowl Cross Beams



Auto Electrical Components



Extruded Motor Casings



Tubular Casings



Motorcycle Mudguards



Side Impact Beams

Fine blanked components



Fine blanking produces close tolerance parts from materials of higher thickness. Cut edges are 100% free of tear and in most cases parts are suitable for mechanical function without the need for subsequent machining. This technology enables production of “Near net Shape” and even ready to assemble sheet metal parts.

Preferred supplier in India and across the globe for manufacturing safety-critical components for automotive industry.



DIAMOND® AUTOMOTIVE CHAINS & KITS

"Diamond" High Performance Automotive Chains & Kits for After-Market

- Automotive segment includes:
  - Two wheeler drive and timing chains, sprockets for Auto-OEMs and After-Market demand
  - Doorframes and fine blanked components
- Non-Automotive segment includes:
  - Chains engineered for a range of industrial applications catering to both domestic and export demand
  - Railway sections for passenger coaches and goods carry wagons
  - Agri-implements
- Domestic market leadership in automotive drive and cam chains and industrial chains
- Preferred supplier for roll-formed doorframes in India
- World class high speed presses and tools for fine blanking
- 10 manufacturing units and 14 warehouses, strategically spread in close proximity to automotive and industrial hubs of India with capability to service JIT

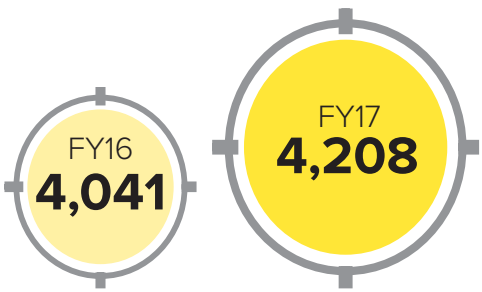
Our flagship *Diamond, Razer* and *Rombo* brands are trusted for their quality and consistency



Our performance in FY17

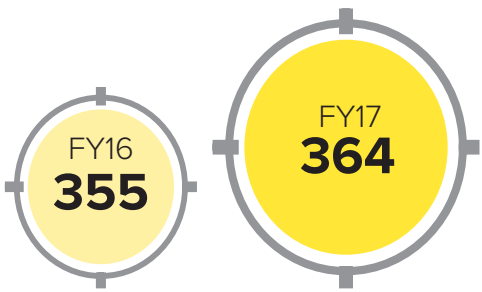
Financial Highlights

Sales
(₹ in Cr.)



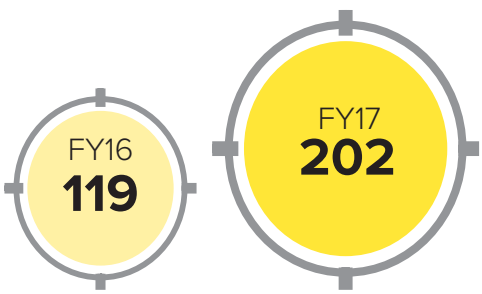
Growth **4%**

EBITDA
(₹ in Cr.)



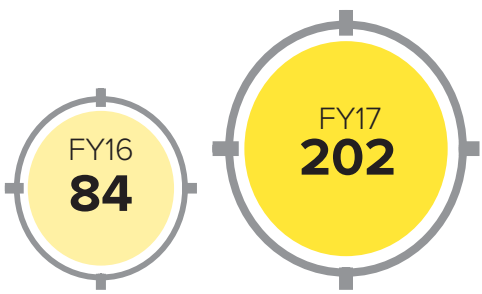
Growth **3%**

PBT before exceptional items
(₹ in Cr.)



Growth **70%**

PBT after exceptional items
(₹ in Cr.)



Growth **140%**

Strategic Developments

- Post completion of restructuring exercise, TI Financial Holdings Limited (formerly known as Tube Investments of India Limited) holds investments in financial services business and Tube Investments of India Limited (formerly known as TI Financial Holdings Limited) carries the manufacturing business
- Our largest and state-of-the-art cycle manufacturing plant at Rajpura, Punjab commenced production
- New greenfield engineering plant initiated at Rajpura, Punjab and expected to be commissioned by early FY19
- Large-diameter tube plant of Engineering Division got stabilised in terms of quality and achieved steady volume growth

Divisional Highlights

Engineering

- Revenue grew by 14%
- Tubes exports grew by 85%
- Large Diameter plant tubes volume grew by 24%
- Avadi plant obtained IMS: EMS + OHSAS certification, Mohali plant OSHSAS 18001 Certification, CRSS (Cold Rolled Steel Strips) segment obtained IS513 Certification
- Performance citations included Key Star Export Performer Award from EEPC, Global Strategic Co-operation Award from Showa Corporation, Japan, Best Supplier (Localisation) Award from Spicer and Consistent Quality Improvement Award from WIPRO



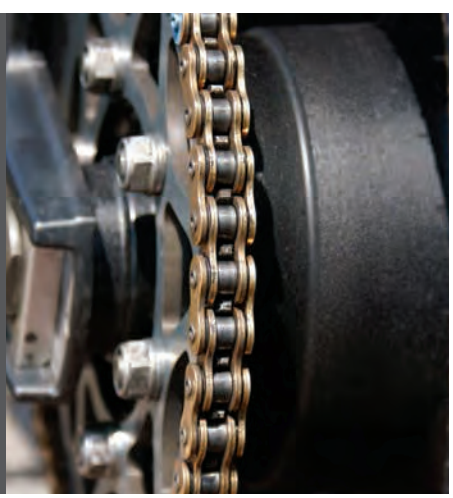


Bicycle

- Sale of Premium Cycles grew by 30%
- 68 new product launches and 40 model refreshes delivered
- 35 new Track and Trail experience stores added
- Ciclo Café opened at Gurugram and Hyderabad
- Online bicycle brand Brooks and Track & Trail Omni-channel strengthened online distribution
- Key awards and recognitions included Brand Revitalisation Award to BSA Lady Bird and Best Emerging Brand Award to Mach City by CMO Asia; CII Design Excellence Award to BSA Lady Bird Vogue, India Design Mark Award to Hercules Trooper by the India Design Council

Metal Formed Products

- Revenue grew by 10%
- Ramped up supplies of motorcycle mudgaurd
- Digital App for Diamond Chains got launched
- Key customer awards included Fine Blanking Quality Award and TPM Excellence Award from Bajaj Auto, Quality Commitment (Zero Defect) Award from Autoliv, Fine Blanking Quality Award from Maruti Suzuki India, SQEP Gold Award by Caterpillar for supply of Industrial chains and Excellence in Part Development Award (Localisation) from Lear Corporation



From The Desk of **The Chairman**



The country's automobile, railways and industrial sectors are expected to witness increasing demand in the coming years. Our steady efforts in unlocking our export potential have encouraged us to strive for more.

Dear Shareholders,

2016 was a year of steady recovery for most of the economies across the globe. After a sluggish start, economic activities gained momentum in the latter half of the year. The momentum is expected to continue, with the International Monetary Fund (IMF) predicting World GDP growth rate to strengthen from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018. The Indian economy grew at 7.1% in FY17 and is also expected to maintain strong growth in FY18.

Besides a favourable agro-climatic condition, demographic dividend with a large and growing domestic consumption, the government's consistent and committed policy direction towards enabling reforms and fiscal measures are making India a bright spot in the global economic universe.

FY17 witnessed two policy events of historical significance – Demonetisation and Goods & Services Tax (GST). The surprise recall of higher denomination currency, popularly referred to as demonetisation, hopefully will go a long way in steady adoption of digital transactions. The passage of GST bill in FY17 and its subsequent roll out from 1st July 2017 is expected to simplify the tax structure by subsuming a number of taxes and levies and also create a uniform single market for all kinds of goods and services.

From the Company's point of view, the year became the harbinger of significant growth and development. As a consequence of the restructuring exercise, with the demerger of the manufacturing business of erstwhile Tube Investments of India Limited into the Company, your Company has established itself as a pure-play manufacturing company that upholds the shareholder's interest. This key strategic move with the desired focus will help optimise our potential in the manufacturing business.

From the standpoint of our diverse manufacturing portfolio, we are poised to witness steady growth in demand in our Engineering as well as Metal Formed Products Divisions. The country's automobile, railways and industrial sectors in India are expected to witness increasing demand in the coming years. Our steady efforts in unlocking our export potential have encouraged us to strive for more. With the cycle industry in India heading towards saturation in volume terms, our focus will remain on maintaining our overall market share and intensifying our focus on value-added products, services and customer experiences.

Making prudent capital expenditure with a view to mine future growth prospects with ready capacities and consistently pursuing technical and operational excellence remains the most vital cog in our strategic wheel. FY17 witnessed our largest cycle plant at Rajpura, Punjab getting commissioned. You will be happy to note that we are setting up a new precision tube manufacturing plant at Rajpura, Punjab, which is likely to be commissioned by early FY19.

As we move ahead further on the path of value creation for all our stakeholders, I would like to commend the effort of our management and staff led very ably by our Managing Director Mr. L. Ramkumar for carving a niche in the manufacture of high quality products. I thank all my fellow Board members for their valued insights and directions imparted to the Company. A special word of thanks to Mr. C.K.Sharma who served on our Board for about 5 years and I welcome Mr. Vellayan Subbiah to the Board. Your trust and confidence fuels us on the path of excellence, dear shareholders, and I look forward to your continued support.

Yours sincerely,



M M Murugappan

Message From
The Managing Director



The Company recorded a growth of 5% in revenue and more significantly 69% in the net profit before tax and exceptional items during FY17.

Dear Shareholders,

2016-17 is a very important year in the history of the Company. The manufacturing business undertaking of erstwhile Tube Investments of India Limited was transferred through a Scheme of Arrangement to TI Financial Holdings Limited. As per the Scheme, to reflect the change in lines of business, the names of the companies too were interchanged. Post demerger, TI Financial Holdings Limited (erstwhile Tube Investments of India Limited) holds investments in the financial services companies and the Company viz., Tube Investments of India Limited (erstwhile TI Financial Holdings Limited) houses the manufacturing divisions and subsidiaries.

The Company recorded a growth of 5% in revenue and more significantly 69% in the net profit before tax and exceptional items during FY17. The bicycle industry was characterised by drop in volumes in the trade segment while the orders from the various State Governments continued to be strong. The rest of the divisions are being largely driven by auto industry, which grew by 7%.

ENGINEERING

The Engineering Division had a good growth with the revenue growing by 14%. The large diameter tubes plant increased its volume by 24%. During the year, the product quality was stabilised and volumes ramped up month on month. In the supplies to the auto industry, the Company continued to have a lion's share of the market in the precision steel tube industry. In order to meet the growing needs of the auto sector, the Company laid the foundation in March 2017 for setting up a new plant to make precision steel tubes at Rajpura with a capacity of 11,000 tons of tubes per annum. The estimated capex of the project is ₹77 Cr. and is expected to go on stream from early FY19.

The division has achieved a steep jump in exports with major growth from its supply of precision steel tubes to discerning customers in the ASEAN region. This has been possible due to the sustained efforts of the team that worked for three years in building customer relationships and reaching world class product quality standards. Exports will continue to be a major growth area for this division.

In order to meet the growing needs of the auto sector, the Company laid the foundation in March 2017 for setting up a new plant to make precision steel tubes at Rajpura with a capacity of 11,000 tons of tubes per annum.

The revenue of the division grew by 14% and PBIT rose by 54%.

BICYCLES

The bicycle industry volumes in the trade segment dropped by 11% while the division's volume dropped by 13%. This drop was largely due to slump in domestic demand accentuated by demonetisation. The division had good success with performance bicycles where the growth was 30%. The product development activity also gained momentum with the launch of 68 new models and 40 refreshes in various segments. The expansion programme of the exclusive retail stores, 'Track and Trail' continued by establishing 35 new stores making a total of above 100 such stores. Exports grew by 76%. The new Plant set up at Rajpura was getting its production steadily

scaled up. The overall Revenue dropped by 9% and PBIT by 55%.

METAL FORMED PRODUCTS

The domestic two wheeler and passenger car industry grew by 7% and 4% respectively. While the year started with a good momentum, there was a slowdown in the second half due to the impact of demonetisation. We grew by 15% in industrial chain volumes and auto chain volumes was flat. We maintained our leadership position in these segments.

The fine blanking division continued to get its product approved by global majors. During the year, lot of efforts have gone into enhancing capability of equipment and people.

The doorframe business did well with a volume increase of 6%. The division continues to get qualified for supply of doorframes for new models of cars in FY19.

The doorframe business did well with a volume increase of 6%. The division continues to get qualified for supply of doorframes for new models of cars in FY19.

The revenue of the division was up by 9% and PBIT by 7%.

SUBSIDIARIES

Shanthi Gears Limited is steadily improving its top and bottomlines with a growth of 12% and 23% during FY17 over the previous year. The company's focused efforts in specific segments has enhanced its order book position to ₹112 Cr. by end of March 2017 against ₹106 Cr. by end of March 2016. The company continues to acquire new capabilities and technologies required to provide higher value added products and service.

In the case of Financiere C10 SAS (FC 10), the topline remained flat due to sluggish conditions in Europe. Significant work was done during the year in the areas of cost reduction and consolidation of its warehousing to create a new logistics platform that would enhance customer service. Specific resources were deployed for market expansion. These initiatives are expected to yield good results in FY18.

TI Tsubamex India Private Limited commenced manufacturing in 2016. The Company had a healthy order book of ₹25 Cr. in March 2017 to serve very demanding customers seeking world class product quality. The company's products delivered have been well received by the customers. We wish to acknowledge the excellent support provided by the joint venture partner, Tsubamex Company Limited, Japan, at various stages of engagement with the customers and helping in streamlining manufacturing operations of the company.

TECHNOLOGY

The Corporate Technology Centre of the Company supports various businesses – the most noteworthy initiative being the support to the Large Diameter Tubing plant with design inputs related to tube mill configuration. The machine building activity has also gained steam and they support operations with many low-cost automation ideas and by building new machines with superior



features at lower cost. A bunch of bright engineers have also gained recognition by presenting papers on areas like steel processing and computational methods at international forums like the "7th Annual Congress on Materials Research and Technology" at Berlin.

We are glad to mention that 39 teams from Engineering and Metal Formed Products Divisions won awards and recognition at the national and state level competitions conducted by ABK-AOTS, QCFI & Wipro.

PEOPLE

The Operational Excellence programme is growing from strength to strength. The quality of the projects and the level of participation of employees at various levels are getting better year on year. We are glad to mention that 39 teams from Engineering and Metal Formed Products Divisions won awards and recognition at the national and state level competitions conducted by ABK-AOTS, QCFI & Wipro. I thank all the employees for their dedication and unstinted support in the journey of excellence.

In the dynamic environment, we need to raise the bar continuously to maintain and enhance our leadership position in the various segments. I thank our employees for enthusiastically accepting such challenges and contributing to the progress of the Company. We continue to identify and nurture critical talent that is needed to develop the leadership pipeline.

I conclude by thanking our customers, supply chain partners and shareholders for their patronage and encouragement to us.

Yours sincerely,

L Ramkumar

Engineering Business

Staying focused...



With a pan-India presence, at TII, we serve the requirement of precision tubes and tubular components of the automotive industry. We endeavour to maximise operational efficiencies and bring about product improvements through adoption of advanced technology, intensive research and proactive customer interaction. Adhering to total quality management in our manufacturing processes, we continue to evolve our processes and product offerings that best suit the changing preferences and choices of our customers. Thanks to our robust technology, processes and highly trained workforce, we have steadily been improving on our plant, people and material productivity.

Light-weighting and passenger safety are increasingly becoming critical for our customers in the automobile universe. Years of proactive customer interaction and resultant R&D efforts of our Corporate Technology Center in this direction has helped us deliver on both these customer priorities. Another important change shaping up in the global automobile markets is the frequency and intensity of new launches. For component manufacturers, this translates into product supplies for a wider range of programs with most of these programs running smaller batch sizes concurrently. Our nimbleness in switching over from one program to another in terms of production planning and adequate availability of production lines to run many programs concurrently helps serve our customers better. The fact that we operate four strategically located manufacturing facilities not only reduces our turnaround time but also freight cost. We are further bolstering our manufacturing capacity and spread by setting up a new plant at Rajpura, Punjab.

Our steady adoption of best-in-class global technology and human capital continues to sharpen our manufacturing excellence. With an eye on developing a strong portfolio of import substitution products and a product quality that matches the expectation of leading global OEMs, we are

With a pan-India presence, we serve the requirement of precision tubes and tubular components of the automotive industry.

manufacturing facilities is enhancing our export prospects. We managed to grow our tube exports by 85% in FY17, which is quite encouraging. The impact our new product development initiatives continued to strengthen, with their contribution in our sales mix exceeding the internal targets for FY17.

A testimony to our successful endeavors is the number of awards and recognitions that we have received for our operational excellence. Some of these include –

- Star Performer Award for Exports from EEPC
- Global Strategic Supplier Award from Showa (Japan)
- Outstanding Kaizen Award from QCFI
- Supplier Performance Award from Sona Koyo
- Best supplier Award for Make in India (Localisation) from M/s Spicer for Tiruttani Tubes Plant
- Award from Wipro for consistent improvement in quality

Pan India Presence

further intensifying our Research & Development efforts towards value-added tubular components and cold rolled steel strips (CRSS). Setting up of our large diameter tubes plant in FY14 was a step in this direction. The facility recorded a healthy volume growth of 24% in FY17.

We are encouraged to witness the contribution of value-added products steadily increasing in our divisional revenue. While import substitution program in our CRSS business continues to shape up, special grades contributed 71% of the CRSS revenues in FY17. With increasing sales of value-added tubular components such as steering column and side impact beam, value-added products' contribution to tube sales rose to 12% in FY17. Consistent higher quality of our end-products and steadily improving quality, environmental and safety certifications of our



Bicycle Business

Staying focused...



The world of cycling is witnessing an interesting dichotomy. While the growth in demand for standard bicycles continues to stagnate, speciality bicycles continue to grow at a steady pace. The growth in value-added segment is poised to set-off the stagnancy in the standard bicycle segment, the volume of which would continue to form the solid base for the industry.

As the second largest manufacturer and marketer of cycle and accessories in India, we are steadily strengthening our market share in speciality segment while remaining steadfast in maintaining our share in the standard segment. With the game steadily tilting towards cycling, the aspiration from cycle, the product, at TII, our agenda of value-addition continues to transcend beyond just the product.

In the standard segment, BSA Hercules leverages its superior finish and features towards enhanced premium. Our product offerings in the premium cycle group (PCG) are spearheaded by premium brands such as *Roadeo* and *Montra*, which get further strengthened with our exclusive distribution offerings of international brands such as *Cannondale, Bianchi* and *Ridley*. New product development continues to be a vital cog in our strategic wheel and we delivered 68 new products and 40 product refreshes during the year. The year also witnessed City Bike being launched as a new segment for urban mobility. While our cycle business division recorded a 9% drop in overall revenue, PCG volume grew by 30%.



Being the second largest manufacturer and marketer of cycle, and accessories in India, we are steadily strengthening our market share in the standard segment.

With rising aspiration towards cycling in the urban areas, we are devising innovative newer platforms of engagement with cycling enthusiasts. Building upon the Chennai success of maiden *Ciclo Café*, our pioneering cycling theme café, we formed a new Joint Venture and added two more outlets at Gurugram and Hyderabad during the year. Continuing with our tradition of promoting cycling among country's youth, we organised more than 2,000 cycling events across the country including our marquee *Gran Fondo* and *Cyclothon* events. Cumulatively, these events drew participation from more than a million riders in FY17.

With the commissioning of our largest cycle manufacturing unit at Rajpura, Punjab, we are working towards leveraging its economies of scale towards enhanced competitiveness and cost structure. Given that we faced supply constraints in the light of very aggressive lead time in some institutional orders during the year, a fast ramping up of Rajpura facility and debottlenecking at the other 3 units remains high on our strategic priorities.

68
NEW PRODUCTS

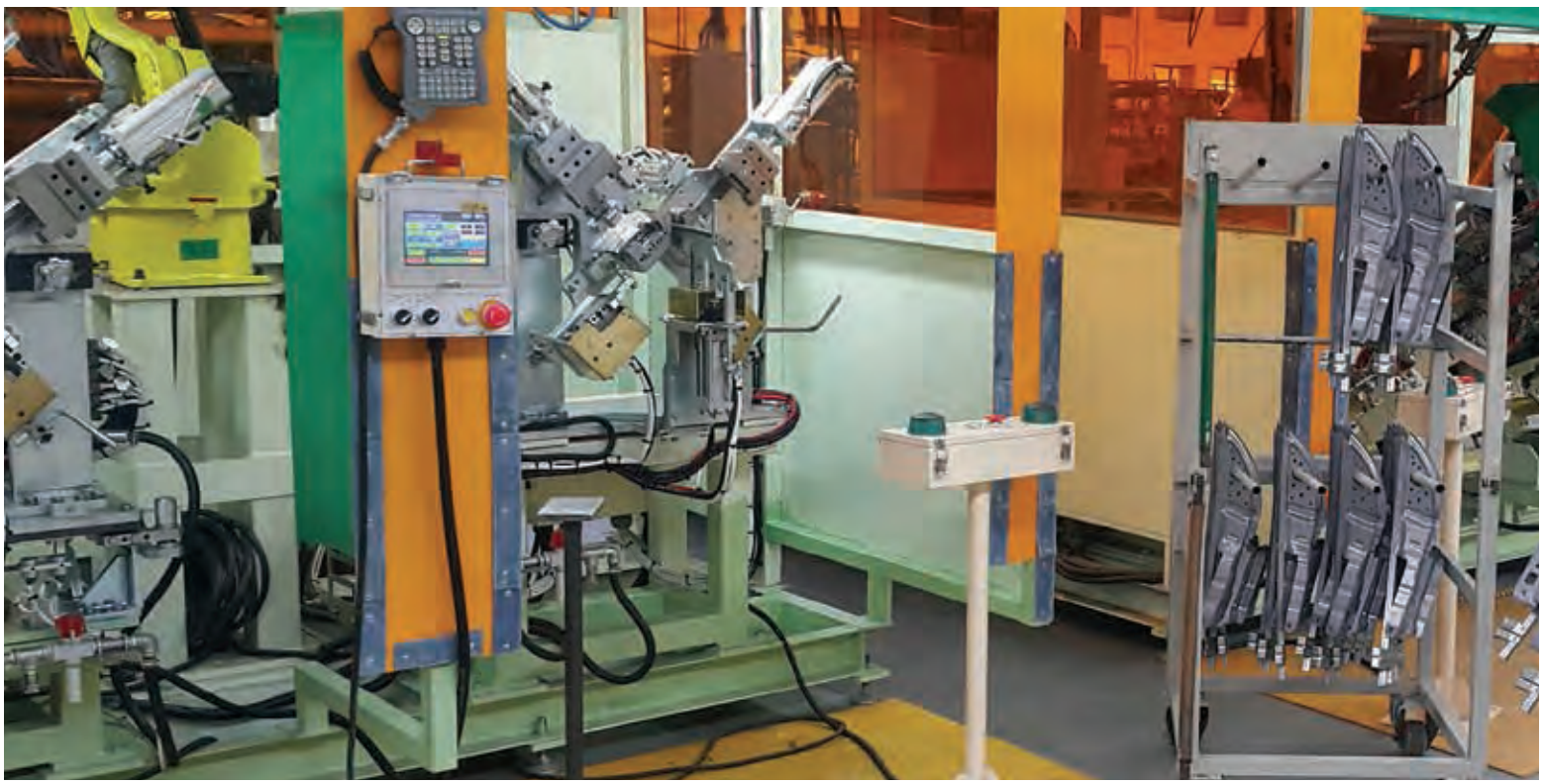
Awards and recognitions continue to fuel our journey of excellence. During the year under review, we received many such accolades including Best Emerging Brand Award for *Mach City*, Brand Revitalisation Award and the CII Design Excellence Award for *BSA Lady Bird*.

Giving a face-lift to the buying experience for our customers are our exclusive outlets of *BSA Hercules* Rural, *Track & Trail* Urban and *Track & Trail Sports*. We added 35 new stores during the year. With a view to leverage the fast emerging online platform, we launched www.trackandtrail.in, our exclusive ecommerce platform. In addition, we also launched an online exclusive brand, *Brooks* with unique offerings of complete assembly at customers' doorstep and dedicated after sales service. With strengthening of our omni-channel presence, the customers get the option to transact with the brand at the place and time of their choosing.



Metal Formed Products Business

Staying focused...



Our Metal Formed Products business delivers precision value-added components to the automotive, industrial and railway industry. It offers metal-formed components such as automotive and industrial chains; roll formed components such as car door-frames, two-wheeler mudguards, metal sections for railway coaches and a host of fine blanked components for automotive application.

With a total of 10 manufacturing plants and 16 warehouses strategically located in proximity to automobile and industrial hubs of India, we leverage the equity of *Diamond* and *Rombo* brands and our longstanding customer relations in strengthening our segment leadership in automotive (Drive and Cam) and industrial chains. We continue to build upon our strengths in roll formed door-frames and roll formed products.

Deploying world class high speed presses and tools for fine blanking, chains and motor casing, we deliver components consistent in quality by maintaining a part per million (PPM) level lesser than customer expectations.

We ramped up production of mudguards during the year to support the growing demand for high-end motorcycles. We also bagged a new order for door-frames, supply for which is scheduled to commence in FY18. In order to enable our customers and distribution partners with online ordering of Diamond two-wheeler and automotive chains, we developed an App that carried a digital catalogue and ordering feature. While domestic growth of chains volume remained flat, we achieved a 4% volume growth in exports. Door-frames recorded a 6% volume growth whereas sections for railway



10 manufacturing plants and 16 warehouses strategically located in proximity to automobile & industrial hubs of India

10
MANUFACTURING PLANTS

wagons grew by 53%, motor casings by 16% and passenger coaches by 42% in volume terms. Our divisional revenue and PBIT grew by 9% and 7% respectively . During FY17, we have developed Rotary Tillar blades through in-house product development inititives. This product will be launched in FY18.

We understand that product innovation would be the next game changer in the industry. The Company drives growth, value and innovation by leveraging its technological know-how and research undertakings. We actively embraced state-of-the-art technology and innovative processes for new product development to boost its competitiveness. We remain committed to highest levels of operating efficiencies and quality across all our business segments. A dedicated approach for continuous improvement forms the bedrock of all our activities, which has helped us win the confidence of our clients, both domestic as well as across the borders. Our continued focus on growth, value creation and innovation has won us many accolades and awards. Some of the awards that we have won in the previous year include the Bajaj Auto Limited Award for Fine Blanking Quality and TPM Excellence, the Quality Commitment (Zero Defect) Award from Autoliv, the Quality Award from Maruti Suzuki India Limited for Fine Blanking and the Excellence in Part Development award from Lear Corporation for seat recliner localisation development.

Operational Excellence

Stay focused...

Amid increasing competition, TII embarked on its journey to Operational Excellence with the adoption of a basic total quality management (TQM) and EFQM models in 1998, having a clear focus on continuous improvement of customer relationships, people involvement, employee empowerment and to build a learning-based organisation. Subsequently, as the Company moved ahead reaping significant gains from these initiatives, the need was felt to further raise its quality standards. As such, a unique approach was developed through our TII Operational Excellence (House of Excellence) model in line with the methodologies adopted by world's leading companies.

Through relentless efforts in the fields of 5S, 3M, SHE, Visual Management, SOP, Automation and Lean Manufacturing, we aim to excel across all aspects of the total quality management – production, quality, cost, delivery, safety, morale (PQCDSM), thereby creating value for all our stakeholders, be it our shareholders, employees, suppliers, dealers or customers.

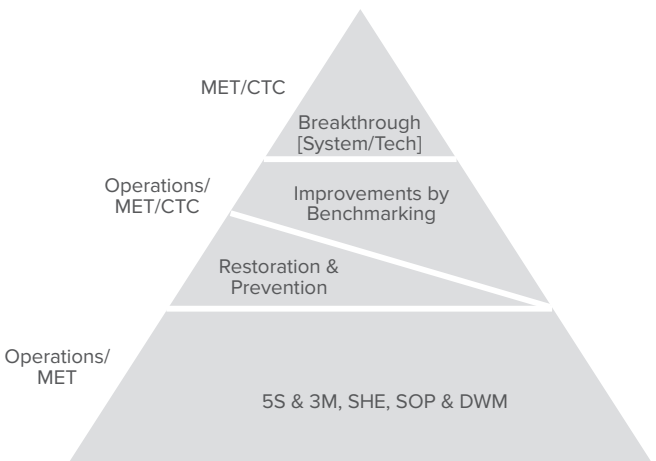
Opex Goal

To take Operational Excellence through the PQCDSM model one level higher, we built an apex committee at the corporate level, with each business having an OPEX committee. OPEX aimed at building a visual, clean, green and safe factory to facilitate smooth and orderly flow of materials; maximise effective utilisation of resources; nurture a culture of continuous improvement across all departments and to accomplish greater value for all stakeholders.

For further accelerating and strengthening the OPEX drive, a new function, Manufacturing Engineering & Technology (MET) was formed. At the outset, we focused on manufacturing with the roles of operations, the MET and Corporate Technology Centre (CTC) clearly defined as follows –

Under this approach, the MET and Operations work together to achieve basic excellence through 5S, 3M, SHE, SOP and DWM, while restoration and prevention of failures and improvement through benchmarking is the joint domain of all three – Operations, MET and CTC. At the apex committee level, the goal is to create breakthrough through implementation of appropriate technology and systems, identified as a focus area for MET and CTC.

OPEX Approach







Technological Advances

The Company has always been a forerunner in adapting latest technology and processes to improve its operational efficiency. Some of these are enlisted as under –

High Strength Hydroformabale Tubes	Machine Vision Systems	Straightening machines for tube processing	Chain Assembly Machines
• Used for twist beams of cars, these tubes fall in the safety-related product category • The Company has increased the strength of the tubes through induction heating technology while still retaining its formability	• Machine vision systems have been deployed for inspecting fine blanked parts and automotive chains • These systems are intended for ultimate use in car seating safety systems and motor cycles • These systems also collect and analyse data for ongoing process quality improvements	• In-house design, development and manufacture of straightening machines for tube processing has helped improve process capabilities in manufacture of precision tubes like tubular front forks for motorcycles	• Indigenously designed and developed chain assembly machines for the metal formed products business

Human Resource

Human Resource (HR) continues to bolster human capital by attracting the right talent, nurturing and retaining them, with strategic initiatives being undertaken in the areas of Leadership Development, Capability Building, Innovation, Productivity Improvement, Operational Excellence, Employee Relations & Engagement, Digitisation, Talent Acquisition & Corporate Social Responsibility (CSR).

Building Leadership Pipeline

Identifying and developing succession pipeline for critical positions in middle and senior management levels is crucial, for which regular action is taken through Individual Development Plans (IDPs). Participants from different leadership & transition management programs viz. Ascend, Aspire, etc. are reviewed regularly, and accordingly followed up with on-the-job projects, job enlargement / rotation, mentoring, etc.

Building Capabilities

Employees are provided regular inputs to help them upgrade their competencies through training programs and other interventions, which focus on technical, sales and behavioral capability building among other aspects. Some major programs conducted this year include – Metallurgy and Heat Treatment, PokaYoke, Six Sigma and 8 D methodology, etc. We have also established technical labs for critical skills viz painting, dexterity etc and have tied up with various professional bodies/ institutions for skills training.

Sales training interventions were launched for all levels of employees in the sales function. The interventions were spread around training, coaching, field visits and post-training support for sales personnel. Training was conducted by an exclusive sales trainer, with tailor-made sales capability building programs developed according to various business requirements such as Customer centricity, Sales / Business etiquettes, Selling techniques, Technical product knowledge, Building valuable relationships, etc.



Innovation

A unique program to promote innovative ideas, '3 Box Innovation', was launched covering groups of employees. Awareness programs conducted for employees triggered a gamut of new ideas, some of which are being pursued further for implementation by the SBUs.

Enhancing Productivity and Cost Optimisation

A host of new initiatives were undertaken to boost productivity and lower costs through Industrial Engineering projects. A few of these projects focused on productivity improvement, cost optimisation and resource utilisation were implemented across SBUs during the year.

Operational Excellence and Total Employee Involvement

The drive to Operational Excellence gained further momentum as the focus intensified on developing capabilities of OPEX Zone Champions, Facilitators and Subject Matter Experts (SMEs). A pool of internal assessors/auditors has been developed for assessing and strengthening the OPEX process across all SBUs. Besides, horizontal deployment of various Small Group Activity (SGA) and Cross Functional Team (CFT) projects across various units/SBUs is also being undertaken.



Employee Relations

We have established cordial industrial relations through proactive steps and problem-solving mechanism, with focus on people issues and regular communication.

TI Cycles of India (TICI) commissioned a state-of-the-art-bicycle manufacturing factory in Rajpura, Punjab on 9th June 2016. Operations from TICI Noida plant were shifted to the Rajpura Plant successfully without any major issues.



Employee Engagement

Dipstick survey conducted during the year showed slight improvement in TII's employee engagement scores. Based on the survey results, specific actions plans were drawn up for the units, including the launch of online Reward & Recognition program across TII with a common policy for rewarding employees across various categories; 'Eureka'- a year-long program designed to improve the psychological capital (engagement) of the R&D team and 'Kriya'- a learning forum series with an objective of unleashing the power of thought and disseminate knowledge across TII. All these programs have been well received by the employees.

Digitisation

As part of the digitisation drive, we launched an HR Mobile App- 'People Connect' providing employees anytime/anywhere access to his/her leave and payroll data. We also launched a CRM app for the sales team of TICI, to help them effectively manage customer-related information and sales data analytics.



Talent Acquisition

A total of 207 employees were recruited during the year across all functions and units, taking the headcount to 3,481 as on 31st March 2017. Our Central Recruitment Team (CRT) has done a good job by reducing the cost per hire and turnaround time across all levels.

Our Board of Directors

Mr. M M Murugappan, Chairman

Mr. M M Murugappan (61 years; DIN-00170478) holds a Masters degree in Chemical Engineering from the University of Michigan, USA. He is also the Chairman of Carborundum Universal Limited, Shanthi Gears Limited, and Wendt (India) Limited. He is also serving on the Board of various companies including Mahindra & Mahindra Limited and Cholamandalam Investment and Finance Company Limited.

Mr. L Ramkumar, Managing Director

A qualified Cost Accountant, Mr. L Ramkumar (61 years; DIN-00090089), also holds a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He brings in rich and varied experience of more than 37 years that includes 25 years of serving the Company in various capacities.

Mr. Vellayan Subbiah, Managing Director (Designate)

Mr. Vellayan Subbiah (47 years, DIN-01138759) is a Bachelor of Technology in Civil Engineering from IIT Madras and holds a Masters in Business Administration from the University of Michigan. He has over 23 years of work experience in consulting, technology and financial services. He was appointed as Managing Director (Designate) of the Company, with effect from 19th August 2017. He was earlier the Managing Director of Cholamandalam Investment and Finance Company Limited. He is on the Board of various companies including SRF Limited and Havells India Limited.

Mr. Hemant M Nerurkar, Non-Executive Director

Mr. Hemant M Nerurkar (68 years; DIN-00265887), a Graduate in Metallurgical Engineering, brings in a vast experience of more than three and a half decades in the steel industry. Having served as the Managing Director (India and South-East Asia) of Tata Steel Limited between 2009 and 2013, he is the current Chairman of TRL Krosaki Refractories Limited. He is also on the Board of various companies including NCC Limited, and Igarashi Motors India Limited.

Ms. Madhu Dubhashi, Non-Executive Director

Ms. Madhu Dubhashi (66 years; DIN: 00036846) holds a graduate degree in Economics (Hon.) and a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. In an illustrious financial services career spanning nearly four decades, she has worked with leading financial services institutions like ICICI Limited, Standard Chartered Bank, etc. She is on the Board of various companies including Axis Finance Limited and Majesco Limited.

Mr. Pradeep V Bhide, Non-Executive Director

Mr. Pradeep V Bhide, I.A.S. (Retd.) (67 years; DIN-03304262) holds Graduate degrees in Science and Law and a Masters degree in Business Administration with specialisation in Financial Management. In a career spanning 37 years in the Indian Administrative Service, Mr. Bhide has held various senior positions at the State and Central levels. He serves on the Board of various companies including GlaxoSmithKline Pharmaceuticals Limited, Heidelberg Cement India Limited, NOCIL Limited and L&T Finance Limited.

Mr. S Sandilya, Non-Executive Director

Mr. S Sandilya (69 years; DIN-00037542) holds a Graduate degree in Commerce and a Post Graduate Diploma in Management from Indian Institute of Management, Ahmedabad. He is the current Group Chairman of Eicher Group. He is also serving on the Board of various companies including Rane Brake Lining Limited and Mastek Limited.



Corporate Information

BOARD OF DIRECTORS	M M Murugappan, Chairman L Ramkumar, Managing Director Vellayan Subbiah, Managing Director (Designate) Hemant M Nerurkar Madhu Dubhashi Pradeep V Bhide S Sandilya
COMPANY SECRETARY	S Suresh
REGISTERED OFFICE	Dare House, 234 NSC Bose Road, Chennai 600 001, Tamil Nadu.
PLANTS	**Engineering:** Tube Products of India, Avadi, Chennai Tube Products of India, Tiruttani Tube Products of India, Shirwal, Satara Tube Products of India, Mohali **Bicycles:** TI Cycles of India, Ambattur, Chennai TI Cycles of India, Rajpura TI Cycles of India, Nashik **Metal Formed Products:** TIDC India, Ambattur, Chennai TIDC India, Kazipally, Medak TIDC India, Uttarakhand TI Metal Forming, Nemilicherry, Chennai TI Metal Forming, Kakkalur, Chennai TI Metal Forming, Bawal TI Metal Forming, Halol TI Metal Forming, Pune TI Metal Forming, Uttarakhand TI Metal Forming, Sanand
Company Identification Number	U35100TN2008PLC069496
Auditors	S R Batliboi & Associates LLP
Bankers	Bank of America HDFC Bank Limited Standard Chartered Bank State Bank of India The Hongkong & Shanghai Banking Corporation Limited

Board's Report & Management Discussion and Analysis

Dear Shareholders,

The Directors take pleasure in presenting the 9th Annual Report together with the audited financial statements of the Company for the year ended 31st March 2017.

1. Scheme of Arrangement (Demerger), Share Capital and Listing of Equity Shares

Scheme of Arrangement and sanction by National Company Law Tribunal

The Board of Directors of the Company, at the meeting held on 3rd November 2016, approved a Scheme of Arrangement ('Scheme') for the demerger of the Manufacturing Business Undertaking of the Demerged Company viz., Tube Investments of India Limited, (now known as TI Financial Holdings Limited) on a going concern basis, in favour of the Company (Resulting Company). The Manufacturing Business Undertaking which has vested in the Company means the manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies and includes investments in Shanthi Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis Co Limited, Sedis GmbH, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited. etc. The Scheme received the approval of the shareholders of the Demerged Company at the Equity Shareholders Meeting convened and held on 24th April 2017 as per the directions of the National Company Law Tribunal, Chennai ('NCLT'). The Scheme was sanctioned by the NCLT vide its Order dated 17th July 2017. The Scheme has become effective on 1st August 2017, being the date of filing of the aforementioned Order of Sanction with the Registrar of Companies, Tamil Nadu, Chennai.

Appointed Date

The Appointed Date for transfer and vesting of the Manufacturing Business Undertaking of the Demerged Company into the Company was 1st April 2016.

Change in name of the Company

Consequent to the said demerger of the manufacturing activities and vesting thereof into the Company, the business of the Company is manufacturing covering the activities as listed above.

To reflect the change in business of the Company from being an investment company to a manufacturing business, the name of the Company was changed from TI Financial Holdings Limited to Tube Investments of India Limited, as envisaged under the Scheme.

Cancellation of shares held by Demerged Company

In accordance with the Scheme, 11,00,000 equity shares of ₹1/- each paid up and held by the Demerged Company in the Company were cancelled and the Company ceased to be its Wholly-owned Subsidiary.

Issue of shares to shareholders of Demerged Company and listing of the shares

Pursuant to the Scheme, the shareholders of the Demerged Company are entitled for issue and allotment of corresponding number of equity shares of ₹1/- each in the Company. The shares so issued will be listed on the same Stock Exchanges where the equity shares of the Demerged Company are listed viz., the BSE Limited and the National Stock Exchange of India Limited. Necessary formalities are being complied with for issue and allotment of equity shares in the Company to the shareholders of the Demerged Company and for the listing of the said shares thereafter.

During the year under review, the Company has not issued shares with differential voting rights and sweat equity shares.

2. Business Environment

During 2016-17, despite persevering global sluggishness, the Indian economy continued to consolidate gains achieved in restoring macro-economic stability. Measures taken by the Government for fiscal consolidation through rationalisation of expenditure, efforts to raise revenues, thrust on administrative measures for co-operative financial governance and active steps for controlling inflation have contributed significantly to the stability of Indian economy. India thus remains one of the fastest growing economies of the World despite the temporary negative consumption shock induced due to the recent demonetisation measure of the Government. However, the impediments faced by private investment in the form of corporate debt overhang, stress in the financial sector where non-productive assets (NPAs) continue to increase, excess capacity, and sharp regulatory & policy challenges could prove to be dampeners imparting downside pressures on economic growth. Rapid increases in oil and other commodity prices could also lead to a negative terms-of-trade shock. On the other hand, recent

developments like smooth implementation of the Goods and Services Tax (GST) and faster resolution of banking sector stress could prove to be the welcome positives. India's economic growth for 2016-17 is at 7.1%, which is further expected to accelerate to 7.2% in 2017 and 7.7% in 2018.

Globally, 2016-17 was a witness to continued uncertainties including rising global protectionism and a renewed slowdown in the Chinese economy which could delay a meaningful recovery of external demand. However, economic activity around the globe is picking up with a long-awaited cyclical recovery in investment, manufacturing, and trade, World growth is expected to rise from 3.1% in 2016 to 3.5% in 2017. Stronger activity, expectations of more robust global demand, reduced deflationary pressures, and optimistic financial markets are all upside developments that reflect in the positive outlook.

In an eventful year that witnessed diesel vehicle ban, demonetisation and ban on sale and registration of BS (Bharat Stage)-III vehicles, the Indian automobile sector managed to grow 7% during 2016-17. In the four wheeler segment, passenger vehicle and commercial vehicle sale volumes were up by 9%. In the two wheeler segment, while scooters grew by 11%, motor cycles showed a modest growth of 4%.

3. Standalone Financial Highlights

₹ in Crores

Particulars	2016-17*	2015-16*
Revenue from Operations	**4415.89**	-
Profit Before Tax	**201.50**	-
Tax Expense	(42.55)	-
Net Profit for the Year	**158.95**	-

* Consequent to the demerger of the Manufacturing Business Undertaking from the Demerged Company with effect from 1st April 2016 and vesting of the same in the Company, the Company is engaged in manufacturing business. Accordingly, figures for the financial year ended 31st March 2016 and 31st March 2017 are not comparable.

4. Performance Overview

Note: Any reference to previous year performance/figures relating to 2015-16 in this Report is for ease of relative comparison and for understanding only. In view of the foot note under the tabulation in "3. Standalone Financial Highlights" as above, the performance/figures relating to the financial years 2016-17 and 2015-16 are not comparable.

During the year 2016-17, the Company achieved a gross turnover of ₹4208 Cr., growing 4% over the previous year's ₹4041 Cr. The Profit before Depreciation, Interest, exceptional items and Tax was at ₹395 Cr. as against ₹365 Cr in the previous year, a growth of 8%. The Profit before Tax was at ₹202 Cr. as against ₹84 Cr. in the previous year.

The Cycles and Accessories segment recorded revenue of ₹1359 Cr as compared to ₹1491 Cr during 2015-16, a de-growth of 9%, since sales were affected due to demonetisation. The operating profit before interest and tax stood at ₹36 Cr. as compared to ₹79 Cr. during the previous year.

The Engineering segment registered revenue of ₹2077 Cr. as compared to ₹1821 Cr. during the previous year, a growth of 14%. The operating profit before interest and tax stood at ₹146 Cr. as compared to ₹94 Cr. during 2015-16. The increase in profits was mainly due to exports and stabilisation of the Large Diameter Tube manufacturing facility.

The Metal Formed Products segment recorded revenues of ₹1141 Cr. as compared to ₹1044 Cr. during the previous year, a growth of 9%. The operating profit before interest and tax stood at ₹92 Cr. as compared to ₹86 Cr. during the previous year, a growth of 7%.

5. Business Review – Standalone

5.1. Cycles and Components

TI's Presence

The Cycles and Components segment of the Company comprises bicycles of the Standard and Special variety including alloy bikes & specialty performance bikes, bicycle components sold as spares and home fitness equipment.

Industry Scenario

Bicycles fall under two distinct categories – Standard and Special. While the Standard cycles are largely used for commuting, especially in small towns & rural areas, the Specials cycles have come to be looked at as a product for fun, fitness and leisure activities. As per the industry estimates, bicycle industry volumes declined approximately by 8% during 2016-17. While orders from the Government Schemes witnessed a decline from the record levels of the previous year, trade volumes witnessed a decline of around 10% during the year. 2016-17 was a very challenging year for the bicycle

industry, with consumer demand adversely impacted by the effects of demonetisation and drought in parts of the country. On the other hand, increasing aspirations, higher purchasing power, international exposure to usage patterns and growing fitness consciousness are providing impetus to the use of high-end special bicycles, the sale volumes of which have continued to grow steadily year-on-year.

Nearly 80% of the country's requirements are met by four major players. The smaller regional players and imports constitute the balance. The Company enjoys a share of over one-third of the total organised market with a much higher share in the premium segment.

Review of Performance

The segment sold over 40 lakh bicycles during the year, which was however lower by 13% over 2015-16. The business retained overall market share in trade cycles and made significant gains in Specials. The segment continues to focus on creating an enhanced retail experience especially with regard to the Specials and premium segment. The Company's exclusive retail outlets have been brought under a common brand of "Track & Trail" with a consistent online presence. 35 new Track & Trail outlets were opened in 2016-17 and many more migrated from the older format, taking the total of exclusive Track & Trail outlets to 100. The segment also made a strong entry into e-commerce with a presence in 3 online marketplaces apart from its own e-commerce portal, www.trackandtrail.in

'Ciclo Café', a new retail concept of cafe-cum-cycle store, which was launched in Chennai in 2014-15 to promote the sale of high-end bicycles and to strengthen the presence amongst cycling communities, was spun off as a joint venture so as to expand to other cities like Hyderabad and Gurugram.

The Company set up a dedicated team (Premium Cycles Group or PCG) to focus on the development and growth of premium performance bicycles in India. A key development in this direction was the launch of the World renowned 'Ridley' brand of bicycles in India, including an India-specific product portfolio during the year. The range of premium cycles under the Montra and Roadeo brands is being expanded further giving Indian consumers international quality bicycles at affordable prices.

The Company inaugurated a state-of-the-art bicycle manufacturing plant at Rajpura (Punjab) during the year, with an installed capacity of 2,50,000 bicycles per month. The Rajpura facility will enable the segment take advantage of an established vendor base available nearby in Ludhiana. As a consequence, operations at an older plant in a leased premises in North India were wound down to derive cost efficiencies.

Exports of bicycles during the year grew at a very healthy pace, tapping into opportunities in Europe. Debottlenecking of capacity at the Ambattur facility is proposed which would help the Company grow its exports further.

5.2. Engineering

TI's Presence

The Engineering Segment of the Company consists of cold rolled steel strips and precision steel tubes viz., Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). These products primarily cater to the needs of the automotive, boiler, bicycle, general engineering and process industries. The Company is further engaged in the manufacture of large diameter welded tubes mainly for non-auto application which are largely imported.

Industry Scenario

The overall automotive industry grew by 5% during 2016-17. The passenger vehicle, commercial vehicle and two-wheeler segments registered growth of 9%, 3% and 6% respectively over the last fiscal. Within the two wheeler segment, the sale volumes in scooters and motorcycles grew by 12% and 2% respectively.

In Cold Rolled Steel Strips, the Company continued to be a 'niche player' in a market dominated by integrated steel manufacturers by focussing on special grades catering to varied applications in different sizes and grades.

Review of Performance

The Engineering segment continued on the growth path on the back of growth in the domestic auto industry and in exports by taking good advantage of the capabilities, regional plants and distribution network of the segment.

During the year, volumes of the precision steel tubes business grew 9%, while the cold rolled steel strips business grew 7%. The large diameter tube manufacturing plant, which caters to the requirements of the power,

infrastructure, off-highway and general engineering segments further stabilised during the year. Plans have been drawn up for optimum utilisation of this facility and improvement in the market share.

During the year under review, the segment registered revenue of ₹2077 Cr. as compared to ₹1821 Cr. during the previous year. The operating profit before interest and tax stood at ₹146 Cr. as compared to ₹94 Cr. during 2015-16.

Increase in volumes in the domestic market and exports, modernisation of facility and further enhancement in efficiencies were the key business emphasis areas aiding improved profitability during 2016-17.

Some U.S. steel tubular products manufacturers have filed petitions before U.S. authorities alleging dumping/unfair imports of cold-drawn steel mechanical tubes, supported by countervailable subsidies from the respective national Governments, from the People's Republic of China, the Federal Republic of Germany, India, Italy, the Republic of Korea, and Switzerland, resulting in material injury to the U.S. domestic industry. The proceedings are currently on before the United States Department of Commerce and the United States International Trade Commission. The Company is represented by a reputed US firm dealing with trade cases in the said proceedings to defend its interest.

5.3. Metal Formed Products

TI's presence

Automotive & industrial chains, fine blanked products, stamped products, roll-formed car doorframes and cold rolled formed sections for railway wagons and passenger coaches constitute the Metal Formed Products segment.

Industry scenario

The two wheeler segment grew 6%, the scooter segment by 12% and the passenger car segment by 9%, during 2016-17. The segment is one of the three major players manufacturing roller chains and fine blanked parts for the automotive industry in India. The replacement market for chains and sprockets continued to register a good growth due to the increasing two wheeler population. The domestic demand for industrial chains has grown moderately.

Currently, there are three established roll-formed car doorframe manufacturers in the country. The international car majors continue to invest in the country and are increasingly using India as an export base. As a result, many component manufacturers have the opportunity to cater to the global needs of automobile manufacturers and their Tier 1 suppliers. Within the railway segment, the freight sub-segment is yet to show any sign of a major revival. A pick-up was witnessed with regard to the passenger coach sub-segment with the segment supplying 159 coaches to the Integral Coach Factory, Chennai (ICF).

Review of Performance

Sale of automotive chains to OEMs (Original Equipment Manufacturers) grew negatively at 3% when compared to 2015-16. The Company continued to expand its presence in the aftermarket segment benefiting from the two-wheeler population growth. Sale of industrial chains in the domestic market recorded a growth of 15% during the year due to new products developed substituting the imports as well as through the appointment of dealers in growing industrial belts. Fine blanked components volumes grew by 5% primarily through new parts developed for the four wheeler segment. Though exports registered a growth of 4% over 2015-16, the challenges faced continued due to the difficult demand conditions in Europe, with a weak Euro affecting realisations.

Doorframe sale volumes were higher at 6% during 2016-17 due to higher sales on selected models with two of the renowned auto majors. The focus is on generating more business from the auto OEMs, leveraging the Tier-1 position with specific emphasis on roll form channels and other tubular parts used in passenger cars. In addition, growing the casings vertical with efforts spread across sectors and geographical regions catering to new customers for both four wheeler and two wheeler auto electrical manufacturers, strengthening the current position in respect of coach parts, expanding the customer base beyond ICF and foraying into agri-rotovators blades and other farm implements are some of the opportunities that will be looked into closely to sustain the drive towards growth.

The chains business segment will be pursuing its core business processes to successfully handle fluctuations as well as change in the product mix to meet customers demand in order to grow. The auto aftermarket continues to provide opportunities for growth notwithstanding good competition and the business expects to strengthen on the sales structure, deepen its coverage and launch new products for new categories.

During the year under review, the segment recorded revenue of ₹1141 Cr. as compared to ₹1044 Cr. during the previous year, a growth of 9%. The operating profit before interest and tax stood at ₹92 Cr. as compared to ₹86 Cr. during the previous year, a growth of 7%.

6. Dividend

The Board of Directors has recommended a Dividend of ₹2 per share on equity share of face value of ₹1 each for the financial year ended 31st March 2017. The Company has not declared any interim dividend during the year. The Dividend, if approved by shareholders, will be paid on or after 10th November 2017.

7. Share Capital

The Equity Share Capital of ₹0.11 Cr. of the Company as on the Appointed Date shall stand cancelled. The Company shall issue and allot 1 (One) fully paid up Equity Share of ₹1 (Rupee One Only) each for every 1 (One) fully paid up equity share of ₹2 (Rupees Two) each held in the Demerged Company.

8. Finance

Cash and Cash Equivalents as at 31st March 2017 were ₹19 Cr. The Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

8.1. Non-Convertible Debentures

During the year, Non-Convertible Debentures (NCDs) aggregating ₹700 Cr. were redeemed and NCDs for ₹100 Cr. were issued. As on 31st March 2017, NCDs aggregating ₹475 Cr. were outstanding.

8.2. Long-term buyers credit

During the year, the long-term buyers credit of ₹33 Cr. was repaid. The Company does not have any long-term buyers credit outstanding at the end of the year.

8.3. Deposits

The Company has not accepted any fixed deposits under Chapter V of the Companies Act, 2013 and as such no amount of principal and interest were outstanding as on 31st March 2017.

8.4. Particulars of Loans, Guarantees or Investments

During the year, the Company has not invested or given any loans or guarantees under the provisions of Section 186 of the Companies Act, 2013.

9. Consolidated Financial Highlights ₹ Cr.

Particulars	2016-17*	2015-16*
Revenue from Operation	**4820.20**	**-**
Profit Before Tax	**221.10**	**-**
Tax Expense	(46.75)	-
Profit for the year before Minority Interest	**174.35**	**-**
Share of Profit attributable to Minority Interest	(6.73)	-
Net Profit for the Year	**167.62**	**-**

* Consequent to the demerger of the Manufacturing Business Undertaking from the Demerged Company with effect from 1st April 2016 and vesting of the same in the Company, the Company is engaged in manufacturing business. Accordingly, figures for the financial year ended 31st March 2016 and 31st March 2017 are not comparable.

The Company's consolidated Net Profit for the year was at ₹174 Cr.

10. Business Review – Subsidiaries and Joint Venture

10.1. Shanthi Gears Ltd (SGL)

SGL, a subsidiary of the Company, recorded a revenue of ₹204 Cr. in 2016-17 against ₹182 Cr. in the previous year. Profit before tax was ₹29 Cr. (previous year: ₹23 Cr.). During the year, SGL renewed its focus on re-establishing itself in the market and gaining new customers.

SGL continued to look at enlarging its market presence, create a robust channel, enhance its process capabilities and launch new products to meet the growing expectations of customers.

10.2. Financière C10 SAS (FC10)

FC10, the Company's wholly-owned subsidiary in France, recorded a consolidated turnover of Euro 30 Mn in 2016 (previous year: Euro 33 Mn). The loss before tax for the year was Euro 0.19 Mn (previous year: loss before tax Euro 0.20 Mn). The consolidated results of FC10 include results of its subsidiaries viz., Sedis SAS, S2CI in France (merged with Sedis SAS), Sedis GmbH in Germany and Sedis Co Ltd in UK.

10.3. TI Tsubamex Private Limited (TTPL)

TTPL is a joint venture of the Company with M/s. Tsubamex Company Limited, Japan to engage in the business of design and engineering of sheet metal dies and fixtures and providing related services. The Company holds 75% of TTPL's equity capital.

The year 2016-17 was TTPL's first full year of manufacturing operations. The company experienced good volumes in

terms of business from its target customers. The year closed with an order load of about ₹25 Cr. TTPL's focus during the year was in setting up the manufacturing system and establishing a vendor base for supply of castings with rough machining. The company fell short of the revenue target since training of fresh operators and establishment of vendor base took longer than expected. The joint venture partner is providing continuous support by way of assigning specific experts to work alongside TTPL's employees and impart specific skills in die assembly and die finishing.

TTPL achieved a turnover of ₹4.90 Cr. for 2016-17 and recorded a loss before tax of ₹0.21 Cr. (previous year: ₹3.69 Cr.).

10.4. TI Absolute Concepts Private Limited (TIACPL)

TIACPL is the joint venture between the Company and M/s. Absolute Speciality Foods Chennai Private Limited with regard to the operation of bicycle theme based restaurants under the concept of 'Ciclo Café'.

During the year under review, the Company had invested an aggregate ₹10 Cr. in the equity share capital of TIACPL, with the joint venture partner also making an equal contribution as envisaged under the Joint Venture Agreement.

TIACPL has established Ciclo Cafes at Kotturpuram (Chennai), Hyderabad and Gurugram.

In its first year of operations, TIACPL achieved a turnover of ₹2.65 Cr. for 2016-17 and recorded a loss before tax of ₹5.45 Cr.

The Statement containing salient features of the financial statements of the Company's subsidiaries and the joint ventures is attached as Annexure-A. The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with the Indian Accounting Standards, form part of the Annual Report.

Further, consequent to the demerger, effective 1st April 2016, the Appointed Date under the Scheme of Arrangement (Demerger), Cholamandalam Investment and Finance Company Limited ceased to be an Associate of the Company, Cholamandalam MS General Insurance Company Limited ceased to be subsidiary of the Company and Cholamandalam MS Risk Services Limited ceased to be the Joint Venture of the Company,

11. Financial Review

11.1. Profits & Profitability

The Profit before Depreciation, Interest, exceptional items and tax registered a growth of 8% over the previous year. The Profit before Tax registered a growth of 141%, through continued control on costs, better operating efficiencies, stabilisation of Large Diameter Tube Plant and reduction of Interest costs. On certain occasions, the Company was not able to fully recover the increase in cost from its customers.

All the business segments of the Company maintained their focus on servicing customers, improving efficiencies, controlling working capital and reducing resources employed in the business.

11.2. Capital Expenditure

The Company's Large Diameter Tube manufacturing plant got stabilised during the current year. The Company continues to invest in facilities with a view to servicing its customers in a more timely and efficient manner, modernising its assets and aims to be the best in class. The Company continues to assess the trends emerging in the industry and the changing requirements of its customers and invest appropriately for the long-term. The new green-field bicycle plant at Punjab with a production capacity of 2,50,000 bicycles per month was inaugurated during the year. The Company also started construction of a new plant in Rajpura, Punjab to manufacture precision tubes. The Company provides for accelerated depreciation with respect to some of its assets to reflect the remaining estimated useful life given the dynamic market conditions.

11.3. Interest Cost

The Company's average cost of borrowing reduced to 7.97% p.a., since interest cost for the year was lower due to the lower quantum of borrowings and lower interest rates.

11.4. Internal Control Systems

Internal control systems in the organisation are looked at as the key to its effective functioning. The Internal Audit team periodically evaluates the adequacy and effectiveness of these internal controls, recommends improvements and also reviews adherence to policies based on which corrective action is taken to address gaps, if any.

Revenue and capital expenditures are governed by approved budgets and the levels are defined by a delegation of authority mechanism. Review of capital expenditure is undertaken with reference to benefits expected in line with the policy for the same.

Investment decisions are subject to formal detailed evaluation and approved by the relevant authority as defined in the delegation of authority mechanism. The Audit Committee reviews the plan for internal audit, significant internal audit observations and functioning of the Company's Internal Audit department on a periodic basis.

11.5. Internal Financial Control Systems with reference to the Financial Statements

The Company has a formal system of internal financial control to ensure the reliability of financial and operational information and regulatory & statutory compliances. The Company's business processes are enabled by an Enterprise-wide Resource Platform (ERP) for monitoring and reporting processes resulting in financial discipline and accountability.

12. Enterprise Risk Analysis and Management

Risk management refers to the formal processes whereby risks associated with the "enterprise", as a whole, are managed. Risk management encompasses the following sequence:

- Identification of risks and risk owners
- Evaluation of the risks as to likelihood and consequences
- Assessment of options for mitigating the risks
- Prioritising the risk management efforts
- Development of risk management plans
- Authorisation for the implementation of the risk management plans
- Implementation and review of the risk management efforts

Risk management strengthens the robustness of the business. The Company has an established risk assessment and minimisation procedure. There are normal constraints of time, efficiency and cost.

Some of the risks associated with the business and the related mitigation plans are discussed hereunder. The risks given below are not exhaustive and the evaluation of risk is based on management's perception.

A Risk Management Committee of the Board of Directors has been constituted in July, 2017 specifically to identify/ monitor key risks of the Company and evaluate the management of such risks for effective mitigation. Review of the risks and related mitigation plans across the various SBUs of the Company will form part of the agenda for the meetings of the Committee

12.1. Bicycles and Components

Risk	Why considered as Risk	Mitigation Plan / Counter Measure
Product Obsolescence Risk	● Availability of alternatives ● Increased affordability for motorised vehicles ● Shrinking road space for cycling	● Higher variety, especially of premium bikes ● Products based on customer need ● "Cycling" as a concept beyond commuting – leisure, fitness, fun and recreation
Price Risk	● High competition leading to reduction in prices	● Cost competitiveness through new facility at Rajpura ● Development of lower cost Kids models ● Consumer insight based new product development and improving quality of aesthetic
Sourcing Risk	● Dependence on vendor base ● Consistent quality and supplies ● 25% of vendors located in residential area	● Continuous upgrading of vendor capability ● Relationship building ● Imports from quality sources ● Reconfigure & relocate vendor base
Competition Risk	● Competition from domestic suppliers ● Imports	● Enhancing the Brand awareness ● Introducing new models with a healthy innovation funnel ● Consistent quality and timely delivery ● Enhancing price competitiveness

12.2 Engineering

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
User Industry Concentration Risk	● Significant exposure to auto sector ● Time lag in pass through of input cost changes	● New products/applications to existing new customers ● Introduction of new products catering to non-auto users ● Leverage application engineering skills for tubular solutions ● Drive operational efficiencies vigorously ● Cost reduction through operational excellence initiatives
Technology Obsolescence Risk	● Cheaper alternatives for auto applications affecting revenue streams	● Strategic alliance with educational/ research institutions ● Imbibing new and relevant technologies ● Equipment upgradations
Raw Material Risk	● Volatility in steel price ● Inconsistency in quality ● High inventory holding	● Alliance with steel producers ● Global sourcing ● Strategic sourcing ● Rationalisation and standardisation of grades ● Move to products with higher value addition
Competition Risk	● Competition from integrated steel mills ● New entrants with financial strength ● Imports	● Consistent quality and timely delivery ● Product range of offering leveraging all businesses of the Company ● Innovate on products, process and applications ● Leveraging metallurgy skills ● Enhancing competitiveness ● Lock-in with customers

12.3 Metal Formed Products

Risk	Why considered as Risk	Mitigation Plan / Counter Measure
Product Risk	● Revenues are model specific	● Indigenisation of equipment ● Pursue options for other business using the same facilities ● Model specific investments to be done by OEMs ● More rigorous analysis of risks before taking up the project
User Industry Concentration Risk	● Dependence on auto sector ● Impact of slow down	● Diversification into non-auto business ● Focus on industrial applications ● Develop range of power transmission products
Customer Retention Risk	● Availability of alternative source ● Disruption in supplies	● Cost competitiveness through Operational Excellence initiatives ● Leverage design strength ● Leverage proximity to customer ● Build technology superiority ● Product - plant rationalisation
Entry of competition	● Low technology barrier ● Impact on profit	● Leverage position with customer as technology leader ● Continuous upgrading of technical specifications ● Cost reduction ● Concentration in focus markets
Entry of internationally established players in domestic market	● Better product range ● Tie-up with local player/end user ● 'High quality' image	● Enhance product portfolio leveraging acquisition ● Leverage leadership and competitive position in industry ● Strengthen collaboration with R&D team of customers ● Pursue opportunities in systems/ components ● Pursue options for collaborating with other multi-national player(s) of repute
Sourcing Risk	● Dependence on few vendors for certain components	● Vendor relationship building ● Enhancing vendor base, both locally as well as overseas ● Leveraging strength of combined entity
Pricing Risk	● Year-on-Year price reduction. ● Price recovery due to dependence on few OEMs	● Utilisation of existing assets, optimal investment assumptions and reduced cost of operations. ● Value engineering and value analysis in business re-engineering process. ● Claims from customer for lower volumes.
User Industry Concentration Risk	● Dependence on auto sector ● Impact of slow down	● Diversification into non-auto business viz. railways and agri.

12.4. General

Risk	Why considered as Risk	Mitigation Plan/Counter Measure
HR Risk	● Ability to attract talent, especially people with domain knowledge for new projects ● Retention of talent	● Corporate brand building ● Robust recruitment process ● Structured induction and on the job training ● Coaching and team building ● Individual career and development plan ● Effective communication exercises ● Continuous engagement with identified talent pool ● Deskill operations
Internal Control Risk	● Multiple locations	● Review of controls in a structured manner, at defined frequency ● Risk based audit of controls
Currency Risk	● Foreign currency exposure on exports, imports and borrowings	● Early identification and monitoring of exposures ● Hedging of exposures based on risk profile
IT Related Risk	● Confidentiality, integrity and availability	● Access controls ● Secure Network Architecture ● Infrastructure redundancies & disaster recovery mechanism ● Audit of controls
Project Management Risk	● Delay in implementation ● Increase in cost ● Potential delay in stabilisation of production.	● Effective project management ● Pre-implementation planning ● Deployment of adequate resources ● Effective monitoring

13. Social Commitment

The Company, being part of the Murugappa Group, is known for its tradition of philanthropy and community service. The Company's philosophy is to reach out to the community by establishing service-oriented philanthropic institutions in the field of education and healthcare as the core focus areas. In accordance with the requirements of the CSR provisions in the Companies Act, 2013, the Company has put in place a CSR policy incorporating the requirements therein which is also available on the Company's website at the following link, http://www.tiindia.com/article/values/467.

The Company has also constituted a Corporate Social Responsibility (CSR) Committee of the Board post demerger during the current year. This Committee will identify and oversee implementation of the CSR activities of the Company from the current year onwards.

14. Corporate Governance

Your Company is committed to maintaining high standards of corporate governance.

Pursuant to the Scheme of Arrangement (Demerger), the Company will be issuing and allotting equity shares to the shareholders of the Demerged Company and post allotment, the said shares will be listed on the BSE Ltd., and the National Stock Exchange of India Ltd. The Company will accordingly be ensuring total compliance with the requirements of the Listing Agreements and the SEBI Listing Regulations although its shares are not listed on the Stock Exchanges.

15. Human Resources

The Company continues to leverage its strength of human capital by attracting the right talent, nurturing and retaining them. The key HR imperatives were addressed through strategic initiatives namely leadership development, capability building, innovation, productivity improvement, operational excellence, employee relations and engagement, digitisation, talent acquisition & corporate social responsibility.

The focus during the year remained on identifying and developing succession pipeline for critical positions in middle and senior management levels. One of the key actions taken up is the review and support in implementation of Individual Development Plans (IDPs). The IDPs of the participants of different leadership & transition management programs viz. Ascend, Aspire etc., are being reviewed regularly and various actions including on-the-job projects, job enlargement/rotation, mentoring etc., are being provided to the individuals. Further, inputs are provided to employees to continuously upgrade their competencies through training programs and other interventions.

With the objective of promoting Innovation in the Organisation, "3 Box Innovation" framework was launched and through this initiative, several groups of employees were covered through awareness workshops.

Many new initiatives were taken up for enhancing productivity and reducing the cost through Industrial Engineering projects. The drive on Operational Excellence gained further momentum with the focus being on developing the capabilities of OPEX zone champions, facilitators and Subject Matter Experts (SMEs).

A total of 207 employees were recruited during the year across all functions & units. The number of permanent employees on the rolls of the Company as on 31st March 2017 was 3481.

Industrial relations remained cordial at all the Company's units during the period under review.

The information relating to employees and other particulars required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members excluding the information on employees, particulars of which are available for inspection by the Members at the Registered Office of the Company during business hours on all working days of the Company up to the date of the forthcoming Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in the said regard.

The disclosure with regard to remuneration as required under Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached and forms part of this Report as Annexure-B.

16. Prevention of sexual harassment at workplace

The Company has policy on prevention of sexual harassment at workplace in line with the requirement of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment has been constituted. The policy extends to all employees (permanent, contractual, temporary and trainees). Employees at all levels are being sensitised about the new policy and the remedies available thereunder. No complaints were received and disposed off during the year under review.

17. Employee Stock Option Scheme

Details in respect of the Company's Employee Stock Option Scheme viz., ESOP - 2017 as required under the relevant SEBI Regulations are displayed in the Company's website at the following link, http://www.tiindia.com/article/values/554.

In terms of the Scheme of Arrangement, the Company as the Resulting Company will have to issue one Stock Option for every Stock Option held in the Demerged Company. It is further envisaged under the Scheme of Arrangement that the existing price of the Stock Options of the Demerged Company shall stand suitably adjusted in an appropriate manner as determined by the Nomination and Remuneration Committee of the Demerged Company and the balance of the exercise price shall become the exercise price of the Stock Options issued by the Resulting Company.

In accordance with the requirement of the Scheme of Arrangement that the Company as the Resulting Company shall take necessary steps to formulate stock option

schemes by adopting the Existing Stock Option Schemes of the Demerged Company, the Company has, with necessary approvals and in the manner required under the Scheme, introduced a new Employee Stock Option Plan 2017 ("ESOP 2017").

18. Directors' Responsibility Statement

The Board of Directors confirm that the Company has in place a framework of internal financial controls and compliance system, which is monitored and reviewed by the Audit Committee and the Board besides the statutory, internal and secretarial auditors. To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

a) that in the preparation of the annual Financial Statements for the year ended 31st March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2017 and of the profit of the Company for the year ended on that date;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) that the annual Financial Statements have been prepared on a going concern basis;

e) that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and were operating effectively; &

f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. Auditors

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (LLP Identity no.AAB-4295), were appointed as the Statutory Auditors of the Company at the Extra-ordinary General Meeting of the Company held on 29th March 2017 for the financial year, 2016-17 in the casual vacancy caused by the resignation of M/s. R G N Price & Co., Chartered Accountants. They hold office till the conclusion of the ensuing Annual General Meeting.

It is proposed to appoint M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, as the Statutory Auditors of the Company for a period of five years from the conclusion of the ensuing 9th Annual General Meeting till the conclusion of the 14th Annual General Meeting.

M/s. S.R. Batliboi & Associates LLP., Chartered Accountants have confirmed that they are eligible under Section 141 of the Companies Act, 2013 ("the Act") and the Rules thereunder for appointment as the Statutory Auditors and have further furnished their consent under the second proviso to Section 139 of the Act and also other necessary confirmations. Further, they have also furnished a copy of the certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Board recommends the appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants as the Statutory Auditors for a five-year period and on terms of remuneration as set out in the resolution contained in the Notice of the ensuing Annual General Meeting.

M/s. S Mahadevan & Co., (firm no.000007), Cost Accountants were appointed as the Cost Auditors of the Company for auditing the cost accounting records maintained by the Company in respect of the applicable products for the financial years, 2016-17 and 2017-18. Necessary resolutions for ratification of their remuneration in respect of the aforesaid terms of appointment form part of the Notice for the ensuing Annual General Meeting.

In respect of the financial years, 2015-16 and 2016-17, the Cost Audit and Compliance Reports relating to the applicable products, audited by the Cost Auditors, were filed electronically in XBRL mode, on 26th August 2016 and 7th September 2017 viz., within the prescribed time limit.

20. Related Party Transactions

All related party transactions that were entered into during the financial year under review were on an arm's length basis and were in the ordinary course of business. There

are no materially significant related party transactions during the year which may have a potential conflict with the interest of the Company at large. Necessary disclosures as required under the Indian Accounting Standards have been made in the notes to the Financial Statements.

The policy on Related Party Transactions as approved by the Board is uploaded and is available on the following link on the Company's website, http://www.tiindia.com/article/values/476. None of the Directors had any pecuniary relationships or transactions vis-à-vis the Company.

21. Directors

Consequent to the demerger of the Manufacturing Business Undertaking and vesting thereof into the Company, to facilitate reconstitution of the Board, Mr. N Prasad and Mr. S Suresh resigned as Directors with effect from 1st August 2017. Earlier, Mr. Arjun Ananth, resigned as Director with effect from 14th October 2016 for personal reasons. The Board places on record its appreciation of the services rendered by them during their term as Directors of the Company.

Mr. M M Murugappan (Promoter, Non-Executive Director), Mr. Hemant M Nerurkar (Independent Director), Ms. Madhu Dubhashi (Independent Director), Mr. Pradeep V Bhide (Independent Director) and Mr. S Sandilya (Independent Director) were appointed as Additional Directors of the Company with effect from 1st August 2017. Mr. M M Murugappan was elected as the Chairman of the Board of Directors of the Company.

Mr. L Ramkumar was appointed as Managing Director of the Company with effect from 1st August 2017 till the conclusion of the Annual General Meeting of the Company in 2018, subject to the approval of the shareholders.

Mr. Vellayan Subbiah was appointed as Additional Director and Managing Director (Designate) with effect from 19th August 2017, subject to the approval of the shareholders. In terms of his appointment, he will hold office as Managing Director of the Company after the completion of term of Mr. L Ramkumar.

A resolution proposing the appointment of Mr. L Ramkumar as a Director. under Section 152 of the Companies Act, 2013 ('the Act'), forms part of the Notice for the ensuing Annual General Meeting.

Mr. Hemant M Nerurkar, Ms. Madhu Dubhashi, Mr. Pradeep V Bhide and Mr. S Sandilya, Independent Directors, offer themselves for appointment as Independent Directors pursuant to Section 149 of the Act. Each of them has furnished necessary declaration in terms of Section 149(6) of the Act affirming that they meet the criteria of independence as stipulated thereunder.

The Board takes pleasure in recommending the appointment of Mr. M M Murugappan, Mr. L Ramkumar, Mr. Hemant M Nerurkar, Ms. Madhu Dubhashi, Mr. Pradeep V Bhide, Mr. S Sandilya and Mr. Vellayan Subbiah at the forthcoming Annual General Meeting as Directors as per details contained in the Notice for the ensuing Annual General Meeting.

Necessary resolutions proposing the appointment of Mr. L Ramkumar as Managing Director and Mr. Vellayan Subbiah as Managing Director (Designate)/Managing Director and the terms and conditions relating to the same form part of the Notice of the ensuing Annual General Meeting. The Board takes pleasure in recommending the appointment of Mr. L Ramkumar as Managing Director and Mr. Vellayan Subbiah as Managing Director (Designate)/ Managing Director as per the details contained in the Notice of the Annual General Meeting.

22. Declarations/Affirmations

During the year under review:

- the Manufacturing Business Undertaking of the Demerged Company was transferred and vested into the Company pursuant to the Scheme of Arrangement as per details furnished in paragraph 1 above [Scheme of Arrangement, Share Capital and Listing of Equity Shares]. Consequently, the business of the Company is in the nature of manufacturing business;
- apart from the demerger of the Manufacturing Business Undertaking which has been given effect in the Financial Statements, there were no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate viz., 31st March 2017 and the date of this Report; &
- there were no significant material orders passed by the regulators or courts or tribunals impacting the Company's going concern status and its operations in future.

23. Annual Return

Extract of the Annual Return is annexed and forms part of this Report as Annexure-C.

24. Key Managerial Personnel

Mr. L Ramkumar, Managing Director, Mr. K Mahendra Kumar, Chief Financial Officer and Mr. S Suresh, Company Secretary are the Key Managerial Personnel (KMPs) of the Company as per Section 203 of the Companies Act, 2013. They were appointed to their above referred offices as KMPs with effect from the close of business hours on 1st August 2017.

Mr. L Ramkumar also holds office as the Managing Director of TI Tsubamex Private Limited, the Company's die manufacturing joint venture & subsidiary with Tsubamex Co. Limited, Japan on 'nil' remuneration.

Mr. Vellayan Subbiah was appointed as the Managing Director (Designate) – KMP with effect from 19th August 2017.

25. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith and forms part of this Report as Annexure-D.

The Directors thank all Customers, Vendors, Financial Institutions, Banks, State Governments, Joint Venture Partners and Investors for their continued support to your Company's performance and growth. The Directors also wish to place on record their appreciation of the contribution made by all the employees of the Company resulting in the good performance during the year under review.

On behalf of the Board

M M Murugappan
Chairman

Chennai
9th August 2017

Form AOC – I

Annexure-A

Part A - Information in respect of each Subsidiary

₹ In Cr.

Sl. No.	Name of the Subsidiary	Shanthi Gears Limited	Financiere C10	Sedis SAS	Sedis Company Limited	Sedis GmbH
1	Reporting period of the subsidiary	31-Mar-17	31-Dec-16	31-Dec-16	31-Dec-16	31-Dec-16
2	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR	EUR 1 EUR = ₹71.66	EUR 1 EUR = ₹71.66	GBP 1 GBP = ₹83.69	EUR 1 EUR = ₹71.66
3	Share Capital	8.17	24.07	46.48	1.63	0.19
4	Reserves & Surplus	298.15	51.88	12.43	1.83	(0.19)
5	Total Assets (Non-Current and Current Assets)	347.55	94.68	170.92	8.64	2.31
6	Total Liabilities (Non-Current and Current Liabilities)	41.23	18.73	111.91	5.18	2.31
7	Investments (Non-Current + Current Investments)	69.77	75.34	4.12	-	0.05
8	Turnover	199.90	5.08	224.02	8.79	1.94
9	Profit / (Loss) Before Tax	28.50	5.89	0.45	0.03	(0.19)
10	Provision / (Reversal) for Tax	5.99	-	(1.55)	-	-
11	Profit / (Loss) After Tax	22.51	5.89	2.00	0.03	(0.19)
12	Proposed Dividend	₹0.75 per equity share	-	-	-	-
13	% of Shareholding	70.12%	100%	100%	100%	100%

Part B - Joint Ventures

(Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures)

Sl. No.	Name of the Associate / Joint venture company	TI Tsubamex Private Limited (Joint Venture Company)	TI Absolute Concepts Private Limited (Joint Venture Company)
1	Latest Audited Balance Sheet Date	31-Mar-17	31-Mar-17
2	Share of Associate / Joint Venture held by the Company on the year end		
	No. of Shares	1,95,00,000	1,00,00,000
	Amount of Investment	₹19.50 Cr.	₹10.00 Cr.
	Extent of Holding (%)	75%	50%
3	Description of how there is significant influence	Through shareholding	Through shareholding
4	Reason why the Associate / Joint venture is not consolidated	It is getting consolidated in the Company's Consolidated Financials	It is getting consolidated in the Company's Consolidated Financials
5	Net worth attributable to shareholding as per latest audited Balance Sheet	₹9.50 Cr.	₹7.27
6	Loss for the year		
	i. Considered in Consolidation	₹4.72 Cr.	₹2.73 Cr.
	ii. Not Considered in Consolidation	Nil	Nil

Notes:

1. Names of Associate / Joint Ventures which are yet to commence operations - Nil
2. Names of Associate / Joint Ventures which have been liquidated or sold during the year - Nil

On behalf of the Board

Place: Chennai Date: 9th August 2017	**S Suresh** Company Secretary	**K Mahendra Kumar** Chief Financial Officer	**L Ramkumar** Managing Director	**M M Murugappan** Chairman

DISCLOSURE OF REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Annexure-B

The details of remuneration during the financial year, 2016-17 as per Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended, are as follows:

(i) Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year, 2016-17

None of the Directors of the Company received any remuneration including any sitting fees during the financial year, 2016-17.

(ii) Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer & Company Secretary in the financial year, 2016-17

There was no remuneration or increase in remuneration to the Directors of the Company during the financial year, 2016-17. Further, there was no Chief Executive Officer, Chief Financial Officer & Company Secretary for the Company during the said period.

(iii) Percentage increase in median remuneration of employees in the financial year, 2016-17	6.79%*
(iv) Number of permanent employees on the rolls of the Company as on 31.3.2017	3481*

(v) Average per centile increase already made in the salaries of employees other than the managerial personnel in the last financial year and comparison with the per centile increase in the managerial remuneration and justification thereof. Whether there are any exceptional circumstances for increase in the managerial remuneration.

Parameters	
Average % increase in the salaries of employees other than managerial personnel viz., Managing Director, in the financial year, 2016-17	7.1%*
Average % increase in the managerial remuneration in the financial year, 2016-17 viz., Managing Director's remuneration	N.A.
Remarks	-

*Consequent to the Demerger, the employees of the Demerged Company, were transferred to this Company

(vi) Affirmation

It is affirmed that the remuneration paid to the employees during the financial year, 2016-17 is as per the Remuneration Policy of the Company.

On behalf of the Board

Place: Chennai
Date: 9th August 2017

M M Murugappan
Chairman

FORM NO. MGT-9

Annexure-C

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2017

[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

1	Corporate Identification No.	:	U35100TN2008PLC069496
2	Registration Date	:	6th October 2008
3	Name of the Company	:	Tube Investments of India Limited (formerly TI Financial Holdings Limited)
4	Category/Sub-Category of the Company	:	Public Company / Limited by shares
5	Address of the Registered Office and contact details	:	"Dare House", 234 N S C Bose Road Chennai – 600 001 Tel: 044 42286715 Fax: 044 42110404 E-mail: investorservices@tii.murugappa.com
6	Whether listed company	:	No (In the process of listing)
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 E-mail: einward.ris@karvy.com Tel : (040) - 67162222 Fax : (040) – 23001153

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	Cycles and Accessories	3092	32
2	Steel Strips and Tubes	2431	42
3	Metal Formed Products	2511	26

III. PARTICULARS OF HOLDING, SUBSIDIARY COMPANIES

Sl. No.	Name and Address of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Shanthi Gears Ltd.	304A, Trichy Road, Singanallur Coimbatore – 641 005	L29130TZ1972PLC000649	Subsidiary	70.12	2(87)(ii)
2	TI Tsubamex Private Ltd.	"Dare House", No.234, N S C Bose Road Chennai – 600 001	U28910TN2014PTC094447	Subsidiary	75.00	2(87)(ii)
3	Financiere C10 SAS	35 Rue Des Bas Trevois 10003 TROY France, RCS Troyes 428,747,703 (No.2000 B Management 163)	Foreign Company	Subsidiary	100.00	2(87)(ii)

Sl. No.	Name and Address of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
4	Sedis SAS	35 Rue Des Bas Trevois 10003 TROY France, RCS Troyes 379 720 212 (No.92B Management 146)	Foreign Company	Fellow Subsidiary [Subsidiary of (3) above]	100.00	2(87)(ii)
5	Sedis GmbH	Schurmannstr. 16 D-45136 Essen Deutschland	Foreign Company	Fellow Subsidiary [Subsidiary of (3) above]	100.00	2(87)(ii)
6	Sedis Co. Ltd.	248 Mackadown Lane, Kitts Green, Birmingham, D33 OLE England	Foreign Company	Fellow Subsidiary [Subsidiary of (3) above]	100.00	2(87)(ii)

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity]

(i) Category - wise Shareholding

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2016)				No. of Shares held at the end of the year (31st March 2017)				% Change during the year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(A)	**PROMOTER**									
(1)	**INDIAN**									
(a)	Individual/HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	1,10,000	1,10,000	100.00	-	11,00,000	11,00,000	100.00	-
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1):	**-**	**1,10,000**	**1,10,000**	**100.00**	**-**	**11,00,000**	**11,00,000**	**100.00**	-
(AA)	**PROMOTER GROUP**									
(a)	Individual/HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (AA):	-	-	-	-	-	-	-	-	-
(A2)	**FOREIGN**									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2):	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A1)+(AA)+(A2)	**-**	**1,10,000**	**1,10,000**	**100.00**	**-**	**11,00,000**	**11,00,000**	**100.00**	-

Sl. No.	Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2016)				No. of Shares held at the end of the year (31st March 2017)				% Change during the year
		Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
(b)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
(c)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
(b)	Individuals									
	(i) Individual Shareholders holding nominal share capital upto ₹2 lakhs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
	(ii) Individual Shareholders holding nominal share capital in excess of ₹2 lakhs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
(c)	Others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
	Clearing Members	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
	Non Resident Indians	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
	Trusts	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
										-
	Others	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
	Sub-Total B(2):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
										-
	Total Public Shareholding B=B(1)+B(2):	**-**	**-**	**-**		**-**	**-**	**-**		-
	Total (A+B):	**-**	**1,10,000**	**1,10,000**	**100.00**	**-**	**11,00,000**	**11,00,000**	**100.00**	-
										-
(C)	Shares held by custodians for GDRs & ADRs									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	Sub-Total C:	-	-	-		-	-	-	-	-
	GRAND TOTAL (A+B+C):	**-**	**1,10,000**	**1,10,000**	**100.00**	-	**11,00,000**	**11,00,000**	**100.00**	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (1st April 2016)			Shareholding at the end of the year (31st March 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	TI Financial Holdings Limited (Formerly, Tube Investments of India Limited)	1,10,000	100%	-	11,00,000	100%	-	-
	Total	**1,10,000**	**100%**	**-**	**11,00,000**	**100%**	**-**	**-**

(iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding					Cumulative Shareholding during the year (1.04.2016 to 31.03.2017)	
		No. of shares at the beginning of the year (1.04.2016)/ at end of the year (31.03.2017)	% of total shares of the company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
	Promoters shareholding	1,10,000	100%					
				21-Oct-2016	9,90,000	Sub-division of face value from ₹10/- to ₹1/-	11,00,000	-
		11,00,000	100%	31-Mar-2017				

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

Sl. No.	Particulars	Shareholding					Cumulative Shareholding during the year (1.04.2016 to 31.03.2017)	
		No. of shares at the beginning of the year (1.04.2016)/ at end of the year (31.03.2017)	% of total shares of the company	Date	Increase/ Decrease in shareholding	Reason	No. of shares	% of total shares of the company
				NIL				

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors	Shareholding at the beginning of the year (1.04.2016)		Cumulative Shareholding during the year (1.04.2016 to 31.03.2017)	
		@No. of shares	% of total shares of the Company	@No. of shares	% of total shares of the Company
1	**Mr. L Ramkumar**				
	At the beginning of the year	10	0.009%	10	0.009%
	Date wise Increase in Shareholding during the year (21.10.2016)			90	
	At the end of the year			100	
2	**Mr. N Prasad #**				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
3	**Mr. S Suresh**				
	At the beginning of the year	10	0.009%	10	0.009%
	Date wise Increase in Shareholding during the year (21.10.2016)			90	
	At the end of the year			100	
4	**Mr. Arjun Ananth ***				
	At the beginning of the year	-	-	-	-
	Date wise Increase in Shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

None of the other Directors or Key Managerial Personnel holds shares in the Company.

@ M/s. Tube Investments of India Ltd., (name changed as TI Financial Holdings Limited) erstwhile holding Company was the beneficial owner of the shares.

Appointed as Director w.e.f 14th October 2016

*Resigned as Director w.e.f 14th October 2016

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment ₹ in Cr.

Particulars	Secured	Short Term - Unsecured	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
i) Addition pursuant to Scheme of Arrangement	1158	216	-	1374
a) Addition	748	715	-	1463
ii) Reduction	1279	781	-	2060
Net Change	**627**	**150**	-	**777**
Indebtedness at the end of the financial year				
i) Principal Amount	627	150	-	777
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	17	-	-	17
Total (i+ii+iii)	**644**	**150**	**-**	**794**

VI. Remuneration of Directors and Key Managerial Personnel

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

₹ in Cr.

Sl. No.	Particulars of Remuneration	Mr. L Ramkumar Managing Director	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3.63	3.63
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	0.11	0.11
	(c) Profits in lieu of salary under Section 17(3) of Income tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of Profit - others, specify	-	-
5	Others, please specify	-	-
	Total (A)	3.74	3.74
	Overall ceiling as per the Act	9.75	9.75

NOTE: Consequent to the Demerger, the remuneration of the Managing Director of the Demerged Company for the financial year ended 31st March 2017 that is attributable to the manufacturing activities had been charged/accounted in the books of the Company, being the Resulting Company.

B. Remuneration to other Directors:

Particulars of remuneration	Name of Directors					Total Amount
1. Independent Directors	Mr. S Sandilya	Mr. P V Bhide	Mr. C K Sharma*	Mr. Hemant M Nerurkar	Ms. Madhu Dubhashi	
Fees for attending Board/ Committee Meetings	-	-	-	-	-	-
Commission	0.075	0.25	0.070	0.075	0.075	0.545
Others, please specify	-	-	-	-	-	-
Total (1)	**0.075**	**0.25**	**0.070**	**0.075**	**0.075**	**0.545**

* upto 7th March 2017

2. Other Non-Executive Directors	Mr. M M Murugappan	Mr. N Srinivasan	**Total Amount**
Fees for attending Board/Committee Meetings	-	-	-
Commission	1.00	0.075	1.075
Others, please specify	-	-	-
Total (2)	**1.00**	**0.075**	**1.075**
Total (B) = (1)+(2)			**1.62**
Total Managerial Remuneration (A)+(B)			**5.36**
Overall Ceiling as per the Act			**21.47**

NOTE: Consequent to the Demerger, the part of the remuneration of the Directors of the Demerged Company for the financial year ended 31st March 2017 that is attributable to the manufacturing activities has been charged/accounted in the books of the Company, being the Resulting Company.

C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/Whole-time Director ₹ in Cr.

S.No	Particulars of remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Chief Financial Officer (From 15.12.2016 to 31.03.2017)	
1	Gross Salary	0.725	0.288	1.013
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.040	0.044	0.084
	(b) Value of perquisites under Section 17(2) of Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of Profit - others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	**0.765**	**0.332**	**1.097**

NOTE: Consequent to the Demerger, the remuneration of the Key Managerial Personnel for the financial year ended 31st March 2017 that is attributable to the manufacturing activities have been charged/accounted in the books of the Resulting Company.

VII. Penalties/Punishment/Compounding of Offences: There were no penalties, punishment or compounding of offences during the year ended 31st March 2017.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

ANNEXURE-D

Power & Fuel Consumption

S.No.	Particulars	2016-17	2015-16*
1	**Electricity**		
	(a) Purchased		
	Units (kWh)	13,27,09,085	11,78,37,568
	Total Cost (₹ Cr.)	99.15	92.73
	Rate per unit (₹)	7.47	7.87
	(b) Own Generation through Diesel Generator		
	Units (kWh)	27,41,241	27,84,968
	Total Cost (₹ Cr.)	4.29	4.49
	Rate per unit (₹)	15.65	16.14
	(c) Own generation through Solar Plant		
	Units (kWh)	1,94,604	-
	Total Cost (₹ Cr.)	0.11	-
	Rate per unit (₹)	5.90	-
2	**Consumption per unit of production**		
	(a) Cycles (kWh per Cycle)	4.21	2.93
	(b) Strips and Tubes (kWh per Ton)	244	228
	(c) Metal Form (kWh per Ton)	396	484
	(d) Chains (kWh per Ton)	1,264	1,276

Conservation of Energy

The Company is committed to the conservation of energy and various measures are pursued in this regard. Some of the measures taken during 2016-17 are highlighted hereunder.

Measures undertaken include optimisation of power rating of hydraulic power pack motor in rafter mills, introduction of demand controllers and variable frequency drive controls optimizing pressure, eliminating losses for centralised compressed air lines. Replacement of outdoor high Power HPMV lamps with lower power magnetic induction and LED lamps of equivalent luminous intensity have helped drop lighting load. Automatic process timers and electronic interlocks in manually operated machinery have been introduced to eliminate the idle running losses.

Measures also include installation of Inverter-assisted spot welding in multi stage mill, Dry type transformers for improved energy efficiency, solar panels for oil chilling, and replacement with energy efficient motors, pumps, blowers and heating elements.

The Company has also increased natural lighting on the shop floor with polycarbonate translucent sheets to eliminate any usage of lights during day time, besides fixing lower powered solar powered CFL and LED lights indoors, still providing the same luminous intensity.

Technology Absorption

Efforts made by the Company towards technology absorption and its benefits

a) High strength hydro-formable tubes for twist beams of cars have been developed, including the ability to strengthen tubes through induction heating technology while still retaining formability, bringing this safety-related product category within your Company's product range.

b) Machine vision systems have been deployed for inspecting fine blanked parts and automotive chains to ensure high reliability in performance in the metal forming business, intended for ultimate use in car seating safety systems and motor cycles. These systems also collect and analyse data for ongoing process quality improvements.

c) In-house design, development and manufacture of straightening machines for tube processing have helped improve process capabilities in manufacture of precision tubes like tubular front forks for motorcycles.

d) Indigenously designed and developed chain assembly machines for the Company's metal forming business have helped meet emerging customer demands with enhanced capability on quality parameters using existing equipment, while simultaneously boosting productivity and reducing capital spend.

Future plans on technology

a) A Manufacture and Assembly line for inverted tooth (silent) chains for two wheeler engine timing applications (camshaft drives) for the formed metal parts business has been designed and developed and is expected to be commissioned for production over the next financial year.

b) The Company plans to upgrade the laboratory equipment in the technology centre to include the latest capabilities in materials testing, so as to be able to partner with automotive customers in new product development with new age steels.

c) In-house design and development of a new tube mill capable of making thick walled tubes is expected to provide a significant operational/competitive advantage for the tubing business and is being scheduled to be taken up over the next year.

d) The technology centre is designing a test rig capable of simulating on-road performance of chain-sprocket pairs, given various vehicular operating conditions. This is expected to promote understanding of dynamic performance of motorcycle chains, which may lead to insights for process and product improvement, besides helping communicate proper product selection and usage to discerning customers.

e) The Company has plans to increase its interaction with knowledge bodies of global repute in the steel domain and with premier academic institutes to stay benchmarked with the latest developments on the engineering front in materials development, processing and computational methods.

Expenditure on R & D

₹ in Cr.

Particulars	**2016-17**	**2015-16***
Capital expenditure	0.54	1.15
Recurring	18.17	15.63
Total	**18.71**	**16.78**
Total R&D expenditure as a % of total turnover	0.44	0.42

Foreign Exchange Earnings and Outgo

Particulars	**2016-17**	**2015-16***
Foreign exchange earnings (CIF Value)	347.76	224.81
Foreign exchange outgo	303.74	283.07

* Consequent to the demerger of the Manufacturing Business Undertaking from the Demerged Company to the Company, the Company is vested only with the manufacturing business undertaking from 1st April 2016. Though there is no relevant income/ expenditure for the Company in 2015-16, the details and figures are provided for comparison based on the relevant income/ expenditure done by Demerged Company in 2015-16.

On behalf of the Board

M M Murugappan
Chairman

Chennai
9th August 2017

Report On Corporate Governance

Your Company believes that the fundamental objective of corporate governance is to enhance the interests of all stakeholders. The Company's corporate governance practices emanate from its commitment towards discipline, accountability, transparency and fairness. Key elements in corporate governance are timely and adequate disclosure, establishment of internal controls and high standards of accounting fidelity, product and service quality.

Your Company also believes that good corporate governance practices help to enhance performance and valuation of the Company.

Demerger of Manufacturing Business Undertaking

The Board of Directors of Tube Investments of India Limited (Demerged Company) and the Company (Resulting Company), at the respective meetings held on 3rd November 2016, approved a Scheme of Arrangement ('Scheme') for the demerger of the Manufacturing Business Undertaking of the Demerged Company, on a going concern basis, in favour of the Company (At the time of demerger, the name of the Company was 'TI Financial Holdings Limited'; subsequently, the Company's name was changed as 'Tube Investments of India Limited').

The Manufacturing Business Undertaking means manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products industrial gears, designing and manufacturing of dies and includes investments in Shanthi Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis Co Limited, Sedis GmbH, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited.

The Scheme received the approval of the shareholders of the Demerged Company at its Equity Shareholders Meeting convened and held on 24th April 2017 as per the directions of the National Company Law Tribunal, Chennai ('NCLT'). Further, the Scheme was sanctioned by the NCLT vide its Order dated 17th July 2017. The Scheme has become effective on 1st August 2017, being the date of filing of the aforementioned Order of Sanction with the Registrar of Companies, Tamil Nadu, Chennai.

Consequent to the said Demerger, the nature of business of the Company has become manufacturing business. In line with the change in the nature of business, the Board of Directors of the Company was re-constituted with effect from 1st August 2017 by co-opting Mr. M M Murugappan, Mr. Hemant M Nerurkar, Ms. Madhu Dubhashi, Mr. Pradeep V Bhide and Mr. S Sandilya, who were the Directors of the Demerged Company until 31st July 2017 as Additional Directors of the Company

Mr. L Ramkumar, an existing Director of the Company and also the Managing Director of the Demerged Company till 31st July 2017 was appointed as the Managing Director of this Company from 1st August 2017.

Mr. Vellayan Subbiah appointed as Managing Director (Designate) in the Demerged Company with effect from 19th August 2017 and as Managing Director to succeed Mr. L Ramkumar on completion of his present term, was appointed as Managing Director (Designate) of the Company from 19th August 2017. He will succeed Mr. L Ramkumar as Managing Director of the Company on completion of the present term by the incumbent Managing Director.

The Committees of the Board were also constituted with the same Members who were Chairman/Members of various Board Committees in the Demerged Company to maintain continuity in management decision making.

Board of Directors

The Board provides leadership, strategic guidance and objective judgement on the affairs of the Company. The Board comprises of persons of eminence with excellent professional achievements in their respective fields. The Independent Directors provide their independent judgement, external perspective and objectivity on the issues which are placed before them.

Pre-demerger, the Board of Directors of the Company consisted of three Directors, namely, Mr. L Ramkumar, Chairman, Mr. N Prasad and Mr. S Suresh. Consequent to sanction of the Demerger, the Board was reconstituted with effect from 1st August 2017 with the appointments of the persons as Directors as per details furnished above. To facilitate the reconstitution, Mr. N Prasad and Mr. S Suresh resigned as Directors with effect from 1st August 2017. The Board, as on the date of this Report, consists of six members, with knowledge and experience in different fields viz., engineering, manufacturing, finance and business management. Mr. M M Murugappan, Chairman (Promoter, non-executive), and Mr. L Ramkumar, Managing Director (executive) are non-Independent Directors in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). Mr. Hemant M Nerurkar, Ms. Madhu Dubhashi, Mr. Pradeep V Bhide and Mr. S Sandilya are the Independent Directors in terms of the SEBI Listing Regulations. Their individual appointment as Independent Directors inter alia forms part of the Notice of the ensuing 9th Annual General Meeting of the Company. None of the Directors are related to each other.

The Company will be issuing letters of appointment to the Independent Directors on their appointment at the ensuing 9th Annual General Meeting in accordance with the requirements of Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment will also been be disclosed on the Company's website: www.tiindia.com.

None of the Directors of the Company was a member of more than ten Board-level committees or a chairman of more than five such committees across all companies, in which he/she was a Director.

The Company ensures the best practice with regard to deciding the dates of meetings. The annual calendar for the meetings of the Board will be finalised early on in consultation with all the Directors. A minimum of five Board meetings are held each year. Evolving strategy, annual business plans, review of actual performance and course correction, as deemed fit, constitute the primary business of the Board. The role of the Board also includes de-risking, investment, divestment and business reorganisation. Matters such as capital expenditure, recruitment of senior level personnel, safety & environment, HR related developments, compliance with statutes and foreign exchange exposures are also reviewed by the Board from time to time.

The Company's commitment to good governance practices allows the Board to effectively perform these functions. The Company ensures that timely and relevant information is made available to all the Directors in order to facilitate their effective participation and contribution during meetings and discussions.

There were seven meetings of the Board during the financial year, 2016-17. The dates of the Board meetings, attendance and the number of Directorships/Committee memberships held by the Directors are given in the annexure to this Report.

The Committees of the Board viz., Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee, constituted with effect from 1st August 2017, have specific scope and responsibilities. Since the applicability/requirement of constituting the said Committees as required under the Companies Act, 2013 and the SEBI Listing Regulations arose only on account of Demerger as stated above, the said Committees have come into existence only in the current financial year. Hence, no meetings of the Committees stated above were held in 2016-17.

Audit Committee

The role of the Audit Committee, in brief, is to review financial statements, internal controls, accounting policies, internal audit report, related party transactions, risk management systems, and functioning of the Whistle Blower mechanism.

The Company has constituted an independent Audit Committee on 20th July 2017. All the three members of the Committee are independent Directors, with Mr. S Sandilya, Independent Director, being the Chairman. The other members are Mr Hemant M Nerurkar and Mr Pradeep V Bhide. All the members of the Committee have excellent financial and accounting knowledge.

As required under the Companies Act, 2013 and the SEBI Listing Regulations, the quarterly financial results are being/will be placed before the Audit Committee for its review, suggestions and recommendations, before taking the same to the Board. The statutory audit plans and progress will also be shared with the Committee for its review. The statutory and internal auditors will also be invited to attend the Audit Committee meetings. All the best practices hitherto adopted and followed at the Demerged Company will also be followed and continued in the Company.

As the Audit Committee was formed only in July 2017, there were no meetings of the said Committee during 2016-17.

Remuneration to Directors

The success of the organisation in achieving good performance and governance depends on its ability to attract quality individuals as executive and Independent Directors.

The compensation to the non-executive Directors will be in the form of commission on profits. Though the shareholders have approved payment of commission up to one per cent of the net profits of the Company for each year calculated as per the provisions of the Companies Act, 2013, the actual commission paid to the Directors will be restricted to a fixed sum. The sum will be reviewed periodically taking into consideration various factors such as performance of the Company, time devoted by the Directors in attending to the affairs and business of the Company and the extent of responsibilities cast on the Directors under various laws and other relevant factors. The non-executive Directors will be paid sitting fees as permitted by government regulations for all Board and Committee meetings attended by them.

For 2016-17, a part of the remuneration of the Directors for the financial year ended 31st March 2017 has been transferred to the Company pursuant to the Scheme of Arrangement (Demerger).

Nomination & Remuneration Committee

The Nomination & Remuneration Committee will ensure the requirements of the Companies Act, 2013 and the Rules thereunder as well the "SEBI Listing Regulations".

The role of the Nomination and Remuneration Committee is in accordance with the requirement of Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. Under the terms of reference, the Committee's role includes formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity and identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal. The Committee's scope further covers recommending to the Board the appointment/ re-appointment of the executive and non-executive Directors.

The Remuneration policy is provided in the Company website at the following link: www.tiindia.com/article/values/600.

The Committee as constituted effective 1st August 2017, consists of 3 members. The Chairman of the Committee is Mr. Hemant M Nerurkar, Independent Director. The other Members are Mr S Sandilya, Independent Director and Mr. M M Murugappan, Non-Executive Director.

The Remuneration Policy of the Company provides a performance driven and market oriented framework to ensure that the Company attracts, retains and motivates high quality executives who can achieve the Company's goals, while aligning the interests of employees, shareholders and all stakeholders in accordance with the group's values and beliefs.

The Company's total compensation package includes fixed compensation, variable compensation in the form of annual incentive, perquisites and benefits including health and life insurance and retirement benefits. In addition, select categories of employees are eligible for long-term incentive plan in the form of stock options (ESOPs) under the Company's Employee Stock Option Scheme 2017, which has been recently introduced ("Schemes"). The Scheme is in compliance with the applicable SEBI Regulations. Details of the said Schemes are provided in the Company's website, www.tiindia.com.

Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and performance of the employee. The annual incentive (variable pay) of senior executives is linked directly to the performance of the Business Unit and the Company through a balanced score card. A formal annual performance management process is applied to all employees, including senior executives. Annual increases in fixed and variable compensation of individual executives are directly linked to the performance ratings. Overall compensation is subject to periodic reviews which take into account data from compensation surveys conducted by specialist firms, as well as factors such as affordability based on the Company's performance and the economic environment.

Accordingly, the Committee will determine the periodic increments in salary and annual incentive of the Executive Directors. The increments and incentive of the Managing Director will be determined on the basis of the balanced score card with its three components viz., Company financials, Company score card and strategic business unit scores being given appropriate weightage.

In addition to the above, the Committee is also vested with the powers and authority for implementation, administration and superintendence of the Employee Stock Option Plan (ESOP)/ Scheme(s) and also to formulate the detailed terms and conditions of the ESOP Schemes.

The Committee has further laid down the qualifications, positive attributes and independence criteria in terms of Section 178(3) of the Companies Act, 2013 to be considered for nominating candidates for Board positions/re-appointment of Directors.

The Board Diversity Policy devised by the Committee sets out the approach to diversity on the Board of the Company in order to ensure a process which is transparent with diversity of thought, experience, knowledge, perspective and gender in the Board.

As the Nomination & Remuneration Committee was formed only in July 2017, there were no meetings of the said Committee during 2016-17.

Corporate Social Responsibility Committee

The Committee constituted effective 1st August 2017 consists of 3 members. The Chairman of the Committee is Mr. S Sandilya, Independent Director. The other Members are Ms. Madhu Dubhashi, Independent Director and Mr. L Ramkumar, Managing Director.

Under the terms of reference, the scope of the CSR Committee is (a) to formulate and recommend to the Board, a Corporate

Social Responsibility Policy, indicating the activities to be undertaken by the Company as specified under Schedule VII of the Companies Act, 2013; (b) to recommend the amount of expenditure to be incurred on the activities; and (c) to monitor the Corporate Social Responsibility Policy of the Company from time to time.

As the CSR Committee was formed only in July 2017, there were no meetings during 2016-17.

Related Party Transactions

During 2016-17, all the transactions entered into with the Related Parties, as defined under the Companies Act, 2013 were in the ordinary course of business and on arms length pricing basis only. Accordingly, these transactions do not attract the provision of Section 188 of the Companies Act, 2013.

Further, there were no materially significant transactions with related parties which were in conflict with the interest of the Company.

The policy for related party transactions approved by the Board had been uploaded on the Company's website at the following link, http://www.tiindia.com/article/values/476.

Investors' Service

The Stakeholders Relationship Committee constituted effective 1st August 2017 will ensure the requirements of the Companies Act, 2013 and the Rules thereunder as well the "SEBI Listing Regulations".

The Stakeholders Relationship Committee specifically will focus on investor service levels. This Committee has prescribed norms for attending to the investors' services and the Committee periodically reviews the service standard achieved by the Company and its Registrar and Transfer Agent as against the prescribed norms.

The Chairman of the Committee is Mr. M M Murugappan and Mr. L Ramkumar is a Member.

In accordance with the requirement of Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations, the terms of reference of the Committee provide for the resolution of grievances of security holders of the Company including complaints, if any, relating to transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends etc.

In order to expedite the redressal of complaints, if any, investors are requested to register their complaints and also to take follow up action, as necessary, to the exclusive e-mail id i.e.investorservices@tii.murugappa.com Mr. S Suresh, Company Secretary is the Compliance Officer.

As the Stakeholders' Relationship Committee was constituted only in July 2017, there were no meetings of the Committee during 2016-17.

Internal Controls

The Company is conscious of the importance of the internal processes and controls. The Company has a robust business planning & review mechanism and has adequate internal control systems commensurate with the nature of its business, size and geographical spread. These systems are regularly reviewed and improved upon.

The Managing Director has certified to the Board inter alia on the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under the SEBI Listing Regulations, for the year ended 31st March 2017.

Whistle Blower Policy

Pursuant to the requirements of Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations, the Company has established a vigil mechanism (Whistle Blower Policy) for the employees and the Directors as an avenue to voice concerns relating to unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Ombudsperson appointed by the Board will deal with the complaints received and ensures appropriate action. The mechanism also provides for adequate safeguards against victimisation of persons using the mechanism and provides direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. No person will be denied access to the Chairman of the Audit Committee.

Compliance of Corporate Governance Norms

The Company has voluntarily complied with all the requirements of corporate governance norms as the equity shares of the Company are proposed to be listed in the Stock Exchanges in the near future. Quarterly financial results of the Company for the quarter ended 30th June 2017 will be published in leading newspapers and uploaded on the Company's website.

In line with its stated policy of being committed to the principles and practices of good corporate governance, the Company is in compliance with most of the requirements forming part of the discretionary requirements under Schedule II, Part E of SEBI Listing Regulations. As regards the remaining discretionary requirements, the Company after careful evaluation would strive to implement the same progressively, as appropriate.

The Board of Directors has laid down a Code of Conduct for all the Board members and the senior management of the Company. Necessary disclosures from the Directors and the Senior Management of the Company affirming compliance with the Code will be obtained from the current financial year onwards. The Code of Conduct has been posted on the website of the Company at the following link, http://www.tiindia.com/article/values/33.

Policies in accordance with the SEBI Listing Regulations for preservation & archival of documents (http://www.tiindia.com/article/values/538), determination of materiality for disclosure of information/events to the Stock Exchanges (http://www.tiindia.com/article/values/527), Code of Conduct for Insiders and Dividend Distribution Policy (http://www.tiindia.com/article/values/601) have been framed.

Other Disclosures

A Management Discussion and Analysis Report highlighting the performance of individual businesses forms part of the Board's Report.

A write up on the risks associated with the business and mitigation plans therefor also forms part of the Board's Report.

Related party transactions during the year have been disclosed as a part of the financial statements as required under the relevant Ind AS issued by the Institute of Chartered Accountants of India.

There have been no instances of non-compliance by the Company or have any penalty or strictures been imposed on the Company by the Stock Exchanges or the Securities and Exchange of Board of India or by any statutory authority on any matter related to the capital markets during the last three years.

General Shareholder Information

A separate section has been annexed to the Annual Report furnishing various details viz., last three Annual General Meetings, its time and venue, distribution of shareholding, location of factories, means of communication etc., for shareholders' reference.

On behalf of the Board

Chennai
9th August 2017

M M Murugappan
Chairman

Annexure to the Corporate Governance Report

(A) Board Meeting Dates and Attendance

The Board of Directors met seven times during the financial year 2016-17. The dates of the Board meetings were 20th April 2016, 18th July 2016, 14th October 2016, 21st October 2016, 3rd November 2016, 10th March 2017 and 29th March 2017.

The attendance of each Director at the meetings, the last Annual General Meeting and number of other Directorships/ Committee memberships held by them as on 31st March 2017, are as follows:

Sl. No.	Name of Director	Board meetings attended (no. of meetings held)	Number of Directorships [(a)] -including the Company (out of which as Chairman)	Number of committee member-ships[(b)] – including the Company (out of which as Chairman)	Attendance at last AGM	No. of shares held as on 31st March 2017
1.	Mr. L Ramkumar	7(7)	5	2(1)	Present	100#
2.	Mr. N Prasad$	5(7)	-	-	N.A.	-
3.	Mr. S Suresh$	7(7)	1	-	Present	100#
4.	Mr. M M Murugappan@	N.A.	10(5)	9(4)	N.A.	-
5.	Mr. Hemant M Nerurkar@	N.A.	8(3)	6(3)	N.A.	-
6.	Mrs. Madhu Dubhashi@	N.A.	7	6(4)	N.A.	-
7.	Mr. Pradeep V Bhide@	N.A.	8(1)	9(1)	N.A.	-
8.	Mr. S Sandilya@	N.A.	6(1)	7(4)	N.A.	-

(a) Excludes foreign companies, private limited companies (which are not subsidiary or holding company of a public company), alternate Directorship and companies registered under Section 8 of the Companies Act, 2013.

(b) Includes only membership in Audit and Stakeholders' Relationship Committees.

$ Consequent to the sanction of the Scheme of Arrangement (Demerger) providing for the transfer and vesting of all manufacturing assets of the Demerged Company into Resulting Company, Messrs. N Prasad and S Suresh resigned from the Board with effect from 1st August 2017.

@ Mr. M M Murugappan, Mr. Hemant M Nerurkar, Ms. Madhu Dubhashi, Mr. Pradeep Bhide and Mr. S Sandilya were appointed as Additional Directors with effect from 1st August 2017.

M/s. Tube Investments of India Ltd., (name changed as TI Financial Holdings Limited) erstwhile holding Company was the beneficial owner of the shares.

On behalf of the Board

M M Murugappan
Chairman

Chennai
9th August 2017

General Shareholder Information

Company Registration

The Company is registered in the State of Tamil Nadu. The Corporate Identity Number (CIN) of the Company is U35100TN2008PLC069496.

Registered Office

'Dare House', 234 NSC Bose Road, Chennai 600 001

Annual General Meeting

Day : Monday

Date : 6th November 2017

Time : 3.30 P.M.

Venue : T T K Auditorium,
The Music Academy,
168 (Old No.306), T T K Road,
Chennai 600 014.

Tentative Calendar for 2017-18

The tentative calendar for Board meetings for approving the quarterly financial results is given below:

Results for the second quarter / half-year ending
30th September 2017 - 6th November 2017

Results for the third quarter ending
31st December 2017 - January / February 2018

Results for the fourth quarter ending
31st March 2018 / Annual Results
for the financial year 2017-18 - April / May 2018

Book Closure for Dividend

Friday, October 27, 2017 to Monday, November 6, 2017 (both days inclusive).

Dividend

The Board of Directors has recommended the payment of dividend of ₹2 per Equity Share. The dividend on Equity Share will be paid to those Members, whose names appear in the Register of Members as on Monday, 6th November 2017 and the same will be paid on or after 10th November 2017.

In respect of shares held in electronic form, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for the purpose.

Instructions to Shareholders

(a) Shareholders holding shares in physical form

Requests for change of address must be sent to the Company's Registrar & Transfer Agent viz.,
M/s. Karvy Computershare Private Ltd ("RTA"), not later than 27th October 2017 to enable them to forward the dividend warrants to the latest address of Members. Members are also advised to intimate the RTA the details of their bank account to enable incorporation of the same on dividend warrants. This would help prevent any fraudulent encashment of dividend warrants.

(b) Shareholders holding shares in demat form

The Company uses National Automated Clearing House (NACH) facility for payment of dividends directly to the bank accounts of shareholders. The shareholders may use the facility by providing the bank account number to the depository participant/RTA, as may be relevant, to enable the Company to effect the dividend payment through the NACH mode.

If there is any change in bank account details, Shareholders are requested to advise their Depository Participant(s)/ Company's RTA, as the case may be, immediately about the change.

Further, if in case of any change in address, Shareholders are requested to advise their Depository Participant(s) immediately about their new address.

Name and address of stock Exchanges: (in the process of listing)

Name of Stock Exchanges	Address
National Stock Exchange of India Ltd.	Exchange Plaza, 5th Floor, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E) Mumbai - 400 051.
BSE Ltd	New Trading Ring, 1st Floor, P. J Towers, Rotunda Building, Dalal Street, Mumbai- 400001.

Listing on Stock Exchanges - Equity Shares

Name of Stock Exchanges	Stock Code
National Stock Exchange of India Ltd.	To be allotted
BSE Ltd	-do-

Registrar and Share Transfer Agent

Karvy Computershare Private Ltd
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda Hyderabad - 500 032
einward.ris@karvy.com
Tel : (040) - 67162222
Fax : (040) - 23420814
Toll Free : 1800-345-4001

Debenture Trustees

IDBI Trusteeship Services Ltd
Asian Building, Ground Floor,
17 R Kamani Marg Ballard Estate,
Mumbai – 400001
itsl@idbitrustee.co.in
Tel : (022) - 66311771
Fax: (022) - 66311776

Share Transfer and Investor Service System

The Board has authorised Chairman/Managing Director/Chief Financial Officer/Company Secretary to approve transfers / transmissions in addition to the Committee of the Board constituted for the purpose.

Non-Convertible Debentures

Listed on Wholesale Debt Market Segment (WDM) of National Stock Exchange of India Ltd.

Shareholding Pattern as on 31st March 2017

S.No.	Category	No. of shares held	% of shareholding
A	Promoter & Promoter Group	11,00,000	100.00
B	Non-Promoter Holding		
	1 Institutional Investors		
	a) Mutual Funds and UTI	-	-
	b) Banks, Financial Institutions, Insurance Companies	-	-
	c) Foreign Institutional Investors	-	-
	2 Others		
	a) Private Corporate Bodies	-	-
	b) Indian Public	-	-
	c) NRI	-	-
	d) Bank of New York Mellon (Depository for GDR holders)	-	-
	e) Foreign Nationals	-	-
	Grand Total	**11,00,000**	**100.00**

Note

The Equity Share Capital of ₹0.11 Cr. of the Company as on the Appointed Date shall stand cancelled. The Company shall issue and allot 1 (One) fully paid up Equity Share of ₹1 (Rupee One Only) each for every 1 (One) fully paid up equity share of ₹2 (Rupees Two) each held in the Demerged Company.

Nomination Facility

The Shareholders holding shares in physical form may avail of the nomination facility under Section 72 of the Companies Act, 2013. The nomination form (Form SH.13), along with instructions, will be provided to the Members on request. In case the Members wish to avail of this facility, they are requested to write to the Company's RTA viz., M/s. Karvy Computershare Pvt Ltd.

Dematerialisation of Shares

The Equity shares of the Company will be compulsorily traded in dematerialised form as and when listing is done. The code number allotted by the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) to Tube Investments of India Ltd is ISIN INE974X01010.

Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

The Company is guided by its foreign exchange ('forex') policy to manage its forex exposure and its attendant risks, which arise through trade transactions, namely, exports and imports, import of capital items besides short-term and long-term foreign currency borrowings. Foreign currency trade exposures are monitored Strategic Business Unit (SBU)-wise and currency-wise. The risks are managed after netting the exports and imports on monthly buckets for each currency. For capex imports, forward contracts are taken on the date of opening of the letter of credit. In respect of foreign currency borrowings, while the long-term borrowings are hedged for interest as well as for the exchange at the time of drawdown, the short-term borrowings are hedged for principal portion at the time of drawdown. Commodity Price Risk and hedging thereof is not applicable to the Company.

Means of Communication

The quarterly/annual results are being/will be published in the leading national English newspapers ("The New Indian Express" and "Business Standard") and in one vernacular (Tamil) newspaper ("Dinamani"). The quarterly/annual results are also available on the Company's website, www.tiindia.com. The Company's website will also display official press releases, shareholding pattern, compliance report on corporate governance and presentations made to analysts and brokers.

Details of Special Resolutions passed during the last three Annual General Meetings

No special resolution has been passed at the last three Annual General Meetings of the Company.

Resolution Passed by Postal Ballot

During the year under review, no Special Resolution has been passed through the exercise of postal ballot.

Details of Special Resolution proposed to be conducted through Postal Ballot

No special resolution is proposed to be conducted through postal ballot at the AGM to be held on 6th November 2017.

General Body Meeting

The date, time and venue of the last three Annual General Meetings are given below:

Year	Date	Time	Venue
2013-14	06.08.2014	5.45 P.M.	Registered Office 'Dare House', 234 NSC Bose Road, Chennai 600 001
2014-15	30.09.2015	10.00 A.M	Same as above
2015-16	30.09.2016	10.00 A.M	Same as above

Plant Locations

TI Cycles of India
Post Bag No.5, MTH Road,
Ambattur, Chennai 600 053
Tel : (044) – 42093434
Fax: (044) – 42093345

TI Cycles of India
Sandharsi Tehsil
Rajpura, Patiala
Punjab
Tel : (01762) - 269000, 269200

TI Cycles of India
Plot No. E – 8, MIDC
Malegaon, Sinnar
Nashik Dist 422 103
Tel : (02551) – 227500
Fax : (02551) – 230183

Tube Products of India
A-16 & 17, Industrial Focal Point
Phase VI, SAS Nagar
Mohali (PB) 160 051
Tel : (0172) - 4009318
Fax: (0172) - 2271375

Tube Products of India
Shirwal Post, Khandala Taluka
Satara District, Maharastra - 412 801
Tel : (02169) - 244080-85
Fax: (02169) - 244086

Tube Products of India
Avadi, Chennai 600 054
Tel: (044) – 42291999
Fax : (044) – 42291990

Tube Products of India
Tirupati-Tiruttani Highway
Ponpadi Village, Thiruvelangadu Block
Tiruttani Taluk, Tiruvallur 631 213
Tel : 09940259940

TI Metal Forming
Chennai – Tiruvallur High Road
Tiruninravur 602 024
Tel : (044) 26390194, 26390437
Fax : (044) 26390856

TI Metal Forming
80/81, SIDCO Industrial Estate
Kakkalur
Thiruvallur 602 003
Tel : (044) – 27667104
Fax: (044) – 26390856

TI Metal Forming
Gat No.312
Sablewadi, Bahul Post
Chakan-Shikrapur Road
Khed Taluk
Pune 410 501
Tel: 09272237117/8

TI Metal Forming
Khasra No.222, Gangnouli Village
Tehsil – Laksar, Haridwar
Uttarakhand 247 663
Tel : 09219401388/9

TI Metal Forming
Plot No.245, Sector 3
Growth Centre
Bawal, Rewari Dist,
Haryana 123 501
Tel : (01284) –260707, 264106
09812038561
Fax : (01284) – 264426

TI Metal Forming
Khasra No.227, Gangnouli Village
Tehsil – Laksar, Haridwar
Uttarakhand 247 663
Tel: 09219403539

TI Metal Forming
Tata Motors Ltd. Vendors Park
Plot No.C11, Survey No.1
North Kotpura, Sanand
Viroch Nagar Post
Ahmedabad, Gujarat 382 170
Tel: 09228021343/09228021179

TI Metal Forming
Plot No.501 – B & C
Halol Industrial Estate
Survey Nos. 32 & 34, Village Dunia
Tk Halol, Dist Pachmahals,
Baroda 389 350
Tel : (02676) - 224647
Fax : (02676) – 224035

TIDC India
Ambattur
Chennai 600 053
Tel : (044) - 42235555
Fax : (044) - 42235406

TIDC India
Kazipally Village, Plot No.1
Jinnaram Mandal
Medak Dist 502 319
Tel : (08458) - 277240
Fax: (08458) - 277241

TIDC India
Ganganouli,
Laksar 247 663
Uttarakhand
Tel: (01332) – 271295

CONTACT DETAILS

COMPLIANCE OFFICER
Mr. S Suresh
Company Secretary
Tube Investments of India Limited
'Dare House', 234, N S C Bose Road,
Chennai 600 001
e-mail: sureshs@tii.murugappa.com
Tel : (044) – 42286711
Fax : (044) - 42110404

For all matters relating to investor services:
Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad 500 032
e-mail : einward.ris@karvy.com
Tel : (040) – 67162222
Fax: (040) - 23001153
Toll Free: 1800-345-4001

INDEPENDENT AUDITOR'S REPORT

To the Members of Tube Investments of India Limited (formerly known as TI Financial Holdings Limited)

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Tube Investments of India Limited (Formerly Known as TI Financial Holdings Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the 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 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 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, of the state of affairs of the Company as at March 31, 2017, its profit including 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 by 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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

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

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

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 2" to this report;

(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 financial statements – Refer Note 36 to the standalone Ind AS financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

(iv) The Company has provided requisite disclosures in Note 10d to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 included in these Standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2016 and March 31, 2015 dated April 20, 2016 and April 20, 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W / E300004

per **Subramanian Suresh**
Partner
Membership Number: 083673

Place of Signature : Chennai
Date : August 9, 2017

Annexure 1 referred to in our report of even date Re: Tube Investments of India Limited (formerly known as TI Financial Holdings Limited) ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management and pursuant to the Scheme of Arrangement as detailed in Note 2 to the Standalone Ind AS financial statements, we report that the title deeds of immovable properties included in fixed assets are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Sections185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 relating to certain products of the Company to which such rules apply, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited with the appropriate authorities except for a slight delay in remittance of value added tax in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs. In crores)
Income Tax Act, 1961	Income Tax	CIT (Appeals) / ITAT / HC	1994-95 to 2012-13	5.37
Central Excise Act, 1944	Excise Duty / Penalty	CESTAT	1993-94 to 2014-15	0.20
Value Added Tax, 2005	VAT	Joint Commissioner, Shirwal, Maharashtra	2010-2011	0.13
Service Tax (Chapter V of the Finance Act, 1994)	Service Tax	Commissioner of Central Excise (Appeals) / CESTAT	2000-01 to -2003-04 and 2010-11 to 2014-15	0.13
Central Sales Tax, 1956	CST	Joint Commissioner of Central Excise (Appeals) / AO / Tribunal	2015-16 & 2013-14	2.70

(viii) In our opinion and according to the information and explanations given by the management, Company has not defaulted in repayment of dues to banks or debenture holders. The Company did not have any dues to in respect of loans and borrowings payable to financial institutions or government.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by the way of debt instruments in the nature of Debentures for the purposes for which they were raised. The Company has not raised any money by way of initial public offer / further public offer.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore the reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions involving directors as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W / E300004

per **Subramanian Suresh**
Partner
Membership Number: 083673

Place of Signature: Chennai
Date : August 9, 2017

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TUBE INVESTMENTS OF INDIA LIMITED (FORMERLY KNOWN AS TI FINANCIAL HOLDINGS LIMITED)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Tube Investments of India Limited (formerly known as TI Financial Holdings Limited)

We have audited the internal financial controls over financial reporting of Tube Investments of India Limited (formerly known as TI Financial Holdings Limited) ("the Company") as of March 31, 2017 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 the 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 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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 as specified 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 judgement, 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 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 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 March 31, 2017, based on the 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 the Institute of Chartered Accountants of India.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W / E300004

per **Subramanian Suresh**
Partner
Membership Number: 083673

Place of Signature: Chennai
Date: August 9, 2017

Balance Sheet

₹ in Crores

Particulars	Notes	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	5	881.34	-	-
Capital Work-in-Progress		33.10	-	-
Investment Property	6	5.09	-	-
Financial Assets				
(a) Investments				
- Investment in Subsidiaries and Joint ventures	7a	554.75	-	-
- Other Investments	7b	12.19	-	-
(b) Other Financial Assets	7c	17.99	-	-
Deferred Tax Assets	15	38.11	-	-
Non-Current Tax Assets		4.44	-	-
Other Non-Current Assets	8	27.98	-	-
		1574.99	**-**	**-**
Current Assets				
Inventories	9	580.72	-	-
Financial Assets				
(a) Loans	10a	1.37	-	-
(b) Trade Receivables	10b	528.22	-	-
(c) Investments	10c	102.08	-	0.05
(d) Cash and Cash Equivalents	10d	18.76	0.05	-
(e) Other Financial Assets	10e	13.04	-	-
Other Current Assets	11	56.10	-	-
		1300.29	**0.05**	**0.05**
Total Assets		**2875.28**	**0.05**	**0.05**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	12	18.74	0.11	0.11
Other Equity	13	1123.27	(0.06)	(0.06)
Total Equity		**1142.01**	**0.05**	**0.05**
Non-Current Liabilities				
Financial Liabilities				
(a) Long Term Borrowings	14	350.00	-	-
Deferred Tax Liabilities	15	64.38	-	-
		414.38	**-**	**-**
Current Liabilities				
Financial Liabilities				
(a) Short Term Borrowings	16a	301.81	-	-
(b) Trade Payables	16b	717.00	-	-
(c) Derivative Instruments	16c	0.15	-	-
(d) Other Financial Liabilities	16d	227.27	-	-
Government Grants	19c	1.38	-	-
Short Term Provisions	17	49.72	-	-
Other Current Liabilities	18	21.56	-	-
		1318.89	-	-
Total Liabilities		**1733.27**	-	-
Total Equity and Liabilities		**2875.28**	0.05	0.05
Summary of Significant Accounting Policies	4			

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

Chennai
9th August 2017

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director

Statement of Profit & Loss

₹ in Crores

Particulars	Notes	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Revenue from Operations	20		
Sale of Products		4207.77	-
Other Operating Revenue		208.12	-
		4415.89	-
Other Income	21	31.06	-
Total Income		**4446.95**	**-**
Expenses			
Cost of Materials Consumed	22	2473.84	-
Purchase of Stock-in-Trade - Cycles / Components and Metal Formed Products		133.47	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	(107.94)	-
Excise Duty on Sale of Goods and Scraps		307.32	-
Employee Benefits Expense	24	398.63	-
Depreciation and Amortisation Expense	25	121.25	-
Finance Costs	26	72.05	-
Other Expenses	27	846.83	-
Total Expenses		**4245.45**	**-**
Profit Before Tax		**201.50**	**-**
Income Tax Expense	28		
- Current Tax		58.25	-
- Current Tax - Years prior to Appointed Date as per Scheme of Arrangement		(16.94)	-
- Deferred Tax (Net) (Refer Note 15)		1.24	-
		42.55	**-**
Profit for the year (I)		**158.95**	**-**
Other Comprehensive Income:	30		
Other Comprehensive Income to be reclassified to Statement of Profit and Loss in subsequent periods:			
Movement on Cash Flow Hedges		0.51	-
Income Tax Effect		(0.18)	-
		0.33	**-**
Other Comprehensive Income not to be reclassified to Statement of Profit and Loss in subsequent periods:			
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net)		(4.13)	-
Income Tax Effect		1.43	-
		(2.70)	**-**
Gain / (Loss) on FVTOCI Equity Securities (Net)		0.71	-
Income Tax Effect		(0.01)	-
		0.70	**-**
Other Comprehensive Income / (Loss) for the Year, Net of Tax (II)		**(1.67)**	**-**
Total Comprehensive Income for the Year, Net of Tax (I + II)		**157.28**	**-**
Earnings Per Equity Share of ₹1 each (Previous year - ₹10 each)	31		
Basic		8.48	-
Diluted (Refer Note 34)		8.48	-

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

Chennai
9th August 2017

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director

Standalone Cash Flow Statement

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
A. Cash Flow from Operating Activities:		
Profit Before Tax	**201.50**	**-**
Adjustments to reconcile Profit Before Tax to Net Cash Flows:		
Depreciation on Property, Plant and Equipment	121.17	-
Depreciation on Investment Properties	0.08	-
Profit on Property Plant & Equipment sold / discarded (Net)	(1.08)	-
Profit on Sale of Investments carried at FVTPL	(10.61)	(0.01)
Reversal of Provision / Impairment for Trade Receivables (Net)	(5.01)	-
Net Foreign Exchange differences	(1.13)	-
Finance Income (including Fair Value changes in Financial Instruments)	(5.43)	-
Finance Costs	72.05	-
Liabilities / Provisions no longer payable written back	(1.22)	-
Dividend Income	(0.52)	-
Operating Profit before Working Capital / Other Changes	**369.80**	**(0.01)**
Adjustments for :		
Increase in Provisions and Government Grants	9.17	-
Increase in Trade and Other Payables	116.07	-
Increase in Other Financial Liabilities	57.78	-
Decrease in Other Current Liabilities	(2.65)	-
Increase in Other Non-Current Assets	(1.17)	-
Decrease in Other Financial and Current Assets	0.68	-
Increase in Trade and Other Receivables	(36.01)	-
Increase in Inventories	(122.41)	-
Cash Generated From Operations	**391.26**	**(0.01)**
Income Tax paid	(35.90)	-
Net Cash Flow from Operating Activities	**355.36**	**(0.01)**
B. Cash Flow from Investing Activities:		
Capital Expenditure (Including Capital Work In Progress and Capital Advances)	(152.24)	-
Proceeds from Sale of Property plant and equipment	8.06	-
Purchase of Current Investments (Net) (Refer Note 10c)	(91.39)	0.06
Purchase of Non Current Investments	(10.00)	-
Interest Income received	4.17	-
Dividend Received	0.52	-
Net Cash Used in Investing Activities	**(240.88)**	**0.06**
C. Cash Flow from Financing Activities:		
Proceeds from issue of shares	0.01	-
Proceeds from Long Term Borrowings	100.00	-
Repayment of Long Term Borrowings	(732.90)	-
Proceeds from Short Term Borrowings (Net)	56.49	-
Finance Costs Paid	(106.41)	-
Net Cash Used in Financing Activities	**(682.81)**	**-**
Net Decrease in Cash and Cash Equivalents [A+B+C]	**(568.33)**	**0.05**
Cash and Cash Equivalents at the Beginning of the Year	**0.05**	**-**
Transferred to the Company pursuant to Scheme of Arrangement (Refer Note 10d)	**577.85**	**-**
Cash and Cash Equivalents as at End of the Year (Refer Note 10d)	**9.57**	**0.05**

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

Chennai
9th August 2017

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director

Statement of Changes in Equity

a. Equity Share Capital:

Particulars	No. of shares	₹ in Crores
As at 1st April 2015 Equity shares of ₹10 each issued, subscribed and fully paid	**1,10,000**	**0.11**
Issue of share capital	-	-
As at 31st March 2016 Equity shares of ₹10 each issued, subscribed and fully paid	**1,10,000**	**0.11**
Cancellation of share capital pursuant to Scheme of Arrangement (Note 2)	(1,10,000)	(0.11)
Equity shares of ₹1 each issued pursuant to Scheme of Arrangement (Note 2)	18,74,47,871	18.74
As at 31st March 2017	**18,74,47,871**	**18.74**

Note - Upon the Scheme becoming effective, the Company shall issue one fully paid up equity share of ₹1 each for every one fully paid up Equity Share held in Demerged Company as at the record date (Refer Note 2).

b. Other equity

For the year ended 31st March 2017

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Retained Earnings (Note 13)	Debenture Redemption Reserve (DRR) (Note 13)	Capital Reserve (Note 13)	General Reserve (Note 13)	Cash flow Hedge Reserve (Note 13)	FVTOCI Reserve (Note 13)	
As at 1st April 2016	**(0.06)**	**-**	**-**	**-**	**-**	**-**	**(0.06)**
Adjustment pursuant to Scheme of Arrangement (Refer Note 2 and Note 44)	406.05	220.83	0.11	334.63	(0.87)	-	960.75
Adjustment pursuant to transition to Ind AS (Refer Note 44)	0.23	-	-	-	0.30	4.77	5.30
Revised as at 1st April 2016	**406.22**	**220.83**	**0.11**	**334.63**	**(0.57)**	**4.77**	**965.99**
Profit for the Year	158.95	-	-	-	-	-	158.95
Other comprehensive income for the Year (Note 30)	-	-	-	-	0.33	(2.00)	(1.67)
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	(4.08)	-	-	-	-	4.08	-
DRR transferred to Retained Earnings	102.08	(102.08)	-	-	-	-	-
As at 31st March 2017	**663.17**	**118.75**	**0.11**	**334.63**	**(0.24)**	**6.85**	**1123.27**

Statement of Changes in Equity

For the year ended 31st March 2016

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Retained Earnings (Note 13)	Debenture Redemption Reserve (DRR) (Note 13)	Capital Reserve (Note 13)	General Reserve (Note 13)	Cash flow Hedge Reserve (Note 13)	FVTOCI Reserve (Note 13)	
As at 1st April 2015	**(0.06)**	**-**	**-**	**-**	**-**	**-**	**(0.06)**
Profit for the period	-						-
As at 31st March 2016	**(0.06)**	**-**	**-**	**-**	**-**	**-**	**(0.06)**

The accompanying notes are an integral part of the financial statements
As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

Chennai
9th August 2017

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director

Notes to Financial Statements

1. General Information of the Company

Corporate Information

Tube Investments of India Limited ("the Company") was formerly known as TI Financial Holdings Limited and is a Public Limited Company domiciled in India. The Registered Office of the Company is located at 234, NSC Bose Road, Chennai, Tamilnadu.

The Company was originally incorporated as TI Financial Holdings Limited (CIN: U35100TN2008PLC069496) on 6th October 2008 under the Companies Act, 1956, as a wholly-owned subsidiary of erstwhile Tube Investments of India Limited ("Demerged Company").

Pursuant to the Scheme of Arrangement ("the Scheme") the details relating to which are more elaborately provided under Note 2 below, the Manufacturing Business Undertaking of the Demerged Company was vested in / transferred to the Company vide the Order of the National Company Law Tribunal, Chennai ("NCLT") dated 17th July 2017 sanctioning the Scheme ("Order of NCLT"). The Scheme was given effect by filing of a certified copy of the Order of NCLT on 1st August 2017 by the Company and the Demerged Company with the Registrar of Companies, Tamil Nadu, Chennai. The Scheme is effective from the Appointed Date i.e. 1st April 2016.

Pursuant to the Scheme, the Name of the Company is being changed to "Tube Investments of India Limited".

The Company has manufacturing locations across the Country and has three product segments namely, Cycles and Accessories, Engineering and Metal Formed Products. The Company also has Subsidiaries and Joint Venture Companies, Viz., Shanthi Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis GmbH, Sedis Company Limited, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited.

The standalone financial statements were authorised for issue in accordance with a resolution of the directors on 9th August 2017.

2. Scheme of Arrangement

The Scheme of Arrangement ("the Scheme") between the Company ("Resulting Company") and TI Financial Holdings Limited, formerly known as Tube Investments of India Limited ("Demerged Company") and their Shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, was approved by the Board of Directors of both the Companies on 3rd November 2016.

The Demerged Company, interalia, was engaged in manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies ("Manufacturing Business Undertaking"). The Manufacturing Business is also carried out through subsidiaries and Joint Venture Companies (Shanthi Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis GmbH, Sedis Company Limited, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited).

The Scheme provided for the demerger of the Manufacturing Business Undertaking of the Demerged Company into this Company, on a going concern basis, with effect from the appointed date of 1st April 2016.

The salient features of the Demerger are as under:

a. The Demerged Company and the Company has made applications and / or petitions under Section 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the National Company Law Tribunal, Chennai ("Tribunal" or "NCLT") for sanction of this Scheme and all matters ancillary or incidental thereto.

b. The whole of the undertaking and assets and properties of the Manufacturing Business Undertaking of the Demerged Company, shall stand transferred to and vested in the Company with all the rights, title and interest pertaining to the Manufacturing Business Undertaking.

c. The Scheme of Arrangement would become effective from the Appointed Date i.e. 1st April 2016 but shall be operative from the Effective Date i.e. 1st August 2017 being the date of filing of a certified copy of the Order of NCLT by the Company and the Demerged Company with the Registrar of Companies, Tamil Nadu, Chennai.

d. Equity Share Capital of the Company

   i. Equity Share Capital of ₹0.11 Cr. of the Company as on the Appointed Date shall stand cancelled and credited to Capital Reserve.

   ii. The Company shall issue and allot 1 (One) fully paid up Equity Share of ₹1 (Rupee One Only) each for every 1 (One) fully paid up equity share of ₹2 (Rupees Two) each held in the Demerged Company.

Notes to Financial Statements

iii. The equity shares of the Company will be listed on the Stock Exchanges, namely BSE Limited and the National Stock Exchange of India Limited, on which the shares of the Demerged Company are listed, after making necessary applications for the approval of the said Stock Exchanges.

e. All legal proceedings by or against the Demerged Company relating to Manufacturing Business Undertaking were transferred to the Company.

f. All staff and employees of the Demerged Company pertaining to Manufacturing Business Undertaking in service on the Effective Date shall be deemed to have become staff and employees of the Company and the terms and conditions of their employment with the Company shall not be less favourable than those applicable to them with reference to their employment in the Demerged Company.

g. Employees Stock Option Schemes

i. The Company shall take necessary steps to formulate stock option schemes by adopting the Existing Stock Option Schemes of the Demerged Company.

ii. With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company under the Existing Stock Option Schemes and upon the Scheme becoming effective, the said employees shall be issued one stock option by the Company under the new scheme(s) for every stock option held in the Demerged Company, whether the same are vested or not on terms and conditions similar to the relevant Existing Stock Option Schemes.

iii. The existing exercise price of the stock options of the Demerged Company shall stand suitably adjusted in an appropriate manner as determined by the Nomination and Remuneration Committee of the Demerged Company and the balance of the exercise price shall become the exercise price of the stock options issued by the Company.

h. All the contracts, deeds, bonds, agreements, arrangements, assurances and other instruments of whatsoever nature of Manufacturing Business Undertaking of Demerged Company was transferred to the Company.

i. All debts, liabilities, duties and obligations of relating to Manufacturing Business Undertaking of Demerged Company were transferred to the Company.

j. Pursuant to the Scheme, Net Assets of ₹979.37 Cr. was taken over from the Demerged Company on 1st April 2016 and the details of which are given in Note 44.

3. Basis of Preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

For all periods up to and including the year ended 31st March 2016, the Company prepared its Standalone Financial Statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP"). These financial statements for the year ended 31st March 2017 are the first the Company has prepared in accordance with Ind AS. Refer Note 44 for information on how the Company adopted Ind AS.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)

The standalone financial statements are presented in INR and all values are rounded to the nearest crore, except when otherwise indicated.

4. Summary of Significant Accounting Policies

4.1. Presentation and Disclosure of Financial Statements

An asset has been classified as current when it satisfies any of the following criteria:

a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) It is held primarily for the purpose of being traded;

Notes to Financial Statements

c) It is expected to be realized within twelve months after the reporting period; or

d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability has been classified as current when it satisfies any of the following criteria:

a) It is expected to be settled in the Company's normal operating cycle;

b) It is held primarily for the purpose of being traded;

c) It is due to be settled within twelve months after the reporting period; or

d) The Company does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets and liabilities have been classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products / activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

4.2. Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement,such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement.

External valuers are involved for valuation of assets such as investment properties. Involvement of external valuers is decided upon annually by the Company. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Other fair value related disclosures are given in the relevant notes (Refer Note 41).

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For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (Refer Note 41).

4.3. Use of Estimates

The preparation of Standalone Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, like provision for employee benefits, provision for doubtful trade receivables / advances / contingencies, provision for warranties, allowance for slow / non-moving inventories, useful life of Property, Plant and Equipment, provision for retrospective price revisions, provision for taxation, etc., during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

4.4. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

4.5. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of the cash management of the Company.

4.6. Property, Plant and Equipment

In respect of the Assets transferred pursuant to the Scheme of Arrangement (Refer Note 2), the Company has elected to continue with carrying value of Property, Plant and Equipment under the Indian GAAP, as the deemed cost for the purpose of transition to Ind AS.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Freehold land is measured at cost and not depreciated. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition, installation of the Property, Plant and Equipment and borrowing cost if capitalisation criteria are met but excludes duties and taxes that are recoverable from tax authorities.

Machinery Spares including spare parts, stand-by and servicing equipment are capitalised as Property, Plant and Equipment if they meet the definition of Property, Plant and Equipment i.e. if the company intends to use these for more than a period of 12 months. These spare parts capitalized are depreciated as per Ind AS 16.

Subsequent expenditure relating to Property, Plant and Equipments is capitalised only if 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.

Material replacement cost is capitalized provided 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. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced is derecognized. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful life.

The Company identifies and determines cost of each component / part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

An item of Property, Plant and Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Notes to Financial Statements

Capital Work-in-Progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and attributable interest. Once it has becomes available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

4.7. Investment Properties

In respect of the Assets transferred pursuant to the Scheme of Arrangement (Refer Note 2), the Company has elected to continue with the carrying value of Investment property under the Indian GAAP, as the deemed cost for the purpose of transition to Ind AS.

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition Criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years as prescribed in Schedule II to the Companies Act, 2013. These are based on the Company's estimate of their useful lives taking into consideration technical factors.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

4.8. Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment including impairment on inventories, are recognized in the statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable

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amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.9. Inventories

Raw materials, stores & spare parts and stock-in-trade are valued at lower of weighted average cost and estimated net realisable value. Cost includes freight, taxes and duties and is net of Credit under VAT and CENVAT scheme, where applicable.

Work-in-progress and finished goods are valued at lower of weighted average cost and estimated net realisable value. Cost includes all direct costs and appropriate proportion of overheads to bring the goods to the present location and condition based on the normal operating capacity, but excluding borrowing costs. Cost of finished goods includes Excise Duty.

Due allowance is made for slow / non-moving items. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

4.10. Revenue and Other Income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax / value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Goods:

Revenue from sale of goods is recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services:

Revenue from rendering of services is recognised with reference to the stage of completion determined based on estimate of work performed, and when the outcome of the transaction can be estimated reliably.

Dividends:

Dividend income is accounted for when the right to receive it is established.

Interest Income:

For all debt instruments measured at amortised cost, interest income is recognised on time proportion basis, taking into account the amount outstanding and effective interest rate.

Rental Income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature.

4.11. Government Grants, Subsidies and Export Benefits

Government grants and subsidies are recognised when there is reasonable assurance that the Company will

Notes to Financial Statements

comply with the conditions attached to them and the grants / subsidy will be received.

When the grant or subsidy from the Government relates to an expense item, it is recognised as income on a systematic basis in the statement of profit and loss over the period necessary to match them with the related costs, which they are intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset, i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value of the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

4.12. Employee Benefits

I. Defined Contribution Plan

a. Superannuation

The Company contributes a sum equivalent to 15% of the eligible employees salary to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India (LIC). The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year in which the services are rendered.

b. Provident Fund

Contributions in respect of Employees who are not covered by Company's Employees Provident Fund Trust are made to the Regional Provident Fund. These Contributions are recognised as expense in the year in which the services are rendered. The Company has no obligation other than the contribution payable to the Regional Provident fund.

c. Employee State Insurance

Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

II. Defined Benefit Plan

a. Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and the Contributions are invested in a Scheme with Life Insurance Corporation of India, as permitted by Indian Law. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method.

Re-measurements, comprising of actuarial gains / losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are immediately recognised in the balance sheet with a corresponding debit or Credit in to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods.

Past service cost is recognised in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs and
- Net interest expense or income.

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b. Provident Fund

In respect of the employees not covered under Point I b above, contributions to the Company's Employees Provident Fund Trust are made in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the Trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation, if any, determined based on an actuarial valuationas at the balance sheet date, as an expense.

III. Long Term Compensated Absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit Credit method at the year-end. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

IV. Short Term Employee Benefits

Short term employee benefits includes short term compensated absences which is recognized based on the eligible leave at Credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

V. Voluntary Retirement Scheme

Compensation to employees under Voluntary Retirement Schemes is expensed in the period in which the liability arises. The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.13. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of profit and loss on a straight line basis over the lease term.

4.14. Foreign Currency Transactions

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Measurement as at Balance Sheet date

Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions.

Treatment of Exchange Differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the statement of profit and loss.

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4.15. Derivative Instruments and Hedge Accounting

The Company uses Cash flow hedges (forward contracts and currency swaps) to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge by applying the hedge accounting principles set out in Ind AS 109 - "Financial Instruments".

The use of Derivative Contracts is governed by the Company's policies on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Derivative Contracts are measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of these Derivative Contracts that are designated and effective as hedges of future cash flows are recognised directly in "Other Comprehensive Income" and the ineffective portion is recognized immediately in the statement of profit and loss.

Changes in the fair value of Derivative Contracts that do not qualify for hedge accounting are recognized in the statement of profit and loss as they arise.

The amounts recognised in the Other Comprehensive Income are transferred to the statement of profit and loss when the hedged transactions crystalizes.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to statement of profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised. If any of these events occur or if a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised under Other Comprehensive Income is transferred to the statement of profit and loss for the year.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

4.16. Depreciation and Amortisation

The Company depreciates Property, Plant and Equipment over their estimated useful lives using the Straight-line method, as per Schedule II of Companies Act, 2013. The estimated useful lives are as follows:

Description of Assets	Useful life
Plant and Machinery	7.50 - 15 Years
Electrical Appliances	5 - 10 Years
Furniture and Fixtures	10 Years
Factory Buildings	30 Years
Other Buildings	60 Years
Vehicles	4 Years

The following category of Property, Plant and Equipment are not depreciated as per Schedule II of Companies Act, 2013. These category of Property, Plant and Equipment are depreciated based on the Company's estimate of their useful lives taking into consideration technical advise:

Description of Assets	Useful Life
Buildings - Roof structure on certain factory areas, where useful life is less	10 Years
Plant and Machinery - Special tools and special purpose machines used in door frame products	4 Years
Plant and Machinery - Electrical Appliances such as Air Conditioner, Fridge, Water Cooler, Camera, TV, Grinder etc.,	5 Years
Office Equipment - Data Processing Equipment	3 Years
Vehicles - Motor Vehicles	4 Years

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Finance lease assets are depreciated over the primary lease period of 35 years - 95 years, as the right to use these assets ceases on expiry of the lease period.

Depreciation is provided pro-rata from the month of Capitalisation.

Certain Property, Plant and Equipment are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated on the straight-line method based on the useful life as prescribed in Schedule II to the Companies Act, 2013.

The Company also has a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the Property, Plant and Equipment is likely to be affected by the variation in demand and / or its condition / usability.

4.17 Research and Development

Revenue expenditure on research and development is expensed when incurred. Capital expenditure on research and development is capitalised under Property, Plant and Equipment and depreciated in accordance with Note 4.16 above.

4.18 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The company recognizes MAT credit only to the extent that it is probable that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as deferred tax asset. The company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is probable that it will pay normal tax during the specified period.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax Credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax Credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of profit and loss is recognised outside Statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable Company and the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate.

4.19. Provisions and Contingencies

A provision is recognized when aCompany has a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is estimated based on historical experience and technical estimates. The estimate of such warranty-related costs is reviewed annually.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the Standalone Financial Statements.

4.20. Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of Borrowing Costs is suspended and charged to the statement of profit and loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are expensed in the period they occur.

4.21. Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

4.22. Share Based Payments (Employees Stock Option Scheme)

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the company are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Company and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves / stock options outstanding account in equity, over the period in which the performance and / or service conditions are

Notes to Financial Statements

fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or Credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

4.23. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one Company and a financial liability or equity instrument of another company.

A. Financial Assets

I. Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

II. Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a. Debt instruments at amortised cost

d. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

c. Equity instruments measured at fair value through other comprehensive income FVTOCI

Debt instruments At Amortised Cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt Instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the Criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss

Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Notes to Financial Statements

iii. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily when:

- The rights to receive cash flows from the asset have expired, or
- the Company has transferred substantially all the risks and rewards of the asset or has transferred control of the asset

iv. Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and Credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in Credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the Credit risk since initial recognition. If Credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if Credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, Credit quality of the instrument improves such that there is no longer a significant increase in Credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected Credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other Credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off Criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in Credit risk and impairment loss, the Company combines financial instruments on the basis of shared Credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in Credit risk to be identified on a timely basis.

Notes to Financial Statements

B. Financial Liabilities

i. Initial Recognition and Measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

ii. Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities At Fair Value Through Profit and Loss

Financial liabilities at fair value through profit or loss include derivatives. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the Criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own Credit risks are recognized in OCI. These gains / loss are not subsequently transferred to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

Equity Investment in Subsidiaries and Joint Ventures

Investment in Subsidiaries and Joint Ventures are carried at Cost in the Separate Financial Statements as permitted under Ind AS 27.

Note 5. Property Plant and Equipment

₹ in Crores

Particulars	Gross Block at Cost					Depreciation / Amortisation				Net Block	
	As at 31-Mar-2016	Adjustment pursuant to Scheme of Arrangement (Refer Note 2)	Additions	Deletions	As at 31-Mar-2017	As at 31-Mar-2016	For the Year	On Deletions	As at 31-Mar-2017	As at 31-Mar-2017	As at 31-Mar-2016
Land (Freehold)	-	121.04	-	0.80	120.24	-	-	-	-	120.24	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Land (Leasehold)	-	0.61	-	-	0.61	-	0.01	-	0.01	0.60	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Buildings	-	179.66	50.80	0.07	230.39	-	10.12	-	10.12	220.27	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Plant and Machinery	-	510.83	118.66	9.64	619.85	-	104.08	4.14	99.94	519.91	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Railway Siding	-	0.01	-	-	0.01	-	-	-	-	0.01	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Office Equipment	-	4.56	4.54	0.02	9.08	-	3.29	-	3.29	5.79	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Furniture and Fixtures	-	4.00	4.57	-	8.57	-	1.27	-	1.27	7.30	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Vehicles	-	5.72	4.49	0.82	9.39	-	2.40	0.23	2.17	7.22	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	-	826.43	183.06	11.35	998.14	-	121.17	4.37	116.80	881.34	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Notes:

a. Depreciation / Amortisation for the year includes depreciation amounting to ₹3.57Cr. (Previous Year - Nil) charged additionally on certain assets.

b. All the above assets are owned by the Company unless otherwise stated as leased asset.

c. Previous Year Figures are given in brackets.

d. Non Convertible Debentures are secured by first pari-passu charge on certain Land and Building.

e. The gross block of the assets and their accumulated depreciation under previous GAAP as at 1st April 2016 as transferred from the Demerged Company pursuant to the Scheme of Arrangement is given below:

₹ in Crores

Particulars	Gross Block	Accumulated Depreciation	Impairment	Net Block
Land (Freehold)	126.57	-	5.53	121.04
Land (Leasehold)	1.14	0.20	0.33	0.61
Buildings	270.00	77.97	12.37	179.66
Plant and Machinery	1344.70	815.10	18.77	510.83
Railway Siding	0.21	0.20	-	0.01
Office Equipment	22.80	18.24	-	4.56
Furniture and Fixtures	13.76	9.71	0.05	4.00
Vehicles	10.81	5.09	-	5.72
Total	**1789.99**	**926.51**	**37.05**	**826.43**

Notes to Financial Statements

Note 6. Investment Property ₹ in Crores

Opening Balance at 01-Apr-2016	-
Adjustment pursuant to Scheme of Arrangement (Refer Note 2)	5.17
Additions during the year	-
Closing Balance as at 31-Mar-2017	**5.17**
Depreciation and Impairment	
Opening Balance at 01-Apr-2016	-
Depreciation during the year	0.08
Closing Balance as at 31-Mar-2017	**0.08**
Net Block	
As at 01-Apr-2016	**-**
As at 31-Mar-2017	5.09

Information regarding income and expenditure of Investment property: ₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Rental Income derived from Investment Properties	0.54	-
Direct Operating Expenses (including repairs and maintenance)	-	-
Profit arising from Investment Properties before Depreciation and Indirect Expenses	**0.54**	**-**
Depreciation	(0.08)	-
Profit arising from Investment Properties before Indirect Expenses	**0.46**	**-**

The Company's Investment Property consists of two properties in Mumbai lying vacant and two properties in Chennai which have been let out on rent.

As at 31st March 2017, the Fair Value of the properties is ₹6.48 Cr. (31st March 2016 and 1st April 2015 - Nil)

The Fair Values of the Investment Properties are determined by external independent valuer based on current prices in the market. The resulting Fair Value Estimates are classified under level 2 of the Fair Value Hierarchy (Refer Note 41.2).

The Company has no restrictions on the disposal of its Investment Property and no contractual obligations to purchase, construct or develop Investment Property or for Repairs, Maintenance and Enhancements.

Reconciliation of Fair Value ₹ in Crores

Particulars	**Total**
Opening Balance at 01-Apr-2016	**-**
Adjustment pursuant to Scheme of Arrangement (Note 2)	5.17
Fair value difference	1.31
Purchases	-
Sales	-
Closing balance as at 31-Mar-2017	**6.48**

Note 7a. Investments in Subsidiaries and Joint Ventures

Particulars	Nominal Value ₹ per unit	Number of shares			₹ in Crores		
		As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Investments at Cost:							
Equity Shares (Fully Paid) - Quoted							
Investment in Subsidiaries							
Shanthi Gears Ltd	1	5,72,96,413	-	-	464.10	-	-
Equity Shares (Fully Paid) - Unquoted							
Investment in Subsidiaries							
Financiere C10 SAS	Euro 15	2,23,920	-	-	61.15	-	-
Investment in Joint Ventures							
TI Tsubamex Private Ltd.	10	1,95,00,000	-	-	19.50	-	-
TI Absolute Concepts Private Ltd. (Refer Note below)	10	1,00,00,000	-	-	10.00	-	-
Total					**554.75**	-	-

	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Quoted			
Cost	464.10	-	-
Market value	637.42	-	-
Unquoted			
Cost	90.65	-	-

Note:

During the year, the Company subscribed to 1,00,00,000 equity shares of ₹10 each of TI Absolute Concepts Private Limited (TIACPL), a Joint Venture Company at ₹10 per share amounting to ₹10 Cr.

Note 7b. Other Investments

Particulars	Nominal Value ₹ per unit	Number of shares: As at 31-Mar- 2017	Number of shares: As at 31-Mar-2016	Number of shares: As at 01-Apr-2015	₹ in Crores: As at 31-Mar-2017	₹ in Crores: As at 31-Mar-2016	₹ in Crores: As at 01-Apr-2015
Investments at Fair Value Through Other Comprehensive Income (FVTOCI):							
Equity Shares (Fully Paid) - Quoted							
LG Balakrishnan & Bros. Ltd.	10	5,192	-	-	0.32	-	-
LGB Forge Ltd.	1	25,960	-	-	0.02	-	-
GIC Housing Finance Ltd.	10	48,700	-	-	1.79	-	-
Equity Shares (Fully Paid) - Unquoted							
Bombay Mercantile Co-op. Ltd. (Fair value ₹5,000 only)	10	500	-	-	-	-	-
Southern Energy Development Corporation Ltd.	10	70,000	-	-	7.65	-	-
TI Cycles of India Co-operative Canteen Ltd. (Fair value - ₹250 only)	5	50	-	-	-	-	-
TI Diamond-Miller Co-operative Canteen Ltd. (Fair value - ₹100 only)	5	20	-	-	-	-	-
Cauvery Power Generation Chennai Pvt Ltd.	10	24,00,000	-	-	2.41	-	-
Total					**12.19**	**-**	**-**

Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity investments. Refer Note 41 for determination of their fair value.

	As at 31-Mar-2017	As at 31-Mar-2016	As at 1-Apr- 2015
Quoted			
Cost	1.10	-	-
Market value	2.13	-	-
Unquoted			
Cost	3.26	-	-

Notes to Financial Statements

Note 7c. Other Financial assets

(At Amorised Cost) ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Electricity and Other Deposits	15.47	-	-
Others	2.52	-	-
Total	**17.99**	**-**	**-**

Note 8. Other non-current assets

(Considered Good, Unsecured unless stated otherwise) ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Capital Advances			
- Secured	8.35	-	-
- Unsecured	8.34	-	-
Deposits with Government, Public Bodies and Others:			
- Balance with Customs, Excise and Sales Tax Authorities	11.29	-	-
Total	**27.98**	**-**	**-**

Note 9. Inventories

(Lower of cost and estimated Net Realisable Value) ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Raw Materials	174.76	-	-
Work-in-Progress	82.38	-	-
Finished Goods	238.54	-	-
Stock-in-Trade	45.60	-	-
Stores and Spare Parts	7.51	-	-
Goods-in-Transit		-	-
- Raw Materials	22.04	-	-
- Stock-in-Trade	9.89	-	-
Total	**580.72**	**-**	**-**

During the year ended 31st March 2017, ₹7.04 Cr. was recognised as an expense to bring the inventories to record them that Net Realisable Value. (31st March 2016 and 1st April 2015 - Nil)

Notes to Financial Statements

Note 10a. Loans

(Considered Good, Unsecured unless stated otherwise) ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Loan to employees	1.37		
Total	**1.37**	**-**	**-**

Loans to employees are Non-Derivative Financial Assets which generate a fixed or variable interest income for the Company.

Note 10b. Trade Receivables

(Unsecured) ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Outstanding for a period exceeding six months from the date they are due for payment			
Considered Good	3.08	-	-
Doubtful	6.12	-	-
	9.20	-	-
Provision for Doubtful Receivables	(6.12)	-	-
	3.08	-	-
Other Receivables			
Considered Good *	526.14	-	-
Doubtful	-	-	-
	526.14	-	-
Provision for Impairment on Receivables	(1.00)	-	-
	525.14	-	-
Total Trade Receivables			
Considered Good	529.22	-	-
Doubtful	6.12	-	-
	535.34	-	-
Provision for Doubtful / Impairment on Receivables	(7.12)	-	-
Total	**528.22**	-	-
* Includes dues from Related parties			
Sedis SAS	5.24	-	-
Shanthi Gears Limited	0.10	-	-
TI Tsubamex Private Limited	0.57	-	-
TI Absolute Concepts Private Limited	0.13	-	-

Trade Receivables are non-interest bearing and are generally have Credit period to a maximum of 120 days. For terms and conditions relating to Related Party receivables, refer Note 37.

Notes to Financial Statements

Reconciliation of Provision / Impairment for Receivables ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Opening Balance as at beginning of the year	-	-	-
Adjustment pursuant to scheme of arrangement (Note 2)	12.13		
Created / (Reversed) during the year	(5.01)	-	-
Closing Balance as at end of the year	**7.12**	-	-

Note 10c. Investments ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Quoted Investments - FVTPL			
Investments in Mutual Funds	102.08	-	0.05
Total	**102.08**	**-**	**0.05**

During the year, the Company has invested an aggregate amount of ₹1799.96 Cr. (Previous Year - Nil) in the units of various Cash Management Schemes of Mutual funds, for the purpose of deployment of temporary cash surplus and has ₹102.08 Cr. in various schemes of mutual funds. The total consideration received on the sale of units during the year was ₹1708.57 Cr. (Previous Year - Nil)

Note 10d. Cash and Cash Equivalents ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Balances with Banks in Current Accounts	18.69	0.05	-
Cash on hand	0.07	-	-
Cash and Cash Equivalents as per Balance Sheet	**18.76**	**0.05**	**-**
Cash Credit facility (Secured)	(9.19)	-	-
Cash and Cash Equivalents as per Statement of Cash Flows	**9.57**	**0.05**	**-**

As at 31st March 2017, the Company had undrawn committed borrowing facilities of ₹223.19 Cr. (31st March 2016 and 1st April 2015 - Nil).

Pursuant to the Scheme of Arrangement (Refer Note 2), the Cash and Cash Equivalents taken over as at 1st April 2016 is ₹607.54 Cr. For the purpose of Cash Flow Statement under Ind AS, the Bank Overdraft / Cash Credit balances of ₹29.69 Cr. as at 1st April 2016 has been reduced from Cash and Cash equivalents.

Details of transactions in Specified Bank Notes (SBN's) and other denomination notes:

Particulars	SBNs	Other notes	Total
Closing Cash as on 08-Nov-2016	5,25,000	2,42,517	7,67,517
Permitted Receipts	-	25,41,279	25,41,279
Permitted Payments	(1,10,500)	(20,25,411)	(21,35,911)
Amount Deposited in Banks	(4,14,500)	(1,77,111)	(5,91,611)
Closing Cash as on 30-Dec-2016	**-**	**5,81,274**	**5,81,274**

Notes to Financial Statements

Note 10e. Other Financial assets

(At Amortised Cost) ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Claims Recoverable			
- Goods and Services	1.62	-	-
- Employee Related	0.18	-	-
Other deposits	4.23	-	-
Government Grants	7.01	-	-
Total	**13.04**	**-**	**-**

Note 11. Other current assets

(Considered Good, Unsecured unless stated otherwise) ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Advances and Claims Recoverable			
- Goods and Services	16.54	-	-
- Employee Related	0.54	-	-
- Prepaid Expenses	3.50	-	-
- Gratuity Fund (Net of Provision)	0.09	-	-
	20.67	**-**	**-**
Balances with Customs, Excise and Sales Tax Authorities	35.43	-	-
Total	**56.10**	**-**	**-**

Note 12. Equity Share Capital ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Authorised Capital			
20,00,000 Equity Shares of ₹10 each	-	2.00	2.00
25,00,00,000 Equity Shares of ₹1 each	25.00	-	-
Issued, Subscribed and Paid-up Capital			
18,74,47,871 Equity Shares of ₹1 each fully paid up (31-Mar-2016: 1,10,000 Equity Shares of ₹10 each fully paid up, 01-Apr-2015: 1,10,000 Equity Shares of ₹10 each fully paid up)	18.74	0.11	0.11
	18.74	**0.11**	**0.11**

Note - Upon the scheme becoming effective, the company shall issue one fully paid up equity share of ₹1 each for every one fully paid up equity share held in the Demerged Company as at the record date (Refer Note 2).

Notes to Financial Statements

a) The Reconciliation of shares capital is given below:

Particulars	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	**1,10,000**	**0.11**	**1,10,000**	**0.11**	**1,10,000**	**0.11**
Cancellation of existing Equity Share Capital pursuant to Scheme of Arrangement (Note 2)*	(1,10,000)	(0.11)	-	-	-	-
Equity Shares of ₹1 each to be issued pursuant to Scheme of Arrangement (Note 2)*	18,74,47,871	18.74	-	-	-	-
At the end of the year	**18,74,47,871**	**18.74**	**1,10,000**	**0.11**	**1,10,000**	**0.11**

* During the year, the face value of the share has been reduced from ₹10 per share to ₹1 per share, without any reduction in Authorised and Issued Share capital. Pursuant to the Scheme of Arrangement as mentioned in Note 2, the existing Share Capital of ₹0.11 Cr. stands cancelled and credited to Capital Reserve. The Company shall issue Share Capital to the extent of the shares outstanding as at the record date in the books of the Demerged Company and accordingly the Authorised Share Capital has been increased to ₹25 Cr. The breakup of Equity Shares to be issued are as follows:

Particulars	₹ in Crores
On account of Transfer of Assets and Liabilities as at 1st April 2016	18.73
On account of Shares issued upon exercise of Employees Stock Options after 1st April 2016	0.01
Equity Shares to be issued pursuant to the Scheme of Arrangement	**18.74**

b) Terms / Rights attached to class of shares

The Company has only one class of shares referred to as Equity Shares having a par value of ₹1 each. The holders of Equity Shares are entitled to one vote per share. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Repayment of capital will be in proportion to the number of equity shares held by the shareholders.

c) Details of Shareholder(s) holding more than 5 percent of Equity Shares in the Company

Particulars	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares
Murugappa Holdings Limited (Face Value ₹1 each)	6,40,54,680	34.17%	-	-	-	-
TI Financial Holdings Lmited (formerly known as Tube Investments of India Limited) (Face Value ₹10 each)	-	-	1,10,000	100.00%	1,10,000	100.00%

d) Status on Global Depository Receipts (GDRs):

Pursuant to the Scheme of Arrangement (Refer Note 2), the Company shall issue shares in the ratio of GDRs held by them in the Demerged Company, to a appointed depository. The appointed depository shall hold such shares on behalf of the holders of the Demerged Company GDRs. Consequently, the aggregate number of GDRs deemed to be outstanding as at 31st March 2017 is 42,30,630 (As at 31st March 2016 - Nil) each representing one Equity Share of ₹1 face value. GDR % against total number of shares is 2.26%. The GDRs carry the same terms / rights attached to Equity Shares of the Company.

Notes to Financial Statements

Note 13. Other equity

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
General Reserve	334.63	-	-
Retained Earnings	663.17	(0.06)	(0.06)
Other Reserves			
Cash Flow Hedge Reserve	(0.24)	-	-
FVTOCI Reserve	6.85	-	-
Capital Reserve	0.11	-	-
Debenture Redemption Reserve	118.75	-	-
Total other equity	**1123.27**	**(0.06)**	**(0.06)**

a. General Reserve - The general reserves is a free reserve, retained from company's profits to meet future obligations.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	-	-
Adjustment pursuant to Scheme of arrangement (Refer Note 2)	334.63	-
Balance at the end of the year	**334.63**	-

b. Retained Earnings - The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	**(0.06)**	**(0.06)**
Adjustment pursuant to Scheme of arrangement (Refer Note 2)	406.05	-
Adjustment pursuant to transition to Ind AS	0.23	-
Profit for the Year	158.95	-
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	(4.08)	-
Transferred from DRR (Net)	102.08	-
Balance at the end of the year	**663.17**	**(0.06)**

c. Cash Flow Hedge Reserve - The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Notes to Financial Statements

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	**-**	**-**
Adjustment pursuant to Scheme of arrangement (Refer Note 2)	(0.87)	-
Adjustment pursuant to transition to Ind AS	0.30	-
Additions / (Deductions) during the year (Net)	0.33	-
Balance at the end of the year	**(0.24)**	**-**

d. FVTOCI Reserve – This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	**-**	**-**
Adjustment pursuant to transition to Ind AS	4.77	-
Additions during the year	(2.00)	
Deductions during the year	4.08	-
Balance at the end of the year	**6.85**	**-**

e. Capital Reserve - The share capital of ₹0.11 Cr. of the Company as at 31st March 2016, has been cancelled pursuant to the Scheme of Arrangement (Refer Note 2) and the same has been credited to the Capital Reserve

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	**-**	**-**
Adjustment pursuant to Scheme of arrangement (Refer Note 2)	0.11	-
Balance at the end of the year	**0.11**	**-**

f. Debenture Redemption Reserve (DRR) - The Company has been vested with redeemable non-convertible debentures, pursuant to the Scheme of Arrangement. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the company to create DRR out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures outstanding. Accordingly the Company has created DRR equal to 25% of the outstanding debentures.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	-	-
Adjustment pursuant to Scheme of arrangement (Refer Note 2)	220.83	-
Additions during the year	72.92	-
Deductions during the year	(175.00)	-
Balance at the end of the year	**118.75**	**-**

Notes to Financial Statements

Note 14. Long term Borrowings

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Secured, Listed and Rated Non-Convertible Debentures (NCD)			
7.55% Privately Placed NCD	100.00	-	-
8.79% Privately Placed NCD	150.00	-	-
8.90% Privately Placed NCD	100.00	-	-
Total	**350.00**	**-**	**-**

Repayment Schedule:

Secured, Listed and Rated Non-Convertible Debentures (NCD)

Coupon Rate	Effective Interest Rate	Outstanding Amount in ₹ Cr.	Maturity date and Redemption particulars
7.55%	7.55%	100	20-Feb-20
8.79%	8.78%	150	26-Oct-18
8.90%	8.89%	100	25-Sep-18
* 9.81%	10.08%	75	09-Aug-17
* 9.99%	9.98%	50	26-Apr-17

* Classified as "Other Financial Liabilities" (Refer Note 16d)

Nature of Security - All NCDs are secured by a pari passu first charge on certain immovable properties of the Company (Refer note 5d)

Note 15. Deferred Tax Assets & Liabilities

₹ in Crores

Nature - (Liability) / Asset	Balance Sheet			Statement of Profit and Loss	
	31-Mar-2017	31-Mar-2016	01-Apr-2015	31-Mar-2017	31-Mar-2016
Deferred Tax Liabilities					
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	(64.38)	-	-	(0.36)	-
Total (A)	**(64.38)**	**-**	**-**	**(0.36)**	**-**
Deferred Tax Assets					
Provision for Doubtful Trade Receivables	2.46	-	-	1.73	-
Provision for Employee Benefits	4.80	-	-	1.90	-
On expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	14.55	-	-	(2.02)	-
Effect of Cash flow hedge and fair value of equity investments through Other Comprehensive Income	(2.50)	-	-	0.19	-
MAT Credit Entitlement	18.80	-	-	3.74	-
Others	-	-	-	(0.01)	-
Total (B)	**38.11**	**-**	**-**	**5.53**	**-**
Deferred Tax Expenses / (Income) (A+B)				**5.17**	**-**
Net Deferred Tax (Liabilities) / Assets (A+B)	**(26.27)**	**-**	**-**		

Notes to Financial Statements

Reconciliation of Deferred Tax Liabilities(Net)

₹ in Crores

Particulars	31-Mar-2017	31-Mar-2016
Opening balance	**-**	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 2)	(19.41)	
Adjustment pursuant to transition to Ind AS	(1.69)	
Tax Income / (Expense) during the period recognised in the Statement of Profit and Loss	(1.24)	-
MAT Credit Utilised	(3.74)	-
Tax Income / (Expense) during the period recognised in OCI	(0.19)	-
Closing balance	**(26.27)**	**-**

Note 16a. Short term Borrowing

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Secured Borrowings (Secured by pari passu first charge on Inventories and Trade Receivables)			
From Banks			
Packing Credit Rupee Loans	142.62	-	-
Cash Credit	9.19	-	-
	151.81	**-**	**-**
Unsecured Borrowings			
Commercial Papers	150.00	-	-
	150.00	**-**	**-**
Total	**301.81**	**-**	**-**

Note – Short term Borrowings have a maturity of up to 6 months with an interest rate range of 6.5% - 10.0%.

Note 16b. Trade Payables

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Trade Payables			
- Dues to Micro, Small & Medium Enterprises (See Note below)	1.36	-	-
- Others *	715.64	-	-
Total	**717.00**	**-**	**-**
* Includes Dues to			
Key Managerial Personnel	1.12	-	-
Related Parties			
- Parry Enterprises India Limited	0.13	-	-

Notes to Financial Statements

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Principal amount due to suppliers under MSMED Act	1.34	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	6.66	-	-
Interest paid to suppliers under MSMED Act (Section 16)	0.01	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	0.02	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.02	-	-

Trade payables are non-interest bearing and are normally settled within a period of 90 to 180 days. For terms and conditions relating to Related Party payables, refer Note 37

Note 16c. Derivative Instruments

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Derivative Instruments at FVTOCI (Refer Note 40)			
Cash Flow Hedges - Foreign Exchange Forward Contracts	0.15	-	-
Total	**0.15**	**-**	**-**

Note 16d. Other Financial Liabilities

(At Amortised Cost)

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Current Maturities of Long Term Borrowings			
Secured, Listed and Rated Non-Convertible Debentures (NCD)			
- 9.81% Privately Placed NCD*	75.00	-	-
- 9.99% Privately Placed NCD*	49.99	-	-
Payable to TIFHL (Demerged Company)	55.00	-	-
Interest Accrued But Not Due	17.38	-	-
Advances and Deposits from Customers / Others	9.31	-	-
Other Liabilities			
- Recoveries from Employees	3.24	-	-
- Capital Creditors	15.08	-	-
- Others	2.27	-	-
Total	**227.27**	**-**	**-**

* Refer Note 14 for Nature of Securities and Repayment Particulars

Notes to Financial Statements

Note 17. Short Term Provisions

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Provision for Compensated Absences (Refer Note a below)	16.86	-	-
Provision for Warranties (Refer Note b below)	1.62	-	-
Provision for Contingency / Others (Refer Note c below)	31.24	-	-
Total	**49.72**	**-**	**-**

(a) Provision for Compensated Absences

This refers to the amounts provided for Earned Leave and Sick Leave, which can be encashed at the time of resignation / retirement of employee. The assumptions used to compute the provision are provided in Note 35.

(b) Provision for Warranties

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
At the Beginning of the Year	-	-	-
Adjustment pursuant to Scheme of Arrangement (Refer Note 2)	1.64	-	-
Created during the Year	1.36	-	-
Utilized during the Year	(1.38)	-	-
At the end of the Year	**1.62**	**-**	**-**

A provision is recognised for expected warranty claims on products sold during the last one year (2 years in respect of certain components), based on past experience of the level of returns. It is expected that most of these costs will be incurred within one year after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the applicable warranty period for all products sold.

(c) Provision for Contingencies / Others

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
At the beginning of the Year	-	-	-
Adjustment pursuant to scheme of arrangement (Refer Note 2)	23.02	-	-
Created / (Utilised) during the year	8.22	-	-
At the end of the year	**31.24**	**-**	**-**

The above Provision represents expected future outflows relating to various tax related matters, timing of which cannot be ascertained. The assumptions used to calculate the provisions are based on past experience of similar matters and professional consultations.

Note 18. Other current liabilities

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Statutory Liabilities	14.20	-	-
Advances from Customers	7.36	-	-
Total	**21.56**	**-**	**-**

Notes to Financial Statements

Note 19 a. Financial Assets

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Financial Assets - Non Current			
At Fair Value			
Investments at FVTOCI	12.19	-	-
At Amortised Cost			
Other Financial Assets	17.99	-	-
Total Non Current Financial Assets (A)	**30.18**	**-**	**-**
Financial Assets - Current			
At Fair Value			
Investments at FVTPL	102.08	-	0.05
At Amortised Cost			
Loans	1.37	-	-
Trade Receivables	528.22	-	-
Cash and Cash Equivalents	18.76	0.05	-
Other Financial Assets	13.04	-	-
Total Current Financial Assets (B)	**663.47**	**0.05**	**0.05**
Total Financial Assets (A + B)	**693.65**	**0.05**	**0.05**

Note 19b. Financial Liabilities

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Financial Liabilities - Non Current			
At Amortised Cost			
Borrowings	350.00	-	-
Total Non Current Financial Liabilities (A)	**350.00**	**-**	**-**
Financial Liabilities - Current			
At Fair Value			
Derivative Instruments	0.15	-	-
At Amortised Cost			
Short Term Borrowings	301.81	-	-
Trade Payables	717.00	-	-
Other Financial Liabilities	227.27	-	-
Total Current Financial Liabilities (B)	1246.23	-	-
Total Financial Liabilities (A + B)	**1596.23**	**-**	**-**

Notes to Financial Statements

Note 19c. Government Grants

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Balance at the Beginning of the Year	-	-	-
Received during the Year	6.65	-	-
Released to the Statement of Profit and Loss	(5.27)	-	-
Balance at the End of the Year	**1.38**	**-**	**-**
Current	1.38	-	-
Non current	-	-	-
	1.38	**-**	**-**

Government grants are Interest Subvention given by RBI on Packing Credit Rupee Export Loan towards Exports of Certain Products.

Note 19d. Proposed Dividend

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Proposed Dividends on Equity shares:		
Dividend for FY 2016-17- ₹2 per share (Dividend for FY 2015-16 - Nil)	37.49	-
Dividend Distribution Tax (DDT) on Proposed Dividend	7.63	-
	45.12	**-**

Proposed Dividend on Equity Shares are subject to approval at the Annual General Meeting and are not recognised as a Liability (including DDT thereon) as at 31st March.

Note 19e. Information of Subsidiaries and Joint Ventures as per Ind AS 27

Company	Relationship	Country of Incorporation	Proportion of ownership as at 31-Mar-2017
Financiere C10 SAS (FC 10)	Subsidiary		100.00%
Subsidiaries of FC 10			
- Sedis SAS		France	
- Sedis GmbH		Germany	
- Sedis Company Limited		United Kingdom	
Shanthi Gears Limited (SGL)	Subsidiary	India	70.12%
TI Tsubamex Private Limited (TTPL)	Joint Venture	India	75.00%
TI Absolute Concepts Private Limited (TIACPL)	Joint Venture	India	50.00%

Notes to Financial Statements

Note 20. Revenue from Operations

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Sale of Products		
Finished Goods	4065.44	-
Traded Goods	142.33	-
Sale of Products (A)	**4207.77**	**-**
Other Operating Revenue		
Scrap Sales	185.15	-
Service Income from Subsidiaries	6.30	-
Conversion Income	0.27	-
Export Benefits	11.96	-
Others	4.44	-
Other Operating Revenue (B)	**208.12**	**-**
Total (A+B)	**4415.89**	**-**

Sale of Products includes excise duty collected from customers of ₹282.63 Cr. Sale of Products net of excise duty is ₹3925.14 Cr.

Sale of Scrap includes excise duty collected from customers of ₹24.69 Cr. Sale of Scrap net of excise duty is ₹160.46 Cr.

Note 21. Other Income

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Dividend Income from Investments at FVTOCI	0.52	-
Rental Income	0.65	-
Royalty Income	0.24	-
Gain on Exchange Fluctuation (Net)	2.85	-
Profit on Property, Plant and Equipment sold / discarded (Net)	1.08	-
Profit on Sale of Investments at FVTPL	10.61	-
Fair value gain on Financial Assets at FVTPL	0.08	
Liabilities no longer payable written back	0.32	-
Claims recovered	8.57	-
Bad debts recovery	0.15	-
Interest Income from Financial Assets		
Fixed Deposits with Banks	1.56	-
Others	2.61	-
Provision no longer required written back	0.90	-
Others	0.92	-
Total	**31.06**	**-**

Notes to Financial Statements

Note 22. Cost of Material Consumed

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Opening Raw Material	-	-
Adjustment pursuant to Scheme of Arrangement (Refer Note 2)	183.32	
Purchases	2487.32	-
Closing Raw Material	(196.80)	-
	2473.84	**-**

Note 23. Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Closing stock		
Work-in-Progress	82.38	-
Finished Goods	238.54	-
Stock-in-Trade	55.49	-
	376.41	**-**
Opening stock		
Work-in-Progress	-	-
Finished Goods	-	-
Stock-in-Trade	-	-
	-	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 2)		
Work-in-Progress	75.25	-
Finished Goods	156.83	-
Stock-in-Trade	36.39	-
	268.47	**-**
Changes in inventories of Finished Goods, Work-in-Process and Stock-in-Trade *		
Work-in-Progress	(7.13)	-
Finished Goods	(81.71)	-
Stock-in-Trade	(19.10)	-
	(107.94)	**-**
* Includes Decrease / (Increase) in Excise Duty on Finished Goods	(0.50)	-

Note 24. Employee Benefit Expense

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Salaries, Wages and Bonus	329.73	-
Gratuity Expenses (Refer Note 35)	3.54	-
Contribution to Provident and Other Funds	17.78	-
Staff Welfare Expenses	47.58	-
Total	**398.63**	**-**

Notes to Financial Statements

Note 25. Depreciation and Amortization Expense

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Depreciation on Property, Plant and Equipment (Refer Note 5)	121.17	-
Depreciation on Investment Properties (Refer Note 6)	0.08	-
Total	**121.25**	**-**

Note 26. Finance Costs

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Interest Expense on Borrowings	71.75	-
Exchange Differences on Foreign Currency Loans	0.18	-
Other Borrowing Costs	0.12	-
Total	**72.05**	**-**

Note - The Interest expense on Borrowings includes the interest subvention received amounting to ₹5.27 Cr on Packing Credit Loans.

Note 27. Other Expenses

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Consumption of Stores and Spares	200.89	-
Conversion Charges	91.43	-
Power and Fuel *	147.36	-
Rent (Net of Recoveries)	21.37	-
Repairs and Maintenance - Building	0.85	-
Repairs and Maintenance - Machinery	86.47	-
Insurance	3.16	-
Rates and Taxes	19.62	-
Travelling and Conveyance	23.35	-
Printing, Stationery and Communication	6.12	-
Freight, Delivery and Shipping Charges	140.38	-
Discounts / Incentives on Sales	9.97	-
Advertisement and Publicity	29.27	-
Auditor's Remuneration (Refer Note a below)	0.52	-
Commission and Sitting Fees to Non Whole Time Directors (Refer Note b below)	1.62	-
Bank Charges	2.22	-
Information Technology Expenses	8.18	-
Other Expenses	54.05	-
Total	**846.83**	**-**
* Includes Stores Consumed	47.64	-

Notes to Financial Statements

Note:

(a) Auditor's Remuneration

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
As Auditor:		
Audit Fee	0.38	-
Tax Audit Fee	0.04	-
Audit of Consolidated Financial Statements	0.04	-
In other capacity:		
Certification engagements	0.06	-
Total	**0.52**	**-**

In the previous year, the Company has paid ₹45,750 as Audit fees to the previous auditors.

(b) Commission and Sitting Fees to Non Whole Time Directors

Pursuant to the Scheme of Arrangement (Refer Note 2), the Commission and sitting fees aggregating to ₹1.62 Cr. has been transferred from the Demerged Company.

Note 28. Income Tax Expense

The major components of income tax expense for the years ended 31st March 2017 and 31st March 2016 are:

Statement of Profit and Loss

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Current Tax:		
Current income tax charge	58.25	-
Adjustments in respect of current income tax of previous years	(16.94)	-
Deferred Tax:		
Relating to the origination and reversal of temporary differences	1.24	-
Income Tax Expense reported in the Statement of Profit and Loss	**42.55**	**-**

Other Comprehensive Income (OCI)

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Tax effect on		
Gain on FVTOCI Equity Investments	0.01	-
Re-measurement Loss on Defined Benefit Obligations	(1.43)	-
Movement on cash flow hedges	0.18	-
Income Tax charged to OCI	**(1.24)**	**-**

Notes to Financial Statements

Reconciliation of Tax Expense and the Accounting Profit multiplied by Corporate Income Tax Rate applicable for 31st March 2016 and 31st March 2017:

The tax on the Company's profit before tax differs from the theoretical amount that would arise on using the standard rate of corporation tax in India (34.608%) as follows:

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Accounting Profit before income tax	**201.50**	**-**
Profit before Income Tax multiplied by Standard Rate of Corporate Tax in India of 34.608% (Previous year: 34.608%)	69.74	-
Effects of:		
Benefit u/s 35(2AB) of Income Tax Act, 1961	(6.30)	-
Dividend Income - Exempt from tax	(0.18)	-
Benefit u/s 80IC of Income Tax Act, 1961	(1.73)	-
Capital Allowance u/s 32AC of Income Tax Act, 1961	(5.78)	-
Other Disallowances	3.74	-
Reversal of provision with respect to prior years	(16.94)	-
Net Effective Income Tax	**42.55**	**-**

Note 29. Research and Development Expense

Revenue Expenditure*

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Employee Benefits Expense	9.97	-
Consumption of Stores and Spares	2.34	-
Power and Fuel	0.30	-
Repairs to Machinery	0.63	-
Other Expenses	4.93	-
	18.17	**-**

Capital expenditure

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Plant & Machinery	0.28	-
Office Equipment	0.25	-
Furniture & Fixtures	0.01	-
	0.54	**-**

* Recognized in Employee Benefit Expenses and Other Expenses respectively

Notes to Financial Statements

Note 30. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31-Mar-2017 (Previous year - Nil) ₹ in Crores

Particulars	Cash flow Hedge Reserve	FVTOCI Reserve	Retained Earnings	Total
Foreign Exchange Forward Contracts	0.33	-	-	0.33
Gain on FVTOCI Financial Assets	-	0.70	-	0.70
Re-measurement losses on Defined Benefit Plans	-	-	(2.70)	(2.70)
Total	**0.33**	**0.70**	**(2.70)**	**(1.67)**

Note 31. Earnings Per Share

The following reflects the Profit and Share data used in the basic and diluted EPS computations:

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Profit After Tax (₹ in Crores)	158.95	-
Weighted average number of Shares		
- Basic	18,74,47,871	1,10,000
- Diluted	18,74,47,871	1,10,000
Earning Per Share of ₹1 each (Previous year ₹10 each)		
- Basic	8.48	-
- Diluted	8.48	-

Note 32. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's Standalone Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a. Judgements

In the process of applying the Company's accounting policies, management has not made any judgements, which have significant effect on the amounts recognised in the Standalone Financial Statements.

b. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Standalone Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on Discounted Cash Flow (DCF) model.

Notes to Financial Statements

ii. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

iii. Employee Benefits

The cost of the defined benefit gratuity plan and other post-employment leave encashment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.Further details about defined benefit obligations are given in Note 35.

iv. Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, Credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 41 for further disclosures.

Note 33. Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

Amendments to Ind AS 7, Statement of Cash Flows

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1st April 2017. Application of this amendment will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

Amendments to Ind AS 102, Share-based Payment

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1st April 2017. The company is assessing the potential effect of the amendments on its financial statements.

The company will adopt these amendments from their applicability date.

Notes to Financial Statements

Note 34. Stock Options pursuant to Scheme of Arrangement (Refer Note 2)

Pending completion of the listing of the shares of the Company, stock options have not been granted to the eligible employees who have been transferred to the Company from the Demerged Company. Further, the Nomination and Remuneration Committee (NRC) of the Demerged Company has not decided on the manner of adjustment of the exercise price of the existing options of the Demerged Company and accordingly the exercise price of the Employee Stock Option Place (ESOPs) to be granted by the Company is currently not determinable.

In view of the above, no adjustments have been made to the financial statements of the Company with respect to accounting for the cost of the ESOPs to be granted pursuant to the Scheme as well as related disclosures as required under Ind AS. Further, the Diluted EPS of the Company for the current year does not consider the dilutive component pertaining to the ESOPs to be granted pursuant to the Scheme, pending determination of the exercise price as well as grant of such stock options by the Company. Management believes that consequential effect on these financial statements would not be material.

Note 35. Employee Benefits Obligation

Defined Benefit Plan

a. Gratuity

Under the Gratuity plan operated by the Company, every employee who has completed atleast five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per Payment of Gratuity Act, 1972. The scheme is funded with an Insurance Company in the form of qualifying insurance policy. The following table summarizes the components of net benefit expense recognised in the Statement of Profit and Loss (P&L) and the funded status and amounts recognised in the Balance Sheet.

₹ in Crores

Particulars		31-Mar-2017	31-Mar-2016
A.	**Change in defined benefit obligation**		
1.	Defined benefit obligation at beginning of period	-	-
	Defined benefit obligation transferred pursuant to scheme of arrangement (Note 2)	42.25	
2.	Service cost		
	a. Current service cost	3.99	-
3.	Interest expenses	3.30	-
4.	Cash flows		
	a. Benefit payments from plan	(1.91)	-
5.	Remeasurements		
	a. Effect of changes in financial assumptions	2.88	-
	b. Effect of experience adjustments	0.81	-
6.	Defined benefit obligation at end of period	51.32	-

Notes to Financial Statements

₹ in Crores

Particulars		31-Mar-2017	31-Mar-2016
B.	**Change in fair value of plan assets**		
1.	Fair value of plan assets at beginning of period	-	-
	Fair value of plan assets transferred pursuant to scheme of arrangement (Note 2)	42.41	-
2.	Interest income	3.75	-
3.	Cash flows		
	a. Total employer contributions	7.60	
	b. Benefit payments from plan assets	(1.91)	-
4.	Remeasurements		
	a. Return on plan assets (excluding interest income)	(0.44)	-
5.	Fair value of plan assets at end of period	51.41	-
C.	**Amounts recognized in the Balance Sheet**		
1.	Defined benefit obligation	51.32	-
2.	Fair value of plan assets	(51.41)	-
3.	Funded status	(0.09)	-
4.	Net defined benefit liability (asset)	(0.09)	-
D.	**Components of defined benefit cost**		
1.	Service cost		
	a. Current service cost	3.99	-
2.	Net interest cost		
	a. Interest expense on DBO	3.30	-
	b. Less - Interest income on plan assets	3.75	-
	c. Total net interest cost	(0.45)	-
3.	Remeasurements (recognized in OCI)		
	a. Effect of changes in financial assumptions	2.88	-
	b. Effect of experience adjustments	0.81	-
	c. Less - Return on plan assets (excluding interest income)	(0.44)	-
	d. Total remeasurements included in OCI	4.13	-
4.	Total defined benefit cost recognized in P&L and OCI	7.67	-
E.	**Re-measurement**		
	a. Actuarial Loss / (Gain) on DBO	3.69	-
	b. Less - Returns above Interest Income	(0.44)	-
	Total Re-measurements (OCI)	4.13	-

Notes to Financial Statements

₹ in Crores

Particulars		31-Mar-2017	31-Mar-2016
F.	**Employer Expense (P&L)**		
	a. Current Service Cost	3.99	-
	b. Interest Cost on net DBO	(0.45)	-
	c. Total P&L Expenses	3.54	-
G.	**Net defined benefit liability (asset) reconciliation**		
1.	Net defined benefit liability (asset)	(0.16)	-
2.	Defined benefit cost included in P&L	3.54	-
3.	Total remeasurements included in OCI	4.13	-
4.	Employer contributions	(7.60)	-
5.	Net defined benefit liability (asset) as of end of period	(0.09)	-
H.	**Reconciliation of OCI (Re-measurment)**		
1.	Recognised in OCI during the period	4.13	-
2.	Recognised in OCI at the end of the period	4.13	-
I.	**Sensitivity analysis - DBO end of Period**		
1.	Discount rate +100 basis points	47.52	-
2.	Discount rate -100 basis points	55.63	-
3.	Salary Increase Rate +1%	55.33	-
4.	Salary Increase Rate -1%	47.71	-
5.	Attrition Rate +1%	51.98	-
6.	Attrition Rate -1%	50.59	-
J.	**Significant actuarial assumptions**		
1.	Discount rate Current Year	7.25%	-
2.	Discount rate Previous Year	8.00%	-
3.	Salary increase rate	Uniform 5.0%	-
4.	Attrition Rate	3.0% [AGE 0 TO 30] 1.0% [AGE 31 TO 40] 2.0% [AGE DEFAULT]	-
5.	Retirement Age	58	-
6.	Pre-retirement mortality	Indian Assured Lives Mortality (2006-08) Ultimate	-
7.	Disability	Nil	-
K.	**Data**		
1.	No.	3,474	-
2.	Avg. Age (yrs.)	39	-
3.	Avg. Past Service (yrs.)	12	-
4.	Avg. Sal. Mly (Rs.)	21,131	-
5.	Future Service (yrs.)	19	-
6.	Weighted average duration of DBO	15	-

Notes to Financial Statements

₹ in Crores

Particulars		31-Mar-2017	31-Mar-2016
L.	**Expected cash flows for following year**		
1.	Expected employer contributions / Addl. Provision Next Year	4.45	-
2.	Expected total benefit payments		
	Year 1	4.19	-
	Year 2	3.52	-
	Year 3	2.84	-
	Year 4	4.63	-
	Year 5	3.91	-
	Next 5 years	21.34	-
M.	**Defined benefit obligation at end of period**		
	Current Obligation	4.19	-
	Non-Current Obligation	47.13	-
	Total	51.32	-

₹ in Crores

	SUMMARY	31-Mar-2017	31-Mar-2016
	Assets / Liabilities		
1.	Defined benefit obligation at end of period	51.32	-
2.	Fair value of plan assets at end of period	51.41	-
3.	Net defined benefit liability (asset)	(0.09)	-
4.	Defined benefit cost included in P&L	3.54	-
5.	Total remeasurements included in OCI	4.13	-
6.	Total defined benefit cost recognized in P&L and OCI	7.67	-

Notes:

i. The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

ii. The expected / actual return on Plan Assets is as furnished by LIC.

iii. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

b. Provident Fund

The Company's Provident Fund is exempted under Section 17 of the The Employees' Provident Funds and Miscellaneous Provisions Act, 1952. Conditions for the grant of exemption stipulate that the employer shall make good the deficiency, if any, in the interest rate declared by the Trust over the statutory limit. The Actuary has provided a valuation for Provident Fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below, the Company does not have additional obligation as at 31st March 2017.

The details of fund and plan assets are given below:

₹ in Crores

Particulars	31-Mar-2017	31-Mar-2016
Fair value of plan assets at end of period	137.44	-
Defined benefit obligation at end of period	109.63	-

Notes to Financial Statements

The principal assumptions used in determining the present value obligation of interest guarantee under the deterministic approach are as follows:

Assumptions	31-Mar-2017	31-Mar-2016
Discount Rate	7.25%	-
Weighted Average Duration of DBO in years	15	-
Expected Investment Return	8.67%	-
Average Interest Rate expected to be declared	8.62%	-

During the year, the Company contributed ₹5.88 Cr. (Previous year – Nil) under Defined Benefit Plans and the same has been recognised in the Statement of Profit and Loss under Employee Benefits Expense.

c. Long Term Compensated Absences

The assumption used for computing the long term accumulated compensated absences on actuarial basis are as follows:

Assumptions	31-Mar-2017	31-Mar-2016
Discount Rate	7.25%	-
Future Salary Increase (%)	5.00%	-
Attrition Rate	1 to 3%	-

d. Contributions to Defined Contribution Plan

During the year, the Company recognised ₹5.52Cr. (Previous Year - Nil) to Provident Fund under Defined Contribution Plan, ₹5.22Cr. (Previous Year - Nil) for Contributions to Superannuation Fund and ₹1.10Cr. (Previous Year - Nil) for Contributions to Employee State Insurance Scheme in the statement of profit and loss.

Note 36. Commitment and Contingencies

₹ in Crores

Particulars		As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
I.	**Contingent Liabilities**			
a)	Disputed Income-Tax demands under appeal / remand pending before various appellate / assessing authorities against the Demerged Company (Refer Note d below).	39.36	-	-
b)	Disputed Service Tax, Excise and Customs duty demand amounting to ₹0.11 Cr. (Previous Year Nil) pertaining to financial years 1999-2000 to 2012-13 under appeal pending before the Appellate Tribunal. The Management is of the opinion that the above demands are arbitrary and are not sustainable	0.11	-	-
c)	Claims against the Company not acknowledged as debts	0.89	-	-
II.	**Commitments**			
a)	Estimated amount of contracts remaining to be executed on capital expenditure and not provided for	77.44	-	-
b)	Export obligation under EPCG / Advance License Scheme to be fulfilled. The Company is confident of meeting its obligations under the Schemes within the Stipulated Period.	7.16	-	-

Notes:

a. Draft Assessment Orders received from Income Tax Authorities and Show Cause Notices received from various other Government Authorities, pending adjudication, have not been considered as Contingent Liabilities.

Notes to Financial Statements

b. The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore, cannot be predicted accurately.

c. The Company considers the Cash flow in each of the cases to be uncertain and hence considered as Contingent liabilities.

d. As per the Scheme of Arrangement, all taxes, duties, cess payable by the Demerged Company relating to the Manufacturing Business Undertaking including all advance tax payments, tax deducted at source or any refunds / credit / claims relating thereto shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds / credit / claims, as the case may be, of the Company, provided however that any direct and indirect taxes that cannot specifically be earmarked as the liability or refunds / credit / claims relating to the Manufacturing Business Undertaking shall continue to be borne by the Demerged Company. The Scheme further provides that if the Demerged Company or their successor(s) receives any refunds / credit / claims or incurs any liability in respect of the Manufacturing Business Undertaking, the same shall be on behalf of and as a trustee of the Company and the same shall be refunded to / paid by the Company.

Note 37. Disclosure in respect of Related Parties pursuant to Ind AS 24

a) List of Related Parties

I. Subsidiary Companies

a. Shanthi Gears Limited

b. Financiere C10 SAS and its Subsidiaries namely:

i. Sedis SAS

ii. Societe De Commercialisation De Composants Industriels – SARL (S2CI) (merged with Sedis SAS)

iii. Sedis Company Limited.

iv. Sedis GmbH

II. Joint Venture Company

a. TI Tsubamex Private Limited

b. TI Absolute Concepts Private Limited

III. Company having Significant Influence and other entities of the Group

a. Murugappa Holdings Limited

b. Ambadi Investments Private Limited

c. Parry Agro Industries Limited

d. Parry Enterprises India Limited

IV. Key Management Personnel (KMP)

a. Mr. L. Ramkumar - Director (Ceased to be Director from 1st August 2017)

b. Mr. S. Suresh - Director (Ceased to be Director from 1st August 2017)

c. Mr.N. Prasad - Director (Ceased to be Director from 1st August 2017)

d. Mr. K Mahendra Kumar

Notes to Financial Statements

Note:

a. Pursuant to Scheme of Arrangement (Refer Note 2), Mr.L. Ramkumar, Managing Director of the Demerged Company has been moved to the Company and appointed as Managing Director from 1st August 2017.

b. Pursuant to Scheme of Arrangement (Refer Note 2), Mr.K. Mahendrakumar, Chief Financial Officer of the Demerged Company has been moved to the Company and appointed as Chief Financial Officer from 1st August 2017.

c. Pursuant to Scheme of Arrangement (Refer Note 2), Mr.S. Suresh, Company Secretary of the Demerged Company has been moved to the Company and appointed as Company Secretary from 1st August 2017.

d. Pursuant to the Scheme of Arrangement (Refer Note 2), all the Employee Benefit expenses have been transferred to the Company from the Demerged Company. Hence the disclosure relating to remuneration of Key Management Personnel is given below.

b) During the year the following transactions were carried out with the related parties in the ordinary course of business:

₹ in Crores

Transaction	Related Party	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Services Received	Parry Enterprises India Limited	11.82	-
Subscription to Equity Shares	TI Absolute Concepts Private Limited	10.00	-
Sales and Services rendered	Shanthi Gears Limited	2.01	-
	Financiere C10 SAS	4.29	-
	Sedis SAS	17.93	-
	TI Absolute Concepts Private Limited	0.58	-
Purchases	Shanthi Gears Limited	0.89	-
	Sedis SAS	0.03	-
Remuneration to Key Management Personnel (Refer note c below)	Mr. L. Ramkumar	3.74	-
	Mr. S. Suresh	0.77	-
	Mr. K. Mahendra Kumar	0.33	
Reimbursement of Expenses - Received	Shanthi Gears Limited	1.32	-
	TI Tsubamex Private Limited	0.78	-
Sale of Property, Plant and Equipment	TI Tsubamex Private Limited	0.01	-

₹ in Crores

Transaction	Related Party	As at 31-Mar-2017	As at 31-Mar-2016	As at 31-Mar-2015
Rental Deposit Payable	Shanthi Gears Limited	0.04	-	-
Payable	Parry Enterprises India Limited	0.13	-	-
	Key Managerial Personnel	1.12	-	-
Receivable	Shanthi Gears Limited	0.10	-	-
	TI Tsubamex Private Limited	0.57	-	-
	TI Absolute Concepts Private Limited	0.13	-	-
	Sedis SAS	5.24	-	-

Terms and Conditions of transaction with Related Parties

The sale to and purchases from Related Parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in Cash. For the year ended 31st March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by Related Parties (Refer Note 10b and Note 16b for Trade Receivables and Trade Payables respectively).

Notes to Financial Statements

c) Details of Remuneration to Key Managerial Personnel are given below:

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
- Salaries and Allowances	3.10	-
- Provident Fund and Super Annuation	0.40	-
- Perquisites	0.22	-
- Incentive	1.12	-
	4.84	**-**

Additional Disclosures

The transactions with the Related Parties of the Demerged Company, carried out in the ordinary course of business during 2016-17, before the effective date are given below:

₹ in Crores

Transaction	Related Party	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Debentures redeemed	Cholamandalam MS General Insurance Company Limited	10.00	-
Interest on Debentures	Cholamandalam MS General Insurance Company Limited	0.07	-
Claims Received	Cholamandalam MS General Insurance Company Limited	8.57	-
Premium Paid	Cholamandalam MS General Insurance Company Limited	2.77	-
Rentals Paid	Cholamandalam Investment and Finance Company Limited	0.14	-
Services Received	Cholamandalam Securities Limited	0.01	-
Reimbursement of Expenses - Paid	Cholamandalam MS General Insurance Company Limited	0.02	-

₹ in Crores

Transaction	Related Party	As at 31-Mar-2017	As at 31-Mar-2016	As at 31-Mar-2015
Payable	Cholamandalam MS General Insurance Company Limited	0.04	-	-
Receivable	Cholamandalam MS General Insurance Company Limited	0.02	-	-

Note 38. Segment Information

For management purposes, the Company's operations are organised into three major segments – Cycles and Accessories, Engineering and Metal Formed Products.

The Management Committee headed by Managing Director (CODM) consisting of Chief financial officer, Leaders of Strategic Business Units and Human resources have identified the above three reportable business segments. It reviews and monitors the operating results of the business segments for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

The Cycles and Accessories segment comprises of Standard bi-cycles, Special bi-cycles including alloy bikes and Speciality performance bikes and fitness equipments. The Engineering segment comprises of cold rolled steel strips and precision steel tube viz., Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). The Metal Formed Products segment comprises of Automotive and Industrial chains, fine blanked products, stamped products, roll-formed car doorframes and cold rolled formed sections for railway wagons and passenger coaches. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and are not allocable to any segment. Expenses that are directly identifiable to segments are considered for determining the segment results.

Expenses which relate to the Company as a whole and are not allocable to segments are included under unallocated corporate expenses.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

₹ in Crores

PARTICULARS	CYCLES AND ACCESSORIES			ENGINEERING			METAL FORMED PRODUCTS			ELIMINATIONS			TOTAL		
	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15	2016-17	2015-16	2014-15
REVENUE															
External Sales	1347.52	-	-	1770.14	-	-	1090.11	-	-	-	-	-	4207.77	-	-
Inter-Segment Sales	-	-	-	162.25	-	-	0.98	-	-	(163.23)	-	-	-	-	-
Other Operating Revenue	11.17	-	-	144.54	-	-	50.39	-	-	-	-	-	206.10	-	-
Unallocated Corporate Income													2.02	-	-
Total Revenue	**1358.69**	**-**	**-**	**2076.93**	**-**	**-**	**1141.48**	**-**	**-**	**(163.23)**	**-**	**-**	**4415.89**	**-**	**-**
Unallocated Corporate Expenses net of Income													(11.42)	-	-
RESULTS															
Operating Profit	36.03	-	-	144.85	-	-	91.85	-	-	-	-	-	261.31	-	-
Profit / (Loss) on Sale of Property, Plant and Equipment	(0.30)	-	-	0.93	-	-	0.40	-	-	-	-	-	1.03	-	-
Net Operating Profit	**35.73**	**-**	**-**	**145.78**	**-**	**-**	**92.25**	**-**	**-**		**-**	**-**	**262.34**	**-**	**-**
Dividend Income	-	-	-		-	-		-	-	-	-	-	0.52	-	-
Finance Costs	-	-	-		-	-		-	-	-	-	-	(72.05)	-	-
Tax Expense	-	-	-		-	-		-	-	-	-	-	(42.55)	-	-
Profit on Sale of Current Investments (Net)	-	-	-		-	-		-	-	-	-	-	10.69	-	-
Net Profit	**35.73**	**-**	**-**	**145.78**	**-**	**-**	**92.25**	**-**	**-**	**-**	**-**	**-**	**158.95**	**-**	**-**
ASSETS															
Segment Assets	621.93	-	-	946.96	-	-	619.19	-	-	(29.85)	-	-	2158.23	-	-
Unallocated Corporate Assets													678.94	-	-
Total Assets	**621.93**	**-**	**-**	**946.96**	**-**	**-**	**619.19**	**-**	**-**	**(29.85)**	**-**	**-**	**2837.17**	**-**	**-**
LIABILITIES															
Segment Liabilities	332.00	-	-	317.70	-	-	187.35	-	-	(29.85)	-	-	807.20	-	-
Unallocated Corporate Liabilities													84.89	-	-
Total Liabilities	**332.00**	**-**	**-**	**317.70**	**-**	**-**	**187.35**	**-**	**-**	**(29.85)**	**-**	**-**	**892.09**	**-**	**-**
OTHER INFORMATION															
Capital Expenditure	54.28	-	-	48.56	-	-	45.61	-	-	-	-	-	148.44	-	-
Unallocated Corporate Capital Expenditure													3.80	-	-
Depreciation and Amortisation expense	15.80	-	-	63.18	-	-	39.38	-	-	-	-	-	118.36	-	-
Unallocated Corporate Depreciation													2.89	-	-
Investment in Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	29.50	-	-

Notes to Financial Statements

Revenue from External Customers

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
India	4068.13	-
Outside India	347.76	-
Total Revenue per Statement of Profit or Loss	**4415.89**	**-**

There are no sales to external customers more than 10% of Total Revenue.

Non-Current Operating Assets

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
India	1536.88	-	-
Outside India	-	-	-
Total	**1536.88**	**-**	**-**

Reconciliation of Segment Assets and Liabilities to amounts reflected in the Standalone Financial Statements

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Segment Assets	2837.17	-	-
Add: Deferred Tax Assets (Note 15)	38.11	-	-
Total Assets	**2875.28**	**-**	**-**

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Segment Liabilities	892.09	-	-
Add: Deferred Tax Liabilities (Note 15)	64.38	-	-
Add: Long term and Short term Borrowings (Note 14 and Note 16a)	651.81	-	-
Add: Current maturities of Long term Borrowings (Note 16d)	124.99	-	-
Total Liabilities	**1733.27**	**-**	**-**

Note 39. Operating Leases

The Company has operating lease agreements for certain office space and residential accommodation which are generally cancellable in nature. As per the lease terms, an amount of ₹21.37 Cr. (Previous Year - Nil) has been recognised in the Statement of Profit and Loss.

Note 40. Hedging Activities and Derivatives

Cash Flow Hedges

Foreign Exchange Forward Contracts measured at Fair Value through OCI are designated as Hedging Instruments in cash flow hedges of forecast sales in EUR and USD, and also for forecast purchases in USD, EUR and JPY. Currency Swaps measured at Fair Value through Profit and Loss are designated as Hedging Instruments in cash flow hedges of floating rate long term borrowings in USD.

₹ in Crores

Particulars	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign Exchange Forward Contracts	-	0.15	-	-	-	-

Notes to Financial Statements

Disclosure of Effects of Hedge Accounting

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in Crores)		Maturity Date	Hedge Ratio	Weighted Average Rate	Changes in Fair value of Hedging Instrument	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness
	Asset	Liability	Asset	Liability					
Foreign Currency Forward Contracts	39	9	25.75	6.53	05-Apr-2017 to 29-Mar-2018	1:1	1 USD - ₹65.32 1 EUR - ₹72.39	(0.36)	0.36

Cash Flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprohensive Income	Hedge Inffectiveness recognised in the Statement of Profit and Loss	Amount reclassified from Cash Flow Hedge Reserve to the Statement of Profit and Loss	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign Exchange Risk	(0.03)	-	(0.54)	Other Income

Note 41.1 Fair Values

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities.

₹ in Crores

Particulars	Carrying value			Fair value		
	31-Mar-2017	31-Mar-2016	01-Apr-2015	31-Mar-2017	31-Mar-2016	01-Apr-2015
Financial assets						
FVTOCI Equity Investments	12.19	-	-	12.19	-	-
Other Financial Assets - Non Current	17.99	-	-	17.99	-	-
Loans	1.37	-	-	1.37	-	-
Trade Receivables	528.22	-	-	528.22	-	-
Current Investments	102.08	-	0.05	102.08	-	0.05
Cash & Cash Equivalents	18.76	0.05	-	18.76	0.05	-
Other Financial Assets - Current	13.04	-	-	13.04	-	-
Total	**693.65**	**0.05**	**0.05**	**693.65**	**0.05**	**0.05**
Financial liabilities						
Non-Current Borrowings	350.00	-	-	361.86	-	-
Current Borrowings	301.81	-	-	301.81	-	-
Trade Payables	717.00	-	-	717.00	-	-
Derivative Instruments	0.15	-	-	0.15	-	-
Other Financial Liabilities - Current	227.27	-	-	227.27	-	-
Total	**1596.23**	**-**	**-**	**1608.09**	**-**	**-**

Notes to Financial Statements

The management assessed that cash and cash equivalents, trade receivables, loans, current investments, other current financial assets, short term borrowings, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

i. The fair values of quoted equity investments are derived from quoted market prices in active markets.

ii. The fair values of certain unquoted equity investments have been estimated using Discounted Cash-flow Model (DCF). The valuation is based on certain assumptions like forecast cash-flows, discount rate, etc.

iii. The fair value of borrowings is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return, adjusted for the Credit spread considered by the lenders for instruments of the similar maturity.

iv. Derivatives are fair valued using market observable rates and published prices.

Note 41.2 Fair Values Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2017: ₹ in Crores

Particulars	Total	Fair Value Measurement using		
		Quoted Price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value:				
FVTOCI Equity Investments	12.19	2.13	-	10.06
FVTPL Investments	102.08	102.08	-	-
Assets for which fair values are disclosed:				
Investment Properties *	6.48	-	6.48	-

There have been no transfers between the level 1 and level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31st March 2017: ₹ in Crores

Particulars	Total	Fair Value Measurement using		
		Quoted Price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:				
Derivative Financial Liabilities:				
Foreign Exchange forward Contracts	0.15	-	0.15	-
Liabilities for which fair values are disclosed:				
Borrowings:				
Long term Borrowings	361.86	-	361.86	-

There have been no transfers between the level 1 and level 2 during the period.

* Fair value of investment property is calculated based on valuation given by external independent valuer.

Notes to Financial Statements

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31st March 2017 is given below:

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Sensitivity of the input to fair value
Unquoted FVTOCI equity investments	DCF Model	Discount Rate	15%	5% sensitivity 2016-17- Discount Rate-20%, ₹(2.00) Cr. Discount Rate-10%, ₹4.09 Cr.

Reconciliation of Fair Value Measurement of Unquoted FVTOCI Equity Investments

Particulars	₹ in Crores
Unquoted FVTOCI Equity Investments	
As at 01-Apr-2015	**-**
Re-measurement recognised in OCI	-
Purchases	-
Sales	-
As at 01-Apr-2016	
Adjustment pursuant to scheme of arrangement (Note 2)	2.48
Adjustment pursuant to transition to Ind AS (Refer Note 44)	7.55
Re-measurement recognised in OCI	0.03
Purchases	-
Sales	-
As at 31-Mar-2017	**10.06**

Note 42. Financial Risk Management Objectives and Policies

The Company's principal financial liabilities, other than derivatives, comprise of borrowings and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations. The Company also holds FVTOCI investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

Notes to Financial Statements

A. Market Risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

i. Foreign Currency Exchange Rate Risk

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

The Company, as per its forex policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its forex policy.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to 5% appreciation in USD and EURO exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

₹ in Crores

As at	Nature	Increase / (Decrease) in PBT for change in USD rates	Increase / (Decrease) in PBT for change in EURO rates
31-Mar-2017	Receivables	2.58	0.53
	Payables	(2.00)	(0.27)
31-Mar-2016	Receivables	-	-
	Payables	-	-
01-Apr-2015	Receivables	-	-
	Payables	-	-

Derivative Contracts

₹ in Crores

As at	Increase / (Decrease) in PBT for change in USD rates	Increase / (Decrease) in PBT for change in EURO rates	Increase / (Decrease) in OCI for change in USD rates	Increase / (Decrease) in OCI for change in EURO rates
31-Mar-2017	(0.43)	(0.17)	0.59	0.34
31-Mar-2016	-	-	-	-
31-Mar-2015	-	-	-	-

Conversely, 5% depreciation in the USD and Euro rates against the significant foreign currencies as at 31st March 2017 would have had the same but opposite effect, again holding all other variables constant.

Notes to Financial Statements

ii. Equity Price Risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities.

The majority of the Company's investments are in the shares of group companies, which are carried at cost. The Company has investments in other equity investments, routed through FVTOCI of only ₹12.19 Cr. as at 31st March 2017. (As at 31st March 2016 and 1st April 2015 – Nil)

B. Credit Risk

Credit risk is the risk of financial loss arising from counter party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to Credit risk - The carrying amount of financial assets represents the maximum Credit exposure. The maximum exposure to Credit risk was ₹579.38 Cr. as at 31st March 2017, ₹0.05 Cr. as at 31st March 2016 and Nil as at 31st March 2015, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables and other financial assets excluding equity investments.

At 31st March 2017, the company had 108 customers (as at 31st March 2016 and 31st March 2015 - Nil) that owed the Company more than ₹1 Crore each and accounted for approximately 75% of the total trade receivables outstanding. There were 8 customers (as at 31st March 2016 and 31st March 2015 - Nil) with balances greater than ₹10 Crores accounting for around 25% of the trade receivables.

Credit risk from balances with banks and investment of surplus funds in mutual funds is managed by the Company's treasury department. The objective is to minimise the concentration of risks and therefore mitigate financial loss.

Of the above, ₹65.55Cr. (Previous year – Nil) is backed by Export Credit Guarantee Cover / Letter of Credit as at 31st March 2017.

C. Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper, non-convertible debentures, and other debt instruments. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no / low mark to market risks. The Company has also invested 15% of the non-convertible debentures (taken by the Company) falling due for repayment in the next 12 months in bank deposits, to meet the regulatory norms of liquidity requirements.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

As at 31st March 2017, the Company has undrawn committed lines of ₹223.19 Cr. (As at 31st March 2016 and 1st April 2015 – Nil)

Notes to Financial Statements

The table below provides details regarding the contractual maturities of financial liabilities based on Contractual undiscounted payments:

₹ in Crores

Particulars	On demand	Less than 3 months	3 to 12 months	> 1 year	Total
Year ended 31-Mar-2017					
Borrowings	9.19	205.59	221.39	416.86	853.03
Other financial liabilities	55.00	29.90	-	-	84.90
Trade and other payables	-	717.00	-	-	717.00
Derivatives	-	0.15	-	-	0.15
	64.19	**952.64**	**221.39**	**416.86**	**1655.08**
Year ended 31-Mar-2016					
Borrowings	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Derivatives	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
Year ended 01-Apr-2015					
Borrowings	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Derivatives	-	-	-	-	-
	-	**-**	**-**	**-**	**-**

Note 43. Capital Management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through internal accruals, nonconvertible debentures, external commercial borrowings and other long-term / short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors capital employed using a Debt equity ratio, which is total debt divided by total equity and maturity profile of the overall debt portfolio of the Company.

The following table summarizes the capital of the Company:

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Borrowings			
- Long term	350.00	-	-
- Short term	301.81	-	-
- Other Current liabilities (Current maturities of Long term Borrowing)	124.99	-	-
Total Debt	**776.80**	**-**	**-**
Equity Share Capital	18.74	0.11	0.11
Other Equity	1123.27	(0.06)	(0.06)
Equity	**1142.01**	**0.05**	**0.05**
Debt Equity ratio	0.68	-	-

Notes to Financial Statements

Note 44. First time adoption of Ind AS

These financial statements, for the year ended 31st March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2016, the Company prepared its Standalone Financial Statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared Standalone Financial Statements which comply with Ind AS applicable for periods ending on 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2015, the Company's date of transition to Ind AS. There are no adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property and property plant & equipment as recognised in its Previous GAAP financial as deemed cost at the transition date.

2. The Company has considered the exception under Ind AS 101 to present the investment in subsidiaries, associates and joint venture operations in deemed cost (carrying value under IGAAP).

3. The estimates are consistent with those made in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from FVTOCI - equity shares and Impairment of financial assets based on expected Credit loss model where application of Indian GAAP did not require estimation.

Pursuant to the Scheme of Arrangement mentioned in Note 2, the assets and liabilities relating to manufacturing business undertaking has been transferred from Demerged Company under Indian GAAP. Upon giving effect to the Scheme, the Company has made necessary adjustments to comply with the requirements of Indian Accounting Standards. The effect of transfer pursuant to the Scheme of Arrangement and transition to Ind AS as at 1st April 2016 has been summarised below.

Notes to Financial Statements

₹ in Crores

Particulars	Foot Note	Previous GAAP post demerger	Ind AS Adjustments	Ind AS
ASSETS				
Non-Current Assets				
Property Plant and Equipment		826.43	-	826.43
Capital Work-in-Progress		56.06	-	56.06
Investment Property		5.17	-	5.17
Financial Assets				-
(a) Investments				
- Investments in Subsidiaries and Joint Ventures		544.75	-	544.75
- Other Investments	2	2.73	8.74	11.47
(b) Other Financial Assets		18.34	-	18.34
Deferred Tax Assets	3	45.31	(1.69)	43.62
Non Current Tax Assets		4.68	-	4.68
Other Non-Current Assets		28.92	-	28.92
		1532.39	7.05	1539.44
Current Assets				
Inventories		458.31	-	458.31
Financial Assets				
(a) Loans		1.86	-	1.86
(b) Trade Receivables	4	490.85	(1.83)	489.02
(c) Investment		-	-	-
(d) Derivative Instruments	5	2.19	(0.82)	1.37
(e) Cash and Cash Equivalents		607.54	-	607.54
(f) Other Financial Assets		7.95	-	7.95
Other Current Assets		61.38		61.38
		1630.08	(2.65)	1627.43
Total Assets		**3162.47**	**4.40**	**3166.87**
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
(a) Long Term Borrowings	6	375.00	(0.04)	374.96
Deferred Tax Liabilities	3	64.73	0.01	64.74
		439.73	(0.03)	439.70
Current Liabilities				
Financial Liabilities				
(a) Short Term Borrowings		265.82	-	265.82
(b) Trade Payables		604.20	-	604.20
(c) Other Financial Liabilities	5	810.44	(0.87)	809.57
Short Term Provisions		38.70	-	38.70
Other Current Liabilities		24.21	-	24.21
		1743.37	(0.87)	1742.50
Total Liabilities		**2183.10**	**(0.90)**	**2182.20**
Net Assets		**979.37**	**5.30**	**984.67**

Notes to Financial Statements

Adjustments in the books of the Company post the Scheme of Arrangement are given below: ₹ in Crores

Particulars	Foot Note	As at 31-Mar-2016	Transfer of Reserves pursuant to Scheme of Arrangement (Note 2)	Demerger Adjustments	Ind AS Adjustments	As at 31-Mar-2016
Share Capital		0.11	-	18.62	-	18.73
Other Equity						
- Capital Reserve		-	-	0.11	-	0.11
- Debenture Redemption Reserve		-	220.83	-	-	220.83
- Cash Flow Hedge Reserve		-	(0.87)	-	0.30	(0.57)
- General Reserve		-	353.36	(18.73)	-	334.63
- Other Comprehensive Income	7	-	-	-	4.77	4.77
- Surplus in Profit and Loss account		(0.06)	406.05	-	0.23	406.22
Total Equity		**0.05**	**979.37**	**-**	**5.30**	**984.72**
Other Current Assets						
Cash and Cash Equivalents		0.05	-	-	-	0.05
		0.05	**-**	**-**	**-**	**0.05**

Footnotes to the transition to Ind AS for assets and liabilities taken over, pursuant to scheme of demerger:

1. **Reclassification:** The assets and liabilities taken over as per the Scheme as at 1st April 2016 have been re-grouped / re-classified, where necessary to comply with the accounting policies of the Company under Ind AS.

2. **FVTOCI Financial Assets**: Under Indian GAAP, long term investments in non group quoted equity shares were accounted as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, such investments have been designated as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. Pursuant to the scheme of arrangement, the difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the FVTOCI reserve, net of related deferred taxes as at 1st April 2016.

3. **Deferred Tax:** The various adjustments to bring the assets and liabilities taken over as per the scheme of arrangement from Indian GAAP to Ind AS as at 1st April 2016 results in temporary differences which needs to be accounted. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

4. **Trade Receivables:** Under Indian GAAP, provision for impairment of receivables were created if they remained outstanding over a prescribed period. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL).

5. **Derivative Instruments:** Under Indian GAAP, the Forward covers taken for Packing Credit Foreign Currency Loans (PCFCs) and Short Term Buyers Credit (STBC) were reinstated as per AS 11 (Premium Amortisation Method). The Long Term Buyers Credit (LTBC) and the Currency Swap were taken together to hedge the LTBC interest and principal payments. Since both the derivative and the underlying loan are considered as a single package, they were not valued on a Mark to Market (MTM) basis. This was in line with the synthetic accounting under AS 30 (allowed till 31st March 2016). Under Ind AS, the derivatives needs to valued on MTM basis.

6. **Financial Liability at Amortised Cost:** Transaction costs for raising NCDs were charged off to the Statement of Profit and Loss as per Indian GAAP. Ind AS requires loans and borrowings to be initially measured at fair value net of directly attributable transaction costs. Subsequently these loans are measured at amortised cost using the Effective Interest Rate (EIR) method.

Notes to Financial Statements

7. **Defined Benefit Obligations:** Under both Indian GAAP and Ind AS, costs related to its post-employment defined benefit plan were recognised as cost on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

Note 45. Proforma Balance Sheet and Profit & Loss Account

Pursuant to the scheme of arrangement, the Manufacturing business undertaking of the Demerged Company has been demerged to the Company. Accordingly, the financial statements of the current year includes the Assets, Liabilities, Income and Expenditure of manufacturing business undertaking with effect from 1st April 2016 and is accordingly not comparable with the previous year financial statements of the Company. For the benefit of the users of the financial statements, the Company has opted to present the below proforma financial information of the manufacturing business undertaking in respect of the year ended 31st March 2016, assuming Demerger had taken place on 1st April 2015. This proforma financial information is being provided voluntarily by the Company and is not audited. The proforma financial information is not an indication of the results that would have been attained, if the scheme of arrangement has taken place on an earlier date. The information presented below relating to the Manufacturing business undertaking is based on Indian GAAP financial statements of the Demerged Company for the year ended 31st March 2016, duly adjusted to bring them in line with the accounting policies followed by the Company in the current year, which are based on Indian Accounting Standards.

Notes to Financial Statements

STANDALONE BALANCE SHEET AS AT 31st MARCH 2017

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	881.34	826.43
Capital Work-in-Progress	33.10	56.06
Investment Property	5.09	5.17
Financial Assets		
(a) Investments		
- Investment in Subsidiaries and Joint ventures	554.75	544.75
- Other Investments	12.19	11.47
(b) Other Financial Assets	17.99	18.34
Deferred Tax Assets	38.11	43.62
Non Current tax Assets	4.44	4.68
Other Non-Current Assets	27.98	28.92
	1574.99	1539.44
Current Assets		
Inventories	580.72	458.31
Financial Assets		
(a) Loans	1.37	1.86
(b) Trade receivables	528.22	489.02
(c) Investments	102.08	-
(d) Derivative Instruments	-	1.37
(e) Cash and Cash Equivalents	18.76	607.59
(f) Other Financial Assets	13.04	7.95
Other Current Assets	56.10	61.38
	1300.29	1627.48
Total Assets	**2875.28**	**3166.92**
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	18.74	18.73
Other Equity	1123.27	965.99
Total Equity	**1142.01**	**984.72**
Non-Current Liabilities		
Financial Liabilities		
(a) Long term Borrowings	350.00	374.96
Deferred Tax Liabilities	64.38	64.74
	414.38	439.70
Current Liabilities		
Financial Liabilities		
(a) Short term Borrowings	301.81	265.82
(b) Trade Payables	717.00	604.20
(c) Derivative Instruments	0.15	3.21
(d) Other Financial Liabilities	227.27	806.36
Government Grants	1.38	-
Short Term Provisions	49.72	38.70
Other Current Liabilities	21.56	24.21
	1318.89	1742.50
Total Liabilities	**1733.27**	**2182.20**
Total Equity and Liabilities	**2875.28**	**3166.92**

Notes to Financial Statements

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Revenue from Operations		
Sale of Products	4207.77	4041.38
Other Operating Revenues	208.12	170.61
	4415.89	4211.99
Other Income	31.06	10.56
Total Income	**4446.95**	**4222.55**
Expenses		
Cost of Materials Consumed	2473.84	2368.79
Purchase of Stock-in-Trade - Cycles / Components and Metal Formed Products	133.47	79.31
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(107.94)	(12.40)
Excise Duty on Sale of Goods and Scraps	307.32	287.88
Employee Benefits Expense	398.63	355.86
Depreciation and Amortisation Expense	121.25	110.60
Finance Costs	72.05	135.34
Other Expenses	846.83	777.74
Total Expenses	**4245.45**	**4103.12**
Profit Before Tax and Exceptional items	**201.50**	**119.43**
Exceptional Items	-	(35.80)
Profit Before Tax	**201.50**	**83.63**

Signature to Notes to Financial Statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

Chennai
9th August 2017

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director



Consolidated Financial Statements

Independent Auditor's Report

To the Members of Tube Investments of India Limited (formerly known as TI Financial Holdings Limited)

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Tube Investments of India Limited (Formerly Known as TI Financial Holdings Limited) (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and joint ventures, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS 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 requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Joint Ventures in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its joint ventures and for preventing and detecting frauds and other irregularities; the 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 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. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 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 of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 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 and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and joint ventures, 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, its joint ventures as at March 31, 2017, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of

subsidiaries and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Consolidated Ind AS financial statements;

(b) In our opinion proper books of account as required bylaw relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of 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 Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and joint ventures incorporated in India, none of the directors of the Group's companies, its joint ventures incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and joint ventures incorporated in India, refer to our separate report in "Annexure 1" to this report;

(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 the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, and its joint ventures – Refer Note 35 to the Consolidated Ind AS financial statements;

ii. The Group and joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2017;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its joint ventures incorporated in India during the year ended March 31, 2017. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Subsidiary incorporated in India;

iv. The Holding Company and its subsidiaries have provided requisite disclosures in Note 11d to these consolidated Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company.

Other Matter

We did not audit the financial statements and other financial information, in respect of 2 subsidiaries, whose Ind AS financial statements include total assets of ₹553.57 Crores and net assets of ₹379.64 Crores as at March 31, 2017, and total revenues of ₹429.46 Crores and net cash inflows of ₹3.29 Crores for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The Consolidated Ind AS financial statements also include the Group's share of net loss of ₹7.45 for the year

ended March 31, 2017, as considered in the consolidated financial statements, in respect of 2 joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the report(s) of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, 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 and other financial information certified by the Management.

For **S.R. Batliboi& Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W / E300004

per **Subramanian Suresh**
Partner
Membership Number: 083673

Place of Signature: Chennai
Date: August 9, 2017

Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Tube Investments of India Limited (formerly known as TI Financial Holdings Limited)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Tube Investments of India Limited (formerly known as TI Financial Holdings Limited)

In conjunction with our audit of the Consolidated Ind AS financial statements of Tube Investments of India Limited (formerly known as TI Financial Holdings Limited) as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Tube Investments of India Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and joint ventures which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the 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 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 financial information, as required under the Act.

Auditor's 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 judgement, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the 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 joint ventures which are companies incorporated in India, have, maintained 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 March 31, 2017, based on the internal control over financial reporting criteria established by the Group companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to subsidiary and joint ventures incorporated in India, and audited by other auditors, is based on the corresponding reports of the auditors of such subsidiary and joint ventures incorporated in India.

For **S.R. Batliboi& Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W / E300004

per **Subramanian Suresh**
Partner
Membership Number: 083673

Place of Signature: Chennai
Date: August 9, 2017

Consolidated Balance Sheet

₹ in Crores

Particulars	Notes	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	6a	987.91	-	-
Capital Work-in-Progress		33.87	-	-
Intangible Assets	6b	0.21	-	-
Investment Property	7	12.29	-	-
Goodwill on Consolidation	6c	305.79	-	-
Investment in Joint Ventures		17.64	-	-
Financial Assets				
(a) Investments	8a	24.36	-	-
(b) Other Financial Assets	8b	22.16	-	-
Deferred Tax Assets	16	44.39	-	-
Non-Current Tax Assets		6.31	-	-
Other Non-Current Assets	9	32.42	-	-
		1487.35	**-**	**-**
Current Assets				
Inventories	10	731.27	-	-
Financial Assets				
(a) Loans	11a	1.58	-	-
(b) Trade Receivables	11b	614.99	-	-
(c) Investments	11c	159.68	-	0.05
(d) Cash and Cash Equivalents	11d	23.94	0.05	-
(e) Other Financial Assets	11e	81.43	-	-
Current Tax Assets		1.27	-	-
Other Current Assets	12	78.71	-	-
		1692.87	**0.05**	**0.05**
Total Assets		**3180.22**	**0.05**	**0.05**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	13	18.74	0.11	0.11
Other Equity	14	1168.85	(0.06)	(0.06)
Equity Attributable to Owners of the Company		**1187.59**	**0.05**	**0.05**
Non-Controlling Interests	39	91.53	-	-
Total Equity		**1279.12**	**0.05**	**0.05**
Non-Current Liabilities				
Financial Liabilities				
(a) Long Term Borrowings	15a	378.26	-	-
(b) Long Term Liabilities	15b	0.06	-	-
Deferred Tax Liabilities	16	66.50	-	-
		444.82	**-**	**-**
Current Liabilities				
Financial Liabilities				
(a) Short Term Borrowings	17a	348.15	-	-
(b) Trade Payables	17b	775.38	-	-
(c) Derivative Instruments	17c	0.15	-	-
(d) Other Financial Liabilities	17d	227.66	-	-
Government Grants	20c	1.38	-	-
Short Term Provisions	18	49.82	-	-
Other Current Liabilities	19	53.74	-	-
		1456.28	**-**	**-**
Total Liabilities		**1901.10**	**-**	**-**
Total Equity and Liabilities		**3180.22**	**0.05**	**0.05**
Summary of Significant Accounting Policies	5			

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

Chennai
9th August 2017

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director

Consolidated Statement of Profit & Loss

₹ in Crores

Particulars	Notes	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Revenue from Operations	21		
Sale of Products		4608.71	-
Other Operating Revenue		211.49	-
		4820.20	-
Other Income	22	48.41	-
Total Income		**4868.61**	**-**
Expenses			
Cost of Materials Consumed	23a	2563.06	-
Purchase of Stock-in-Trade - Cycles / Components and Metal Formed Products		186.93	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23b	(115.44)	-
Excise Duty on Sale of Goods and Scraps		327.19	-
Employee Benefits Expense	24	512.98	-
Depreciation and Amortisation Expense	25	148.90	-
Finance Costs	26	73.99	-
Other Expenses	27	942.45	-
Total Expenses		**4640.06**	**-**
Profit Before Share of Loss from Joint Ventures and Tax		**228.55**	**-**
Share of Loss from Joint Ventures (net of tax) (Refer Note 40)		(7.45)	-
Profit Before Tax		**221.10**	**-**
Income Tax Expense	28		
- Current Year		64.82	-
- Current Tax - Years prior to Appointed Date as per Scheme of Arrangement		(16.94)	-
- Deferred Tax (Net) (Refer Note 16)		(1.13)	-
		46.75	**-**
Profit for the year (I)		**174.35**	**-**
Other Comprehensive Income:	29		
Other Comprehensive Income to be reclassified to Statement of Profit and Loss in subsequent periods:			
Movement on Cash Flow Hedges		0.51	-
Income Tax Effect		(0.18)	-
		0.33	**-**
Exchange Difference on Translation of Foreign Subsidiary		(0.76)	-
Income Tax Effect		-	-
		(0.76)	**-**
Other Comprehensive Income not to be reclassified to Statement of Profit and Loss in subsequent periods:			
Re-measurement Gains / (Losses) on Defined Benefit Obligations (Net)		(4.25)	-
Income Tax Effect		1.47	-
		(2.78)	**-**
Net Loss / Gain on FVTOCI Equity Securities		0.71	-
Income Tax Effect		(0.01)	-
		0.70	**-**
Other Comprehensive Income / (Loss) for the Year, Net of Tax (II)		**(2.51)**	**-**
Total Comprehensive Income for the Year, Net of Tax (I + II)		**171.84**	**-**
Profit for the year attributable to :			
- Owners of the Company		167.62	-
- Non-Controlling Interest		6.73	-
Other Comprehensive Income for the year attributable to :			
- Owners of the Company		(2.49)	-
- Non-Controlling Interest		(0.02)	-
Total Comprehensive Income for the year attributable to :			
- Owners of the Company		165.13	-
- Non-Controlling Interest		6.71	-
Earnings Per Equity Share of ₹1 each (Previous Year ₹10 each)	30		
Basic		8.94	-
Diluted (Refer Note 33)		8.94	-

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

Chennai
9th August 2017

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director

Consolidated Cash Flow Statement

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
A. Cash Flow from Operating Activities:		
Profit Before Tax	**228.55**	**-**
Adjustments to reconcile Profit Before Tax to Net Cash Flows:		
Depreciation on Property, Plant and Equipment	150.51	-
Depreciation on Investment Properties	0.15	-
Profit on Property, Plant and Equipment sold / discarded (Net)	(1.19)	-
Profit on Sale of Investments carried at FVTPL	(11.55)	(0.01)
Reversal of Provision / Impairment for Trade Receivables (Net)	(4.52)	-
Net Foreign Exchange differrences	(0.54)	-
Finance Income (including Fair Value changes in Financial Instruments)	(11.85)	-
Finance Costs	73.99	-
Liabilities / Provision no longer payable written back	(1.22)	-
Impact of Foreign Currency Translation	(0.36)	-
Dividend Income	(3.55)	-
Operating Profit before Working Capital / Other Changes	**418.42**	**(0.01)**
Adjustments for :		
Increase in Provisions and Government Grants	8.16	-
Increase in Trade and Other Payables	117.93	-
Increase in Other Financial Liabilities	57.79	-
Decrease in Other Current Liabilities	(1.41)	-
Increase in Other Non-Current Assets	(2.23)	-
Increase in Other Financial and Current Assets	(9.98)	-
Increase in Trade and Other Receivables	(33.34)	-
Increase in Inventories	(133.29)	-
Cash Generated From Operations	**422.05**	**(0.01)**
Income Tax paid	(39.17)	-
Net Cash Flow from Operating Activities	**382.88**	**(0.01)**
B. Cash Flow from Investing Activities:		
Capital Expenditure (Including Capital Work In Progress and Capital Advances)	(164.52)	-
Proceed from Sale of Property, Plant and Equipment	8.17	-
Purchase of Current Investments (Net)	(102.40)	0.06
Purchase of Non Current Investments	(16.17)	-
Interest Income received	8.02	-
Dividend Received	3.55	-
Net Cash Used in Investing Activities	**(263.35)**	**0.06**
C. Cash Flow from Financing Activities:		
Proceeds from issue of shares	0.01	-
Proceeds from Long Term Borrowings	100.00	-
Repayment of Long Term Borrowings	(734.47)	-
Proceeds from Short Term Borrowings (Net)	58.24	-
Finance Costs Paid	(108.35)	-
Net Cash Used in Financing Activities	**(684.57)**	**-**
Net Decrease in Cash and Cash Equivalents [A+B+C]	(565.04)	0.05
Cash and Cash Equivalents at the Beginning of the Year	**0.05**	**-**
Transferred to the Company pursuant to Scheme of Arrangement (Refer Note 11d)	**579.35**	**-**
Cash and Cash Equivalents as at End of the Year (Refer Note 11d)	**14.36**	**0.05**

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

Chennai
9th August 2017

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director

Statement of Changes in Equity

a. Equity Share Capital:

Particulars	No. of shares	₹ in Crores
As at 1st April 2015 Equity shares of ₹10 each issued, subscribed and fully paid	**1,10,000**	**0.11**
Issue of share capital (Note 13)	-	-
As at 31st March 2016 Equity shares of ₹10 each issued, subscribed and fully paid	**1,10,000**	**0.11**
Cancellation of existing Equity Share Capital pursuant to Scheme of Arrangement (Note 1.2)	(1,10,000)	(0.11)
Equity Shares of ₹1 each to be issued pursuant to Scheme of Arrangement (Note 1.2)	18,74,47,871	18.74
As at 31st March 2017	**18,74,47,871**	**18.74**

Note - Upon the Scheme becoming effective, the Company shall issue one fully paid up equity share of ₹1 each for every one fully paid up equity share held in Demerged Company as at the record date (Refer Note 1.2).

b. Other equity

For the year ended 31st March 2017

Particulars	Reserves and Surplus					Items of OCI			Total Other Equity	Non-Controlling Interest (NCI) (Note 39)	Total Other Equity and NCI
	Retained Earnings (Note 14)	Debenture Redemption Reserve (DRR) (Note 14)	Capital Redemption Reserve (Note 14)	Capital Reserve (Note 14)	General Reserve (Note 14)	Cash flow Hedge Reserve (Note 14)	Foreign Currency Translation Reserve (Note 14)	FVTOCI Reserve (Note 14)			
As at 1st April 2016	**(0.06)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.06)**	**-**	**(0.06)**
Adjustment pursuant to Scheme of arrangement (Refer Note 1.2)	426.27	220.83	0.01	0.11	351.25	(0.57)	0.70	5.18	1003.78	84.82	1088.60
Profit for the Year	167.62	-	-	-	-	-	-	-	167.62	6.73	174.35
Other comprehensive income for the Year (Note 29)	-	-	-	-	-	0.33	-	(2.06)	(1.73)	(0.02)	(1.75)
DRR transferred to Retained Earnings	102.08	(102.08)	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	(4.21)	-	-	-	4.21	-	-	-	-	-	-
Foreign Currency Translation Reserve	-	-	-	-	-	-	(0.76)	-	(0.76)	-	(0.76)
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	(4.08)	-	-	-	-	-	-	4.08	-	-	-
As at 31st March 2017	**687.62**	**118.75**	**0.01**	**0.11**	**355.46**	**(0.24)**	**(0.06)**	**7.20**	**1168.85**	**91.53**	**1260.38**

Statement of Changes in Equity

For the year ended 31st March 2016

Particulars	Reserves and Surplus					Items of OCI			Total Other Equity	Non-Controlling Interest (NCI) (Note 39)	Total Other Equity and NCI
	Retained Earnings (Note 14)	Debenture Redemption Reserve (Note 14)	Capital Redemption Reserve (Note 14)	Capital Reserve (Note 14)	General Reserve (Note 14)	Cash flow Hedge Reserve (Note 14)	Foreign Currency Translation Reserve (Note 14)	FVTOCI Reserve (Note 14)			
As at 1st April 2015	**(0.06)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.06)**	**-**	**(0.06)**
Profit for the Year	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2016	**(0.06)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.06)**	**-**	**(0.06)**

The accompanying notes are an integral part of the financial statements
As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

Chennai
9th August 2017

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director

Notes to Consolidated Financial Statements

1. Corporate Information

1.1 General Information

Tube Investments of India Limited ("the Company") was formerly known as TI Financial Holdings Limited and is a Public Limited Company domiciled in India. The Registered Office of the Company is located at 234, NSC Bose Road, Chennai, Tamilnadu.

The Company was originally incorporated as TI Financial Holdings Limited (CIN: U35100TN2008PLC069496) on 6th October 2008 under the Companies Act, 1956, as a wholly-owned subsidiary of erstwhile Tube Investments of India Limited ("Demerged Company").

Pursuant to the Scheme of Arrangement ("the Scheme") the details relating to which are more elaborately provided under Note 1.2 below, the Manufacturing Business Undertaking of the Demerged Company was vested in / transferred to the Company vide the Order of the National Company Law Tribunal, Chennai ("NCLT") dated 17th July 2017 sanctioning the Scheme ("Order of NCLT"). The Scheme was given effect by filing of a certified copy of the Order of NCLT on 1st August 2017 by the Company and the Demerged Company with the Registrar of Companies, Tamil Nadu, Chennai. The Scheme is effective from the Appointed Date i.e. 1st April 2016.

Pursuant to the Scheme, the Name of the Company is being changed to "Tube Investments of India Limited".

The Company has manufacturing locations across the Country and has three product segments namely, Cycles and Accessories, Engineering and Metal Formed Products. The Company also has Subsidiaries and Joint Venture Companies, Viz., Shanthi Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis GmbH, Sedis Company Limited, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited.

The Consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 9th August 2017.

1.2 Scheme of Arrangement

The Scheme of Arrangement ("the Scheme") between the Company ("Resulting Company") and TI Financial Holdings Limited, formerly known as Tube Investments of India Limited ("Demerged Company") and their Shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, was approved by the Board of Directors of both the Companies on 3rd November 2016.

The Demerged Company, interalia, was engaged in manufacturing of tubes, strips, tubular components, bicycles and fitness products, chains for automobile sector and industrial applications, roll-formed sections, other metal formed products, industrial gears, designing and manufacturing of dies ("Manufacturing Business Undertaking"). The Manufacturing Business is also carried out through subsidiaries and Joint Venture Companies (Shanthi Gears Limited, Financiere C10 SAS, Sedis SAS, Sedis GmbH, Sedis Company Limited, TI Tsubamex Private Limited and TI Absolute Concepts Private Limited).

The Scheme provided for the demerger of the Manufacturing Business Undertaking of the Demerged Company into this Company, on a going concern basis, with effect from the appointed date of 1st April 2016.

The salient features of the Demerger are as under:

a. The Demerged Company and the Company has made applications and / or petitions under Section 230 read with Section 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to the National Company Law Tribunal, Chennai ("Tribunal" or "NCLT") for sanction of this Scheme and all matters ancillary or incidental thereto.

b. The whole of the undertaking and assets and properties of the Manufacturing Business Undertaking of the Demerged Company, shall stand transferred to and vested in the Company with all the rights, title and interest pertaining to the Manufacturing Business Undertaking.

c. The Scheme of Arrangement would become effective from the Appointed Date i.e. 1st April 2016 but shall be operative from the Effective Date i.e. 1st August 2017 being the date of filing of a certified copy of the Order of NCLT by the Company and the Demerged Company with the Registrar of Companies, Tamil Nadu, Chennai.

d. Equity Share Capital of the Company

   i. Equity Share Capital of ₹0.11 Cr. of the Company as on the Appointed Date shall stand cancelled and credited to Capital Reserve.

Notes to Consolidated Financial Statements

ii. The Company shall issue and allot 1 (One) fully paid up Equity Share of ₹1 (Rupee One Only) each for every 1 (One) fully paid up Equity Share of ₹2 (Rupees Two Only) each held in the Demerged Company.

iii. The equity shares of the Company will be listed on the Stock Exchanges, namely BSE Limited and the National Stock Exchange of India Limited, on which the shares of the Demerged Company are listed, after making necessary applications for the approval of the said Stock Exchanges

e. All legal proceedings by or against the Demerged Company relating to Manufacturing Business Undertaking were transferred to the Company.

f. All staff and employees of the Demerged Company pertaining to Manufacturing Business Undertaking in service on the Effective Date shall be deemed to have become staff and employees of the Company and the terms and conditions of their employment with the Company shall not be less favourable than those applicable to them with reference to their employment in the Demerged Company.

g. Employees Stock Option Schemes

i. The Company shall take necessary steps to formulate stock option schemes by adopting the Existing Stock Option Schemes of the Demerged Company.

ii. With respect to the stock options granted by the Demerged Company to the employees of the Demerged Company under the Existing Stock Option Schemes and upon the Scheme becoming effective, the said employees shall be issued one stock option by the Company under the new scheme(s) for every stock option held in the Demerged Company, whether the same are vested or not on terms and conditions similar to the relevant Existing Stock Option Schemes.

iii. The existing exercise price of the stock options of the Demerged Company shall stand suitably adjusted in an appropriate manner as determined by the Nomination and Remuneration Committee of the Demerged Company and the balance of the exercise price shall become the exercise price of the stock options issued by the Company.

h. All the contracts, deeds, bonds, agreements, arrangements, assurances and other instruments of whatsoever nature of Manufacturing Business Undertaking of Demerged Company was transferred to the Company.

i. All debts, liabilities, duties and obligations of relating to Manufacturing Business Undertaking of Demerged Company were transferred to the Company.

j. Pursuant to the Scheme, Net Assets of ₹1017.48 Cr. was taken over from the Demerged Company on 1st April 2016.

2. Principles of Consolidation

The Consolidated Financial Statements (CFS) relates to Tube Investments of India Limited (the Company), its Subsidiary Companies (together, 'the Group').

The Financial Statements of the Subsidiaries and Joint Ventures used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March except for foreign subsidiaries indicated in Paragraph 3 below for which the financial statements as on the reporting date are not available and hence, the same have been consolidated based on the latest available audited financial statements as at 31st December. No significant transactions or events have occurred between this date and the date of consolidation.

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1st April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, has been carried forward (Refer Note 45). The same first time adoption exemption is also used for joint ventures.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the

Notes to Consolidated Financial Statements

recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Group controls an investee if and only if the Group has:

a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

b. Exposure, or rights, to variable returns from its involvement with the investee, and

c. The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. The contractual arrangement with the other vote holders of the investee

b. Rights arising from other contractual arrangements

c. The Group's voting rights and potential voting rights

d. The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Consolidation procedures:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and Property, Plant and Equipment are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

d) The carrying value of Goodwill arising on consolidation is tested for impairment, if there are any indicators for impairment and also tested at the end of each reporting period.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests,

Notes to Consolidated Financial Statements

even if this results in the non-controlling interests having a deficit balance.

a) Subsidiary

The Financial Statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the amounts of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances, intra-group transactions and the resulting unrealised profits or losses, unless cost cannot be recovered, as per Indian Accounting Standard 110 - Consolidated Financial Statements (Ind AS 110).

Non-Controlling Interest in the Net Assets of the Consolidated Subsidiaries consists of:

i. The amount of Equity attributable to holders of non-controlling interest at the date on which the investment in the Subsidiary is made; and

ii. The Non-Controlling Interests' share of movements in Equity since the date the Parent Subsidiary relationship came into existence.

Non-Controlling Interest (NCI) share in the Net Profit / (Loss) for the year of the Consolidated Subsidiaries is identified and adjusted against the Profit After Tax of the Group even if this results in the NCI having a deficit balance.

b) Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the Statement of Profit and Loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements

3. Particulars of Consolidation

The list of Subsidiary Companies, Joint Ventures and the Company's holding therein are as under:

Company	Relationship	Year End	Country of Incorporation	Proportion of ownership As at 31st March 2017
Financiere C10 SAS (FC 10)	Subsidiary	31st December	France	100.00%
Subsidiaries of FC 10				
– Sedis SAS				
– Sedis GmbH			Germany	
– Sedis Company Limited			United Kingdom	
Shanthi Gears Limited (SGL)	Subsidiary	31st March	India	70.12%
TI Tsubamex Private Limited (TTPL)	Joint Venture	31st March	India	75.00%
TI Absolute Concepts Private Limited (TIACPL)	Joint Venture	31st March	India	50.00%

4. Basis of Preparation

The CFS are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.

For all periods up to and including the year ended 31st March 2016, the Company prepared its Consolidated Financial Statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP"). These financial statements for the year ended 31st March 2017 are the first the Company has prepared in accordance with Ind AS. Refer Note 45 for information on how the Group adopted Ind AS.

The CFS have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments
- Certain financial assets and financial liabilities measured at fair value (refer accounting policy regarding financial instruments)

The CFS have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions as mentioned in the paragraphs below and are presented to the extent possible, in the same manner as the Company's separate financial statements.

5. Summary of Significant Accounting Policies

5.1 Presentation and disclosure of financial statements

An asset has been classified as current when it satisfies any of the following criteria;

a) It is expected to be realised in, or is interned for sale or consumption in, the normal operating cycle relevant for each of the entities in the Group;

b) It is held primarily for the purpose of being traded;

c) It is expected to be realised within twelve months after the reporting date; or

d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability has been classified as current when it satisfies any of the following criteria:

a) It is expected to be settled within the normal operating cycle relevant for each of the entities in the Group;

b) It is held primarily for the purpose of being traded;

c) It is due to be settled within twelve months after the reporting date; or

d) The entities in the Group do not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Notes to Consolidated Financial Statements

All other assets and liabilities have been classified as non-current.

5.2 Fair Value Measurement

The financial instruments, such as, derivatives are measured at fair value at each balance sheet date

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or

b) In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs are used.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement.

External valuers are involved for valuation of assets such as investment properties. Involvement of external valuers is decided upon annually by the Group. At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Other fair value related disclosures are given in the relevant notes.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

5.3 Use of Estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, like provision for employee benefits, provision for doubtful trade receivables / advances / contingencies, provision for warranties, allowance for slow / non-moving inventories, useful life of Property, Plant and Equipment, provision for retrospective price revisions, provision for taxation, etc., during and at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

5.4 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (with an original

Notes to Consolidated Financial Statements

maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

5.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of the cash management of the Group.

5.6 Property, Plant and Equipment

In respect of the Assets transferred pursuant to the Scheme of Arrangement (Refer Note 1.2), the Group has elected to continue with the carrying value of Property, Plant and Equipment under the Indian GAAP, as the deemed cost for the purpose of transition to IND AS.

Property, Plant and Equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Freehold land is measured at cost and not depreciated. Cost includes related taxes, duties, freight, insurance, etc. attributable to the acquisition and installation of the Property, Plant and Equipment but excludes duties and taxes that are recoverable from tax authorities. When significant parts of plant and equipment are required to be replaced at intervals, it is depreciated separately based on their specific useful life.

Machinery Spares including spare parts, stand-by and servicing equipment are capitalised as Property, Plant and Equipment if they meet the definition of property, plant and Equipment i.e. if the intention is to use these for more than a period of 12 months. These spare parts capitalized are depreciated as per Ind AS 16.

Subsequent expenditure relating to Property, Plant and Equipment is capitalised only if it is probable that future economic benefits associated with the item will flow and the cost of the item can be measured reliably.

Material replacement cost is capitalized provided it is probable that future economic benefits associated with the item will flow and the cost of the item can be measured reliably. When replacement cost is eligible for capitalization, the carrying amount of those parts that are replaced in derecognized. When significant parts of plant and equipment are required to be replaced at intervals, it is depreciated separately based on their specific useful life.

The Group identifies and determines cost of each component / part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

An item of Property, Plant and Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital Work-in-Progress:

Projects under which assets are not ready for their intended use and other Capital Work-in-Progress are carried at cost, comprising direct cost and attributable interest. Once it has becomes available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

5.7 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life of 3-5 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

In respect of the Assets transferred pursuant to the Scheme of Arrangement (Refer Note 1.2), the Group has elected to continue with the carrying value of all its Intangible Assets as the deemed cost for the purpose of transition to Ind AS.

Notes to Consolidated Financial Statements

5.8 Investment Properties

In respect of the Assets transferred pursuant to the Scheme of Arrangement (Refer Note 1.2), the Group has elected to continue with the carrying value of Investment Property under the, as the deemed cost for the purpose of transition to IND AS.

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, it is depreciated separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 60 years as prescribed in Schedule II to the Companies Act, 2013. These are based on the estimate of their useful lives taking into consideration technical factors.

Though the investment property is measured using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

5.9 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The impairment calculation are based on detailed budgets and forecast calculations which are prepared separately for each of the cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts cash flow projections in the budget are extrapolated using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment including impairment on inventories, are recognized in the statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the asset's or cash-generating unit's recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Notes to Consolidated Financial Statements

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5.10 Inventories

Raw materials, stores & spare parts and stock-in-trade are valued at lower of weighted average cost and estimated net realisable value. Cost includes freight, taxes and duties and is net of Credit under VAT and CENVAT scheme, where applicable.

Work-in-progress and finished goods are valued at lower of weighted average cost and estimated net realisable value. Cost includes all direct costs and appropriate proportion of overheads to bring the goods to the present location and condition based on the normal operating capacity, but excluding borrowing costs. Cost of finished goods includes Excise Duty.

Due allowance is made for slow / non-moving items. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Food and Beverage inventory purchased are valued at cost on first in and first out basis.

5.11 Revenue and Other Income

Revenue is recognized to the extent that it is probable that the economic benefits will flow and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

It is assumed that recovery of excise duty flows on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows on its own account, revenue includes excise duty.

However, sales tax / value added tax (VAT) is not received on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition Criteria described below must also be met before revenue is recognised.

Sale of Goods:

Revenue from sale of goods is recognised on transfer of significant risk and rewards of ownership to the buyer which generally coincides with shipment. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services:

Revenue from rendering of services is recognised with reference to the stage of completion determined based on estimate of work performed, and when the outcome of the transaction can be estimated reliably.

Dividends:

Dividend income is accounted for when the right to receive it is established.

Interest Income:

For all debt instruments measured at amortised cost, interest income is recognised on time proportion basis, taking into account the amount outstanding and effective interest rate.

Rental Income:

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature.

5.12 Government Grants, Subsidies and Export Incentives

Government grants and subsidies are recognised when there is reasonable assurance that the conditions attached to them are complied with and the grants / subsidy will be received.

When the grant or subsidy from the Government relates to an expense item, it is recognised as income on a systematic basis in the statement of profit and loss over the period necessary to match them with the related costs, which they are intended to compensate. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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On receipt of grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset, i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value of the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

5.13 Employee Benefits

I. Defined Contribution Plan

a. Superannuation

Contributions at a sum equivalent to 15% of eligible employees salary are made to Superannuation Funds administered by trustees and managed by Life Insurance Corporation of India (LIC). There is no liability for future Superannuation Fund benefits other than the annual contribution and such contributions are recognised as an expense in the year in which the services are rendered.

b. Provident Fund

Contributions towards Employees Provident Fund made to the Regional / Employee Provident Fund are recognised as expense in the year in which the services are rendered.

c. Employee State Insurance

Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

II. Defined Benefit Plan

a. Gratuity

Annual contributions are made to Gratuity Funds administered by trustees and the Contributions are invested in a Scheme with Life Insurance Corporation of India, as permitted by Indian Law. The liability for future gratuity benefits is accounted for based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method.

Re-measurements comprising of Actuarial gains / losses the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are immediately recognised in the balance sheet with a corresponding debit or Credit in to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to the Statement of Profit and Loss in subsequent periods.

Past service cost is recognised in the Statement of Profit and Loss on the earlier of the date of the plan amendment or curtailment, and the date recognised for related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The following changes are recognised in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs and
- Net interest expense or income.

b. Provident Fund

In respect of employees not covered under Point 1b above, contributions to the Group's Employees Provident Fund Trust are made in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the Trust, the Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation, determined based on an actuarial valuation, as an expense.

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III. Long Term Compensated Absences

The accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

IV. Short Term Employee Benefits

Short term employee benefits include short term compensated absences which is recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

V. Voluntary Retirement Scheme

Compensation to employees under Voluntary Retirement Schemes is expensed in the period in which the liability arises. The Group recognizes termination benefit as a liability and an expense when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits relating to employees of overseas subsidiaries are covered based on the labour laws prevailing in the country of incorporation of the subsidiaries.

5.14 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1st April 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

5.15 Foreign Currency Transactions

Initial recognition

Transactions in foreign currencies entered are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Measurement as at Balance Sheet Date

Foreign currency monetary items that are outstanding at the Balance Sheet date are restated at year end exchange rates.

Non-monetary items carried at historical cost are translated using the exchange rates at the dates of initial transactions.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities are recognised as income or expense in the statement of profit and loss.

Consolidation of subsidiaries situated in foreign countries

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their Statements of Profit and Loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements

Any goodwill arising in the acquisition / business combination of a foreign operation on or after 1st April 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations / acquisitions, which occurred before the date of transition to Ind AS (1st April 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1st April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

5.16 Derivative Instruments and Hedge Accounting

The Group uses cash flow hedges (forward contracts and currency swaps) to hedge its risks associated with foreign currency fluctuations relating to firm commitment or highly probable forecast transactions. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge by applying the hedge accounting principles set out in Ind AS 109 – "Financial Instruments".

The use of Derivative Contracts is governed by the Group's policies on the use of such financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivative Contracts are measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of these Derivative Contracts that are designated and effective as hedges of future cash flows are recognised directly in "Other Comprehensive Income" and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

Changes in the fair value of Derivative Contracts that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as they arise.

The amounts recognised in the Other Comprehensive Income are transferred to the statement of profit and loss when the hedged transactions crystalizes.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised. If any of these events occur or if a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised under Other Comprehensive Income is transferred to the statement of profit and loss for the year.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

5.17 Depreciation and Amortisation

The Group depreciates Property, Plant and Equipment over their estimated useful lives using the Straight-line method, as per Schedule II of Companies Act, 2013. The estimated useful lives are as follows:

Description of Assets	Useful life
Plant and Machinery	7.50 - 15 Years
Electrical Appliances	5 - 10 Years
Furniture and Fixtures	10 Years
Factory Buildings	30 Years
Other Buildings	60 Years
Vehicles	4 Years

Notes to Consolidated Financial Statements

The following category of Property, Plant and Equipment are not depreciated as per Schedule II of Companies Act, 2013. These category of Property, Plant and Equipment are depreciated based on the Group's estimate of their useful lives taking into consideration technical advise:

Description of Assets	Useful life
Buildings - Roof structure on certain factory areas, where useful life is less	10 Years
Plant and Machinery - Special tools and special purpose machines used in door frame products	4 Years
Plant and Machinery - Electrical Appliances such as Air Conditioner, Fridge, Water Cooler, Camera, TV, Grinder etc.,	5 Years
Plant and Machinery – used in die making process	10 Years
Office Equipment - Data Processing Equipment	3 Years
Vehicles - Motor Vehicles	4 Years
Furniture & Fixtures	5 Years

Finance lease assets are depreciated over the primary lease period of 35 years – 95 years, as the right to use these assets ceases on expiry of the lease period.

Depreciation is provided pro-rata from the month of Capitalisation.

Certain Property, Plant and Equipment are treated as Continuous Process Plants based on technical evaluation done by the Management and are depreciated on the straight-line method based on the useful life as prescribed in Schedule II to the Companies Act, 2013.

There is also a system of providing additional depreciation, where, in the opinion of the Management, the recovery of the Property, Plant and Equipment is likely to be affected by the variation in demand and / or its condition / usability.

5.18 Research and Development

Revenue expenditure on research and development is expensed when incurred. Capital expenditure on research and development is capitalised under Property, Plant and Equipment and depreciated in accordance with Note 5.17 above.

5.19 Taxes on Income

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The group recognizes MAT credit only to the extent that it is probable that the group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the group recognizes MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as deferred tax asset. The group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is probable that it will pay normal tax during the specified period.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred Tax Liability is not recognised in respect of taxable temporary differences associated with investments in subsidiaries and investments in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

i. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of taxable temporary differences associated with investments in subsidiaries, and

Notes to Consolidated Financial Statements

interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax Credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax Credits and unused tax losses can be utilised except

i When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of profit and loss is recognised outside Statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In the situations where there is an entitlement to a tax holiday under the Income-tax Act, 1961, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate.

In respect of overseas subsidiaries, income tax is provided for based on income tax laws prevailing in the country of incorporation of the respective subsidiaries.

5.20 Provisions and Contingencies

A provision is recognized when there is a present obligation (legal or constructive) as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for warranty-related costs are recognized when the product is sold or service provided. Provision is estimated based on historical experience and technical estimates. The estimate of such warranty-related costs is reviewed annually.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The contingent liability is not recognised but its existence is disclosed in the financial statements.

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5.21 Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of Borrowing Costs is suspended and charged to the statement of profit and loss during extended periods when active development activity on the qualifying assets is interrupted. All other borrowing costs are expensed in the period they occur.

5.22 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

5.23 Share Based Payments (Employees Stock Option Scheme)

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

This cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves / stock options outstanding account in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or Credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

5.24 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial Assets

i. Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

ii. Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a. Debt instruments at amortised cost

b. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

c. Equity instruments measured at fair value through other comprehensive income FVTOCI

Debt Instruments at Amortised Cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

Notes to Consolidated Financial Statements

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt Instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity Investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

iii. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily when:

a. The rights to receive cash flows from the asset have expired, or

b. The group has transferred substantially all the risks and rewards of the asset or has transferred control of the asset.

iv. Impairment of Financial Assets

In accordance with Ind-AS 109, the group applies Expected Credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and Credit risk exposure:

Notes to Consolidated Financial Statements

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

The group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the group to track changes in Credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the group determines that whether there has been a significant increase in the Credit risk since initial recognition. If Credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if Credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, Credit quality of the instrument improves such that there is no longer a significant increase in Credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected Credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original EIR. When estimating the cash flows, the group is required to consider:

a. All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the group is required to use the remaining contractual term of the financial instrument

b. Cash flows from the sale of collateral held or other Credit enhancements that are integral to the contractual terms

As a practical expedient, the group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off Criteria, the group does not reduce impairment allowance from the gross carrying amount.

For assessing increase in Credit risk and impairment loss, the group combines financial instruments on the basis of shared Credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in Credit risk to be identified on a timely basis.

B. Financial Liabilities

i. Initial Recognition and Measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings

Notes to Consolidated Financial Statements

including bank overdrafts and derivative financial instruments.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include derivatives. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the Criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains / losses attributable to changes in own Credit risks are recognized in OCI. These gains / loss are not subsequently transferred to Statement of Profit and Loss. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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Note 6a. Property, Plant and Equipment

₹ in Crores

Particulars	Gross Block at Cost						Depreciation						Net Block	
	As at 31-Mar-2016	Adjustment pursuant to Scheme of arrangement (Refer Note 1.2)	Exchange Fluctuation on Opening Block of Foreign Subsidiaries	Additions	Deletions	As at 31-Mar-2017	As at 31-Mar-2016	Adjustment pursuant to Scheme of arrangement (Refer Note 1.2)	Exchange Fluctuation on Foreign Subsidiaries	For the Year	On Deletions	As at 31-Mar-2017	As at 31-Mar-2017	As at 31-Mar-2016
Land (Freehold)	-	128.28	(0.01)	-	0.80	127.47	-	-	-	-	-	-	127.47	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Land (Leasehold)	-	12.43	(0.03)	0.52	-	12.92	-	6.80	(0.12)	2.81	-	9.49	3.43	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Buildings	-	230.73	(0.06)	50.80	0.07	281.40	-	27.44	(0.06)	11.32	-	38.70	242.70	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Plant & Machinery	-	701.42	(0.32)	137.97	13.06	826.01	-	119.19	(0.50)	125.53	7.56	236.66	589.35	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Railway Siding	-	0.01	-	-	-	0.01	-	-	-	-	-	-	0.01	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Office Equipment	-	12.37	(0.01)	5.84	0.45	17.75	-	4.58	(0.01)	4.52	0.43	8.66	9.09	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Furniture & Fixtures	-	5.37	-	4.76	0.05	10.08	-	0.41	-	1.69	0.05	2.05	8.03	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Vehicles	-	6.45	-	4.73	0.85	10.33	-	0.15	-	2.61	0.26	2.50	7.83	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	-	1097.06	(0.43)	204.62	15.28	1285.97	-	158.57	(0.69)	148.48	8.30	298.06	987.91	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Notes:

a. Depreciation for the year includes depreciation amounting to ₹3.57Cr. (Previous Year - Nil) charged additionally on certain assets.

b. All the above assets are owned unless otherwise stated as leased asset.

c. Non Convertible Debentures of the group are secured by first pari-passu charge on certain Land and Buildings.

d. Previous Year Figures are given in brackets.

Notes to Consolidated Financial Statements

Note 6b. Intangible Assets – Software

Particulars	₹ in Crores
Cost	
Opening Balance as at 1st April 2016	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	0.98
Additions during the year	0.12
Deletions during the year	-
Closing Balance as at 31st March 2017	**1.10**
Amortisation and Impairment	
Opening Balance as at 1st April 2016	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	0.62
Depreciation during the year	0.27
Closing Balance as at 31st March 2017	**0.89**
Net Block	
As at 1st April 2016	-
As at 31st March 2017	0.21

Note 6c. Goodwill on Consolidation

Particulars	₹ in Crores
Carrying Value	
Opening Balance as at 1st April 2016	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	305.81
Effect of Foreign Currency Translation	(0.02)
Closing Balance as at 31st March 2017	**305.79**
Amortisation and Impairment	
Opening Balance as at 1st April 2016	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	-
Impairment during the year	-
Closing Balance as at 31st March 2017	**-**
Goodwill	
As at 1st April 2016	-
As at 31st March 2017	305.79

Notes to Consolidated Financial Statements

Note 7. Investment Property

Particulars	₹ in Crores
Cost	
Opening Balance as at 1st April 2016	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	12.54
Additions during the year	-
Closing Balance as at 31st March 2017	**12.54**
Depreciation and Impairment	
Opening Balance as at 1st April 2016	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	0.10
Depreciation during the year	0.15
Closing Balance as at 31st March 2017	**0.25**
Net Block	
As at 1st April 2016	-
As at 31st March 2017	12.29

Information regarding income and Expenditure of Investment Property ₹ in Crores

Particulars	31-Mar-2017	31-Mar-2016
Rental Income derived from Investment Properties	0.89	-
Direct Operating Expenses (including repairs and maintenance)	-	-
Profit arising from Investment Properties before Depreciation and Indirect Expenses	**0.89**	**-**
Depreciation	(0.15)	-
Profit arising from Investment Properties before Indirect Expenses	**0.74**	**-**

The Group's Investment Property consists of properties in Chennai, Mumbai and Coimbatore.

As at 31st March 2017, the Fair Value of the Properties is ₹14.61 Cr. (1st April 2016 - Nil)

The Fair Value of the Investment Properties is determined by professional valuer based on current prices in the market. The resulting Fair Value Estimates are classified under level 2 of the Fair Value Hierarchy. (Refer Note 42.2)

The Group has no restrictions on the disposal of its Investment Property and no contractual obligations to purchase, construct or develop Investment Property or for repairs, maintenance and enhancements.

Reconciliation of fair value:	₹ in Crores
Opening balance as at 1st April 2016	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	12.44
Fair value difference	2.17
Purchases	-
Sales	-
Closing balance as at 31st March 2017	**14.61**

Notes to Consolidated Financial Statements

Note 8a. Financial assets - Investments

Particulars	Number of shares				₹ in Crores		
	Nominal Value₹ per unit	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Investments							
Investments at Fair Value Through Other Comprehensive Income (FVTOCI):							
Investment in non-group companies							
Equity Shares (Fully Paid) - Quoted							
LG Balakrishnan & Bros. Ltd.	10	5,192	-	-	0.32	-	-
LGB Forge Ltd.	1	25,960	-	-	0.02	-	-
GIC Housing Finance Ltd.	10	48,700	-	-	1.79	-	-
Equity Shares (Fully Paid) - Unquoted							
Bombay Mercantile Co-op. Ltd. (Fair value ₹5,000 only)	10	500	-	-	-	-	-
Southern Energy Development Corporation Ltd.	10	70,000	-	-	7.65	-	-
TI Cycles of India Co-operative Canteen Ltd. (Fair value - ₹250 only)	5	50	-	-	-	-	-
TI Diamond-Miller Co-operative Canteen Ltd. (Fair value - ₹100 only)	5	20	-	-	-	-	-
Cauvery Power Generation Chennai Pvt Ltd.	10	24,00,000	-	-	2.41	-	-
					12.19	**-**	**-**

Notes to Consolidated Financial Statements

Investments at FVTOCI (fully paid) reflect investment in quoted and unquoted equity investments. Refer Note 42.1 for determination of their fair value.

Particulars	Number of shares				₹ in Crores		
	Nominal Value ₹ per unit	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Investments at Fair Value Through Profit and Loss (FVTPL):							
Investments in Tax Free Bonds - Quoted							
PFC Tax Free Bonds	1,000	2,567	-	-	0.26	-	-
IRFC Tax Free Bonds	1,000	26,783	-	-	2.75	-	-
NHAI Tax Free Bonds	1,000	11,428	-	-	1.14	-	-
IREDA Tax Free Bonds	1,000	23,624	-	-	2.41	-	-
HUDCO Tax Free Bonds	1,000	21,442	-	-	2.19	-	-
NABARD Tax Free Bonds	1,000	4,008	-	-	0.40	-	-
RECL Tax Free Bonds	1,000	8,000	-	-	0.94	-	-
NTPC Tax Free Bonds	1,000	17,735	-	-	1.99	-	-
NHPC LTD Tax Free Bonds	1,000	800	-	-	0.09	-	-
					12.17	**-**	**-**
Total					**24.36**	**-**	**-**

Market value of Quoted Investment is ₹ 14.30 Cr

Investments at FVTPL reflect investments in quoted tax free bonds. Refer Note 42.1 for determination of their fair value.

Notes to Consolidated Financial Statements

Note 8b. Other Financial Assets

(At Amortised Cost)

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Electricity & Other deposits	19.64	-	-
Others	2.52	-	-
Total	**22.16**	**-**	**-**

Note 9. Other Non-Current Assets

(Considered Good, Unsecured unless stated otherwise)

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Capital Advances			
- Secured	9.54	-	-
- Unsecured	8.34	-	-
Deposits with Government, Public Bodies and Others:			
- Balance with Customs, Excise and Sales Tax Authorities	11.29	-	-
Security Deposits	3.07	-	-
Rental Advance	0.18	-	-
Total	**32.42**	**-**	**-**

Note 10. Inventories

(Lower of Cost and Net Realisable Value)

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Raw Materials	221.65	-	-
Work-in-Progress	151.75	-	-
Finished Goods	257.44	-	-
Stock-in-Trade	58.42	-	-
Stores and Spare Parts	7.51	-	-
Goods-in-Transit			
- Raw Materials	24.61	-	-
- Stock-in-Trade	9.89	-	-
Total	**731.27**	**-**	**-**

During the year ended 31st March 2017, ₹8.08 Cr. was recognised as an expense to bring the inventories to record them at Net Realisable Value. (31st March 2016 and 1st April 2015 - Nil)

Note 11a. Loans

(Considered Good, Unsecured unless stated otherwise)

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Loan to Employees	1.58	-	-
Total	**1.58**	**-**	**-**

Loans to employees are Non-Derivative Financial Assets which generate a fixed or variable interest income for the group.

Notes to Consolidated Financial Statements

Note 11b. Trade Receivables

(Unsecured) ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Outstanding for a period exceeding six months from the date they are due for payment			
Considered Good	5.03	-	-
Doubtful	8.08	-	-
	13.11	-	-
Provision for Doubtful Receivables	(8.08)	-	-
	5.03	**-**	**-**
Other receivables			
Considered Good	612.14	-	-
Doubtful	-	-	-
	612.14	-	-
Provision for Impairment on Receivables	(2.18)	-	-
	609.96	**-**	**-**
Total Trade Receivables			
Considered Good	617.17	-	-
Doubtful	8.08	-	-
	625.25	**-**	**-**
Provision for Doubtful / Impairment on Receivables	(10.26)	-	-
Total	**614.99**	**-**	**-**

Trade Receivables are non-interest bearing and generally have credit period to a maximum of 120 days. For terms and conditions relating to Related Party receivables, refer Note 36.

Reconciliation of Provision / Impairment for Receivables ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Balance at the Beginning of the year	-	-	-
Adjustment pursuant to scheme of arrangement (Note 1.2)	14.97		
Reversed during the year	(4.71)	-	-
Balance at the End of the year	**10.26**	**-**	**-**

Note 11c. Investments ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Quoted Investments - FVTPL			
Investments in Mutual Funds	159.68	-	0.05
Total	**159.68**	**-**	**0.05**

Notes to Consolidated Financial Statements

Note 11d. Cash and Cash Equivalents

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Balances with Banks in Current Account	20.78	0.05	-
Cash on Hand	2.77	-	-
	23.55	**0.05**	**-**
Other bank balances:			
- Unpaid Dividend accounts	0.39	-	-
	23.94	**0.05**	**-**
Cash Credit facility (Secured)	(9.19)	-	-
Total Cash and Cash Equivalents as per Statement of Cash Flow	**14.36**	**0.05**	**-**

Pursuant to the Scheme of Arrangement (Refer Note 1.2), the Cash and Cash Equivalents taken over as at 1st April 2016, is ₹609.65 Cr. For the purpose of Cash Flow Statement under Ind AS, the Bank Overdraft / Cash Credit balances of ₹30.30 Cr. as at 1st April 2016 has been reduced from Cash and Cash equivalents.

Details of transactions in specified bank notes and other denomination notes:

in ₹

Particulars	SBNs	Other notes	Total
Closing Cash as on 08-Nov-2016	631,500	3,23,942	9,55,442
Permitted Receipts	-	32,74,208	32,74,208
Permitted Payments	(1,10,500)	(27,62,879)	(28,73,379)
Deposited in Banks	(5,21,000)	(1,77,111)	(6,98,111)
Closing Cash as on 30-Dec-2016	**-**	**6,58,160**	**6,58,160**

Note 11e. Other Financial assets

(At Amortised Cost)

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Interest Accrued	4.39	-	-
Claims Recoverable			
- Goods and Services	1.62	-	-
- Employee Related	0.18	-	-
Balance in Fixed Deposit Accounts	61.66	-	-
Other Deposits	4.23	-	-
Government Grants	7.01	-	-
Others	2.34	-	-
Total	**81.43**	**-**	**-**

Note 12. Other Current Assets

(Considered Good, Unsecured unless stated otherwise)

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Advances and Claims Recoverable			
- Goods and Services	17.02	-	-
- Employee Related	14.11	-	-
- Prepaid Expenses	5.28	-	-
- Gratuity Fund (Net of Provision)	0.58	-	-
	36.99	**-**	**-**
Balances with Customs, Excise and Sales Tax Authorities	41.72	-	-
Total	**78.71**	**-**	**-**

Notes to Consolidated Financial Statements

Note 13. Equity Share Capital

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Authorised Capital			
20,00,000 Equity Shares of ₹10 each	-	2.00	2.00
25,00,00,000 Equity Shares of ₹1 each	25.00	-	-
Issued, Subscribed and Paid-up Capital			
18,74,47,871 Equity Shares of ₹1 each fully paid up (31-Mar-2016: 1,10,000 Equity Shares of ₹10 each fully paid up, 01-Apr-2015: 1,10,000 Equity Shares of ₹10 each fully paid up)	18.74	0.11	0.11
	18.74	**0.11**	**0.11**

Note - Upon the Scheme becoming effective, the Company shall issue one fully paid up equity share of ₹1 each for every one fully paid up equity share held in Demerged Company as at the record date (Refer Note 1.2).

a) The Reconciliation of Share Capital is given below:

Particulars	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores	No. of Shares	₹ in Crores
At the beginning of the year	1,10,000	0.11	1,10,000	0.11	1,10,000	0.11
Cancellation of existing Equity Share Capital pursuant to Scheme of Arrangement (Refer Note 1.2)*	(1,10,000)	(0.11)	-	-	-	-
Equity Shares of ₹1 each to be issued pursuant to Scheme of Arrangement (Refer Note 1.2)*	18,74,47,871	18.74	-	-	-	-
At the end of the year	**18,74,47,871**	**18.74**	**1,10,000**	**0.11**	**1,10,000**	**0.11**

*During the year, the face value of the share has been reduced from ₹10 per share to ₹1 per share, without any reduction in Authorised and Issued Share capital. The existing Share Capital of ₹0.11 Cr . stands cancelled and credited to Capital Reserve. Pursuant to the Scheme of Arrangement as mentioned on Note 1.2, the Company shall issue Share Capital to the extent of the shares outstanding as at the record date in the book of the Demerged Company and accordingly the Authorised Share Capital shall be increased to ₹25 Cr. The break-up of Equity Shares to be issued are as follows:

Particulars	₹ in Crores
On account of Transfer of Assets and Liabilities as at 1st April 2016	18.73
On account of Shares issued upon exercise of Employees Stock Option after 1st April 2016	0.01
Equity Shares to be issued pursuant to the Scheme of Arrangement	**18.74**

b) Terms / Rights attached to class of shares

The Company has only one class of shares referred to as Equity Shares having a par value of ₹1 each. The holders of Equity Shares are entitled to one vote per share. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. Repayment of capital will be in proportion to the number of equity shares held by the shareholders.

Notes to Consolidated Financial Statements

c) Details of Shareholder(s) holding more than 5 percent of Equity Shares in the Company

Particulars	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares
Murugappa Holdings Limited (Face Value ₹1 each)	6,40,54,680	34.17%	-	-	-	-
TI Financial Holdings Limited (formerly known as Tube Investments of India Limited) (Face Value ₹10 each)	-	-	1,10,000	100.00%	1,10,000	100.00%

d) Status on Global Depository Receipts (GDRs):

Pursuant to the scheme of arrangement (Note 1.2), the Company shall issue shares in the ratio of GDRs held by them in the Demerged Company, to a appointed depository. The appointed depository shall hold such shares on behalf of the holders of the Demerged Company GDRs. Consequently, the aggregate number of GDRs deemed to be outstanding as at 31st March 2017 is 42,30,630 (As at 31st March 2016 - Nil) each representing one Equity Share of ₹1 face value. GDR % against total number of shares is 2.26%. The GDRs carry the same terms / rights attached to Equity Shares of the Company.

Note 14. Other Equity

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
General Reserve	355.46	-	-
Retained Earnings	687.62	(0.06)	(0.06)
Other Reserves			
Cash Flow Hedge Reserve	(0.24)	-	-
Foreign Currency Translation Reserve	(0.06)	-	-
FVTOCI Reserve	7.20	-	-
Capital Reserve	0.11	-	-
Capital Redemption Reserve	0.01	-	-
Debenture Redemption Reserve	118.75	-	-
Total	**1168.85**	**(0.06)**	**(0.06)**

a. General Reserve - The general reserve is a free reserve, retained from Group's profits to meet future obligations.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	-	-
Adjustment pursuant to Scheme of arrangement (Refer Note 1.2)	351.25	-
Transfer to General Reserve from Retained earnings	4.21	-
Balance at the end of the year	**355.46**	**-**

Notes to Consolidated Financial Statements

b. Retained Earnings - The amount that can be distributed by the Group as dividends to its equity shareholders is determined based on the financial statements of the Group and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported above are not distributable in entirety.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	**(0.06)**	**(0.06)**
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	426.27	-
Profit for the Year	167.62	-
DRR transferred to Retained Earnings	102.08	-
Cash dividends	(4.21)	-
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	(4.08)	-
Balance at the end of the year	**687.62**	**(0.06)**

c. Cash Flow Hedge Reserve - The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to the Statement of Profit and Loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	-	-
Adjustment pursuant to Scheme of arrangement (Refer Note 1.2)	(0.57)	-
Other comprehensive income for the Year (Note 29)	0.33	-
Balance at the end of the year	**(0.24)**	**-**

d. Foreign Currency Translation Reserve - Exchange differences relating to the translation of the Results and Net Assets of the Foreign Subsidiary from their functional currencies to the Group's presentation currency (ie., Indian Rupees) are recognised directly in Other Comprehensive Income and accumulated in the Foreign Currency Translation Reserve. At the time of disposal of the foreign operation, it is reclassified to the Statement of Profit and Loss.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	-	-
Adjustment pursuant to Scheme of arrangement (Refer Note 1.2)	0.70	-
Movement during the year	(0.76)	-
Balance at the end of the year	**(0.06)**	**-**

Notes to Consolidated Financial Statements

e. FVTOCI Reserve – This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	-	-
Adjustment pursuant to transition to Ind AS	5.18	-
Other comprehensive income for the Year (Note 29)	(2.06)	-
Re-measurement Gain / (Loss) on Defined Benefit Obligations (Net) transferred to Retained Earnings	4.08	-
Balance at the end of the year	**7.20**	**-**

f. Capital Reserve - The share capital of ₹0.11 Cr. of the Group as at 31st March 2016, has been cancelled pursuant to the Scheme of Arrangement (Refer Note 1.2) and the same has been credited to the Capital Reserve

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	-	-
Adjustment pursuant to Scheme of arrangement (Refer Note 1.2)	0.11	-
Balance at the end of the year	**0.11**	**-**

g. Debenture Redemption Reserve (DRR) - The Group has been vested with redeemable non-convertible debentures, pursuant to the Scheme of Arrangement. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the group to create DRR out of profits of the Group available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures outstanding. According the Group has created DRR equal to 25% of the outstanding debentures.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Balance at the beginning of the year	-	-
Adjustment pursuant to Scheme of arrangement (Refer Note 1.2)	220.83	-
Additions during the year	72.92	
Deletions during the year	(175.00)	-
Balance at the end of the year	**118.75**	**-**

Note 15a. Long Term Borrowings

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Secured, Listed and Rated Non-Convertible Debentures (NCD)			
7.55% Privately Placed NCD	100.00	-	-
8.79% Privately Placed NCD	150.00	-	-
8.90% Privately Placed NCD	100.00	-	-
Term Loan from Banks	28.26	-	-
Total	**378.26**	**-**	**-**

Notes to Consolidated Financial Statements

a. All NCDs are secured by a pari passu first charge on certain immovable properties of the group. (Refer Note 6a.c)

Repayment Schedule:

Secured, Listed and Rated Non-Convertible Debentures (NCD)

Coupon Rate	Effective Interest Rate	Oustanding Amount in ₹ Cr.	Maturity date and Redemption particulars
7.55%	7.55%	100	20-Feb-20
8.79%	8.78%	150	26-Oct-18
8.90%	8.89%	100	25-Sep-18
* 9.81%	10.08%	75	09-Aug-17
* 9.99%	9.98%	50	26-Apr-17

*Classifies as "Other Financial Liabilities" (Refer Note 17d)

b. Term Loans from banks are secured by way of immovable properties of the respective subsidiary and payable over a period of 3 years.

Note 15a. Long Term Liabilities

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Rental Deposits	0.06	-	-
Total	**0.06**	**-**	**-**

Note 16. Deferred Tax Assets and Liabilities

Nature - (Liability) / Asset	Balance Sheet		
	31-Mar-2017	31-Mar-2016	01-Apr-2015
Deferred Tax Liabilities			
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	(63.37)	-	-
Deferred Tax on proportionate share in proposed dividend of a subsidiary	(0.87)	-	-
Others	(2.26)	-	-
Deferred Tax Liabilities - A	**(66.50)**	**-**	**-**
Deferred Tax Assets			
Provision for Doubtful Trade Receivables	3.01	-	-
Provision for Employee Benefits	4.80	-	-
On expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	16.08	-	-
Effect of Cash Flow Hedge and Fair Value of Equity Investments through OCI	(2.77)	-	-
MAT Credit Entitlement	18.80	-	-
Others	4.47	-	-
Deferred Tax Assets - B	**44.39**	**-**	**-**
Net Deferred Tax (Liabilities) / Assets (A+B)	**(22.11)**	**-**	**-**

Notes to Consolidated Financial Statements

₹ in Crores

Nature - (Liability) / Asset	Statement of Profit and Loss	
	31-Mar-2017	31-Mar-2016
Deferred Tax Liabilities		
Difference between depreciation as per books of accounts and the Income Tax Act, 1961	(2.11)	-
Deferred Tax on proportionate share in proposed dividend of a subsidiary	0.87	-
Others	(0.57)	-
Deferred Tax Liabilities - A	**(1.81)**	**-**
Deferred Tax Assets		
Provision for Doubtful Trade Receivables	1.84	-
Provision for Employee Benefits	1.90	-
On expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	(2.20)	-
Effect of Cash Flow Hedge and Fair Value of Equity Investments through OCI	0.15	-
MAT Credit Entitlement	3.74	-
Others	(0.86)	-
Deferred Tax Assets - B	**4.57**	**-**
Deferred Tax expenses / (Income) (A+B)	**2.76**	**-**

Reconciliation of Deferred Tax Liabilities (Net)

₹ in Crores

Particulars	31-Mar-2017	31-Mar-2016
Opening balance	**-**	**-**
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	(17.24)	-
Adjustment pursuant to transition to Ind AS	(2.07)	-
Tax Income during the period recognised in Statement of Profit and Loss	1.13	-
MAT Credit Utilised	(3.74)	-
Tax Expense during the period recognised in OCI	(0.19)	-
Tax on proportionate share in proposed dividend of a subsidiary	(0.87)	-
Others	0.87	-
Closing balance	**(22.11)**	**-**

Note 17a. Short Term Borrowings

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Secured Borrowings (secured by pari passu first charge on Inventories and Trade Receivables)			
From Banks			
Packing Credit Rupee Loans	142.62		
Cash Credit	46.27	-	-
Unsecured Borrowings			
From Banks			
Cash credit and other borrowings	9.26		
Commercial Papers	150.00	-	-
	159.26	**-**	**-**
Total	**348.15**	**-**	**-**

Note - Short term Borrowings have a maturity of up to 6 months with an interest rate range of 6.5% - 10.0%.

Notes to Consolidated Financial Statements

Note 17b. Trade Payables

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Trade Payables			
- Dues to Micro, Small & Medium Enterprises	1.36	-	-
- Others	774.02	-	-
Total	**775.38**	**-**	**-**

Terms and conditions of the above financial liabilities:

Trade Payables are non-interest bearing and are normally settled within a period of 90 to 180 days. For terms and conditions relating to Related Party receivables, refer Note 36.

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Principal amount due to suppliers under MSMED Act	1.34	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount	-	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	6.66	-	-
Interest paid to suppliers under MSMED Act (Section 16)	0.01	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	0.02	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.02	-	-

Note 17c. Derivative Instruments

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Derivative instruments at FVTOCI			
Cash Flow Hedges (Refer Note 41)			
Foreign Exchange Forward Contracts	0.15	-	-
Total	**0.15**	**-**	**-**

Note 17d. Other Financial Liabilities

(At Amortised Cost)

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Current Maturities of Long Term Borrowings			
Secured, Listed and rated Non-Convertible Debentures (NCD)			
- 9.81% Privately Placed NCD*	75.00	-	-
- 9.99% Privately Placed NCD*	49.99	-	-
Payable to TIFHL (Demerged Company)	55.00	-	-
Interest Accrued but Not Due	17.38	-	-
Unpaid Dividends#	0.39	-	-
Advances and Deposits from Customers / Others	9.31	-	-
Other liabilities			
- Recoveries from Employees	3.24	-	-
- Capital Creditors	15.08	-	-
- Others	2.27	-	-
Total	**227.66**	**-**	**-**

* Refer Note 15a for security and repayment terms

Amount to be credited to Investor Education and Protection Fund towards Unpaid Dividends ₹ 0.06 Cr (Previous Year – Nil)

Notes to Consolidated Financial Statements

Note 18. Short Term Provisions

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Provision for Compensated Absences (Refer Note a below)	16.76	-	-
Provision for Warranties (Refer Note b below)	1.82	-	-
Provision for Contingency / Others (Refer Note c below)	31.24	-	-
Total	**49.82**	**-**	**-**

(a) Provision for Compensated absences

This refers to the amounts provided for Earned Leave and Sick Leave, which can be encashed at the time of resignation / retirement of employee. The assumptions used to compute the provision are provided in Note 34.

(b) Provision for Warranties

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
At the Beginning of the Year	-	-	-
Transferred pursuant to the Scheme of Arrangement	1.84	-	-
Created during the Year	1.43	-	-
Utilized during the Year	(1.45)	-	-
At the End of the Year	**1.82**	**-**	**-**

A provision is recognised for expected warranty claims on products sold during the last one year (2 years in respect of certain components), based on past experience of the level of returns. It is expected that most of these costs will be incurred within one year after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the applicable warranty period for all products sold.

(c) Provision for Contingencies / Others

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
At the Beginning of the Year	-	-	-
Transferred pursuant to the Scheme of Arrangement	23.02	-	-
Created / (Utilised) during the Year	8.22	-	-
At the End of the Year	**31.24**	**-**	**-**

The above Provision represents expected future outflows relating to various tax related matters, timing of which cannot be ascertained. The assumptions used to calculate the provisions are based on past experience of similar matters and professional consultations.

Note 19. Other Current Liabilities

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Statutory Liabilities	36.37	-	-
Advances from Customers	17.37	-	-
Total	**53.74**	**-**	**-**

Notes to Consolidated Financial Statements

Note 20a. Financial Assets

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Financial Assets - Non Current			
At Fair Value			
Investments at FVTOCI	24.36	-	-
At Amortised Cost			
Other Financial Assets	22.16	-	-
Total Non Current Financial Assets (A)	**46.52**	**-**	**-**
Financial Assets - Current			
At Fair Value			
Investments at FVTPL	159.68	-	0.05
At Amortised Cost			
Loans	1.58	-	-
Trade receivables	614.99	-	-
Cash and Cash Equivalents	23.94	0.05	-
Other financial assets	81.43	-	-
Total Current Financial Assets (B)	**881.62**	**0.05**	**0.05**
Total Financial Assets (A + B)	**928.14**	**0.05**	**0.05**

Note 20b. Financial Liabilities

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Financial Liabilities - Non Current			
At Amortised Cost			
Long Term Borrowings	378.26	-	-
At Fair Value through Profit and Loss			
Other Long Term Liabilities	0.06	-	-
Total Non Current Financial Liabilities (A)	**378.32**	**-**	**-**
Financial Liabilities - Current			
At Fair Value			
Derivative Instruments	0.15		
At Amortised Cost			
Short Term Borrowings	348.15	-	-
Trade Payables	775.38	-	-
Other Financial Liabilities	227.66	-	-
Total Current Financial Liabilities (B)	**1351.34**	**-**	**-**
Total Financial Liabilities (A + B)	**1729.66**	**-**	**-**

Notes to Consolidated Financial Statements

Note 20c. Government Grants

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Balance at the Beginning of the Year	-	-	-
Received during the Year	6.65	-	-
Released to the Statement of Profit and Loss	(5.27)	-	-
Balance at the End of the Year	**1.38**	**-**	**-**
Current	1.38	-	-
Non Current	-	-	-
	1.38	**-**	**-**

Government grants are Interest Subvention given by RBI on Packing Credit Rupee Export Loan towards Exports of Certain Goods.

Note 20d. Proposed Dividend

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Proposed dividends on Equity shares:		
Dividend for FY 2016-17- ₹2 per share (Dividend for FY 2015-16 - Nil)	37.49	-
DDT on proposed dividend	7.63	-
	45.12	**-**

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31st March 2017.

Note 21. Revenue from Operations

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Sale of Products		
Finished Goods	4390.40	-
Traded Goods	218.31	-
Sale of Products (A)	**4608.71**	**-**
Other Operating Revenue		
Scrap Sales (Gross)	189.55	-
Conversion Income	0.27	-
Export Benefits (Duty Drawback and Export Incentive)	12.31	-
Others	9.36	-
Other Operating Revenue (B)	**211.49**	**-**
Total (A+B)	**4820.20**	**-**

Sale of Products includes Excise Duty collected from customers of ₹302.12 Cr. Sale of Products net of Excise Duty is ₹4306.59 Cr.

Sale of Scrap includes Excise Duty collected from customers of ₹25.07 Cr. Sale of Scrap net of Excise Duty is ₹164.48 Cr.

Notes to Consolidated Financial Statements

Note 22. Other Income

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Dividend Income from Investments at FVTOCI	0.52	-
Dividend income from Investments at FVTPL	3.03	-
Rental Income	1.00	-
Royalty Income	0.24	-
Gain on Exchange Fluctuation (Net)	3.85	-
Profit on Property, Plant and Equipment sold / discarded (Net)	1.19	-
Profit on sale of Investments at FVTPL	14.11	-
Fair Value Gain on Financial Instruments at FVTPL	1.02	
Liabilities no longer payable written back	0.32	-
Claims recovered	8.57	-
Bad debts recovery	0.15	-
Interest Income from Financial Assets		
Fixed Deposits with Banks	7.04	-
Others	3.55	-
Provision no longer required written back	0.90	-
Others	2.92	-
Total	**48.41**	**-**

Note 23 (a). Cost of Material Consumed

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Opening Raw Material	-	-
Adjustment pursuant to Scheme of Arrangement	234.40	-
Purchases	2574.92	-
Closing Raw Material	(246.26)	-
Cost of Raw Material and Components Consumed	**2563.06**	**-**

(b). Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Closing Stock		
Work-in-Progress	151.75	-
Finished Goods	257.45	-
Stock-in-Trade	68.31	-
	477.51	**-**
Opening Stock		
Work-in-Progress	-	-
Finished Goods	-	-
Stock-in-Trade	-	-
	-	**-**
Adjustment pursuant to Scheme of Arrangement		
Work-in-Progress	134.77	-
Finished Goods	176.01	-
Stock-in-Trade	51.29	-
	362.07	**-**

Notes to Consolidated Financial Statements

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Work-in-Progress	(16.98)	-
Finished Goods	(81.44)	-
Stock-in-Trade	(17.02)	-
	(115.44)	**-**

Note 24. Employee Benefits Expense

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Salaries, Wages and Bonus	418.58	-
Gratuity Expenses (Refer Note 34)	4.50	-
Contribution to Provident and Other Funds	38.87	-
Staff Welfare Expenses	51.03	-
Total	**512.98**	**-**

Note 25. Depreciation and Amortization Expense

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Depreciation of Property, Plant and Equipment (Refer Note 6a)	148.48	-
Depreciation of Intangible Assets (Refer Note 6b)	0.27	-
Depreciation on Investment Properties (Refer Note 7)	0.15	-
Total	**148.90**	**-**

Note 26. Finance Costs

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Interest Expense on Borrowings	73.09	-
Exchange Differences on Foreign Currency Loans	0.78	-
Other Borrowing Costs	0.12	-
Total	**73.99**	**-**

Note – The Interest Expense on Borrowings includes the interest subvention received, amounting to ₹5.27 Cr. on Packing Credit loans

Note 27. Other Expenses

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Consumption of Stores and Spares	210.79	-
Conversion Charges	100.56	-
Power and Fuel	157.51	-
Rent (Net of recoveries)	24.19	-
Repairs and Maintenance - Building	2.65	-
Repairs and Maintenance - Machinery	94.91	-
Insurance	4.68	-
Rates and Taxes	25.16	-

Notes to Consolidated Financial Statements

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Travelling and Conveyance	30.87	-
Printing, Stationery and Communication	8.01	-
Freight, Delivery and Shipping Charges	149.89	-
Discounts / Incentives on Sales	13.59	-
Advertisement and Publicity	30.68	-
Provision / (Release of Provision) for Doubtful Trade Receivables (Net)	0.71	-
Auditor's Remuneration (Refer Note a below)	1.73	-
Commission and Sitting Fees to Non Whole Time Directors (Note b below)	1.62	-
Bank Charges	3.06	-
Information Technology Expenses	10.84	-
Donations to Charitable and Other Institutions	0.39	-
Expenditure on Corporate Social Responsibility	0.87	-
Other Expenses	69.74	-
Total	**942.45**	**-**

Note:

(a) Auditor's Remuneration

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
As Auditor:		
Statutory Audit & Tax Audit	1.61	-
Audit of Consolidated Financial Statements	0.04	-
In other capacity:		
Certification Engagements	0.08	-
Total	**1.73**	**-**

In the previous year, the Company has paid ₹45,750 as Audit Fees to the previous auditors.

(b) Commission and Sitting Fees to Non Whole Time Directors

Pursuant to the Scheme of Arrangement (Refer Note 1.2), the Commission and Sitting Fees aggregating to ₹1.62 Cr. has been transferred from the Demerged Company

Note 28. Income Tax Expense

The major components of Income Tax Expense for the years ended 31st March 2017 and 31st March 2016 are:

Statement of Profit and Loss

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Current Tax:		
Current Income Tax charge	64.82	-
Adjustments in respect of Current Income Tax of Prior Years	(16.94)	-
Deferred Tax:		
Relating to the origination and reversal of Temporary Differences	(1.13)	-
Income Tax Expense reported in the Statement of Profit and Loss	**46.75**	**-**

Notes to Consolidated Financial Statements

Other Comprehensive Income (OCI)

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Gain / (Loss) on FVTOCI Equity Investments	0.01	-
Re-measurement Gain / (Loss) on Defined Benefit Obligations	(1.47)	-
Movement on cash flow hedges	0.18	-
Income Tax charged to OCI	**(1.28)**	**-**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2016 and 31st March 2017:

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (34.608%) as follows:

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Accounting Profit Before Tax	**221.10**	**-**
Profit before income tax multiplied by standard rate of corporate tax in India of 34.608% (Previous year: 34.608%)	76.52	-
Effects of:		
Benefit u/s 35 (2AB) of Income Tax Act, 1961	(6.30)	-
Income - Exempt from tax	(1.01)	-
Benefit u/s 80IC of Income Tax Act, 1961	(1.73)	-
Benefit u/s 80IA of Income Tax Act, 1961	(1.63)	
Capital Allowance u/s 32AC of Income Tax Act, 1961	(5.78)	-
Other disallowances	3.90	-
Dividend Distribution Tax on proposed dividend of subsidiary	0.87	
Reversal of provision with respect to prior years	(18.51)	-
Others	0.42	
Net effective income tax	**46.75**	**-**

Note 29. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2017

₹ in Crores

Particulars	Cash flow hedge reserve	FVTOCI reserve	Retained Earnings	Foreign Currency Translation Reserve	Total
Currency forward contracts	0.33	-	-	-	0.33
Gain / (loss) on FVTOCI financial assets	-	0.70	-	-	0.70
Re-measurement gains / (losses) on defined benefit plans	-	-	(2.78)	-	(2.78)
Exchange Difference on Translation of Foreign Subsidiary	-	-	-	(0.76)	(0.76)
Total	**0.33**	**0.70**	**(2.78)**	**(0.76)**	**(2.51)**

Notes to Consolidated Financial Statements

Note 30. Earnings Per Share

The following reflects the profit and share data used in the basic and diluted EPS computations: ₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Profit After Tax - attributable to Owners of the Company (₹ in crores)	167.62	-
Weighted average number of Equity Shares		
- Basic	18,74,47,871	1,10,000
- Diluted	18,74,47,871	1,10,000
Earnings Per Share of ₹ 1 each (Previous Year ₹ 10 each)		
- Basic	8.94	-
- Diluted	8.94	-

Note 31. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a. Judgements

In the process of applying the group's accounting policies, management has not made judgements, which have significant effect on the amounts recognised in the Consolidated Financial Statements.

b. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

i. Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

ii. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

iii. Employee Benefits

The cost of the defined benefit gratuity plan and other post-employment leave encashment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about defined benefit obligations are given in Note 34.

Notes to Consolidated Financial Statements

iv. Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, Credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 42 for further disclosures.

Note 32. Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

Amendments to Ind AS 7, Statement of Cash Flows

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1st April 2017. Application of this amendment will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

Amendments to Ind AS 102, Share-based Payment

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1st April 2017. The group is assessing the potential effect of the amendments on its financial statements.

The group will adopt these amendments from their applicability date.

Note 33. Stock Options pursuant to Scheme of Arrangement (Refer Note 1.2)

Pending completion of the listing of the shares of the Company, stock options have not been granted to the eligible employees who have been transferred to the Company from the Demerged Company. Further, the Nomination and Remuneration Committee (NRC) of the Demerged Company has not decided on the manner of adjustment of the exercise price of the existing options of the Demerged Company and accordingly the exercise price of the ESOPs to be granted by the Company is currently not determinable.

In view of the above, no adjustments have been made to the financial statements of the Company with respect to accounting for the cost of the ESOPs to be granted pursuant to the Scheme as well as related disclosures as required under Ind AS. Further, the Diluted EPS of the Company for the current year does not consider the dilutive component pertaining to the ESOPs to be granted pursuant to the Scheme, pending determination of the exercise price as well as grant of such stock options by the Company. Management believes that consequential effect on these financial statements would not be material.

Note 34. Employee Benefits Obligation

Defined Benefit Plan

a. Gratuity

Under the Gratuity plan operated by the group, every employee who has completed atleast five years of service gets a Gratuity on departure at 15 days on last drawn salary for each completed year of service as per Payment of Gratuity Act, 1972. The scheme is funded with an Insurance Company in the form of qualifying insurance policy. The following table summarizes the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the Balance Sheet.

Notes to Consolidated Financial Statements

₹ in Crores

Particulars		31-Mar-2017	31-Mar-2016
A.	**Change in defined benefit obligation**		
1.	Defined benefit obligation at beginning of period	-	-
	Defined benefit obligation transferred pursuant to Scheme of Arrangement (Note 1.2)	45.76	
2.	Service cost		
	a. Current service cost	4.26	-
	b. Past service cost	-	-
	c. (Gain) / loss on settlements	0.12	-
3.	Interest expenses	3.57	-
4.	Cash flows		
	Benefit payments from plan	(2.11)	-
5.	Remeasurements		
	a. Effect of changes in financial assumptions	2.88	-
	b. Effect of experience adjustments	0.81	-
6	Defined benefit obligation at end of period	55.29	-
B.	**Change in fair value of plan assets**		
1.	Fair value of plan assets at beginning of period	-	-
	Fair value of plan assets transferred pursuant to Scheme of Arrangement (Note 1.2)	46.77	-
2.	Interest income	3.75	-
3.	Cash flows		
	a. Total employer contributions	7.60	
	b. Benefit payments from plan assets	(2.11)	-
4.	Remeasurements		
	a. Return on plan assets (excluding interest income)	(0.44)	-
	b. Expected return on plan assets	0.30	-
5.	Fair value of plan assets at end of period	55.87	-
C.	**Amounts recognized in the Balance Sheet**		
1.	Defined benefit obligation	55.29	-
2.	Fair value of plan assets	(55.87)	-
3.	Funded status	(0.58)	-
4.	Net defined benefit liability / (asset)	(0.58)	-
D.	**Components of defined benefit cost**		
1.	Service cost		
	a. Current service cost	4.26	-
	c. (Gain) / loss on settlements	0.12	-
	d. Total service cost	4.38	-
2.	Net interest cost		
	a. Interest expense on DBO	3.57	-
	b. Less - Interest Income / expected return on plan assets	3.45	-
	c. Total net interest cost	0.12	-

Notes to Consolidated Financial Statements

₹ in Crores

Particulars		31-Mar-2017	31-Mar-2016
3.	Remeasurements (recognized in OCI)		
	a. Effect of changes in financial assumptions	2.88	-
	b. Effect of experience adjustments	0.93	-
	c. Less - Return on plan assets (excluding interest income)	(0.44)	-
	d. Total remeasurements included in OCI	4.25	-
4.	Total defined benefit cost recognized in P&L and OCI	8.75	-
E.	**Re-measurement**		
	a. Actuarial Loss / (Gain) on DBO	3.81	-
	b. Less - Returns above Interest Income	(0.44)	-
	Total Re-measurements (OCI)	4.25	-
F.	**Employer Expense (P&L)**		
	a. Current Service Cost	4.38	-
	b. Interest Cost on net DBO	0.12	-
	d. Total P& L Expenses	4.50	-
G.	**Net defined benefit liability (asset) / reconciliation**		
1.	Net defined benefit liability / (asset)	(1.73)	-
2.	Defined benefit cost included in P&L	4.50	-
3.	Total remeasurements included in OCI	4.25	-
4.	Employer contributions	(7.60)	-
5.	Net defined benefit liability / (asset) as of end of period	(0.58)	-
H.	**Reconciliation of OCI (Re-measurment)**		
1.	Recognised in OCI during the period	4.25	-
2.	Recognised in OCI at the end of the period	4.25	-
I.	**Sensitivity analysis - DBO end of Period**		
1.	Discount rate +100 basis points	51.13	-
2.	Discount rate -100 basis points	59.91	-
3.	Salary Increase Rate +1%	59.61	-
4.	Salary Increase Rate -1%	51.32	-
5.	Attrition Rate +1%	55.94	-
6.	Attrition Rate -1%	54.48	-
J.	**Significant actuarial assumptions**		
1.	Discount rate Current Year	7% - 7.25%	-
2.	Discount rate Previous Year	8.00%	-
3.	Salary increase rate	Uniform 5.0%	-
4.	Attrition Rate	3.0% [AGE 0 - 30] 1.0% [AGE 31 - 40] 2.0% [AGE 41 - 58]	-

Notes to Consolidated Financial Statements

₹ in Crores

Particulars		31-Mar-2017	31-Mar-2016
5.	Retirement Age	58	-
6.	Pre-retirement mortality	Indian Assured Lives Mortality (2006-08) Ultimate	-
7.	Disability	Nil	-
K.	**Data**		
1.	No.	4030	-
2.	Avg. Age (yrs.)	39	-
3.	Avg. Past Service (yrs.)	12	-
4.	Avg. Sal. Mly (Rs.)	19831	-
5.	Future Service (yrs.)	19	-
6.	Weighted average duration of DBO	15	-
			₹ in Crores
L.	**Expected cash flows for following year**		
1.	Expected employer contributions / Addl. Provision Next Year	4.68	-
2.	Expected total benefit payments		
	Year 1	4.40	-
	Year 2	3.72	-
	Year 3	3.00	-
	Year 4	4.86	-
	Year 5	4.08	-
	Next 5 years	22.51	-
M.	**Defined benefit obligation at end of period**		
	Current Obligation	4.51	-
	Non-Current Obligation	50.77	-
	Total	55.29	-
	SUMMARY		
	Assets / Liabilities		
1.	Defined benefit obligation at end of period	55.29	-
2.	Fair value of plan assets at end of period	55.87	-
3.	Net defined benefit liability (asset)	(0.58)	-
4.	Defined benefit cost included in P&L	4.50	-
5.	Total remeasurements included in OCI	4.25	-
6.	Total defined benefit cost recognized in P&L and OCI	8.75	-

Notes:

i. The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).

ii. The expected / actual return on Plan Assets is as furnished by LIC.

iii. The estimate of future salary increase takes into account inflation, likely increments, promotions and other relevant factors.

Notes to Consolidated Financial Statements

b. Provident Fund

The Group's Provident Fund is exempted under Section 17 of the Employees' Provident Fund Act, 1952. Conditions for the grant of exemption stipulate that the employer shall make good the deficiency, if any, in the interest rate declared by the Trust over the statutory limit. The Actuary has provided a valuation for Provident Fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below, the Group does not have additional obligation as at 31st March 2017.

The details of fund and plan assets are given below: ₹ in Crores

Particulars	31-Mar-2017	31-Mar-2016
Fair value of plan assets at end of period	137.44	-
Defined benefit obligation at end of period	109.63	-

The principal assumptions used in determining the present value obligation of interest guarantee under the deterministic approach are as follows:

Assumptions	31-Mar-2017	31-Mar-2016
Discount Rate	7.25%	-
Weighted Average Duration of DBO in years	15	-
Expected Investment Return	8.67%	-
Average Interest Rate expected to be declared	8.62%	-

During the year, the Group contributed ₹5.88 Cr (Previous year – Nil) under Defined Benefit Plans and the same has been recognised in the Statement of Profit and Loss under Employee Benefits expense.

c. Long Term Compensated Absences

The assumption used for computing the long term accumulated compensated absences on actuarial basis are as follows:

Assumptions	31-Mar-2017	31-Mar-2016
Discount Rate	7% - 7.25%	-
Future Salary Increase (%)	5.00%	-
Attrition Rate	1 to 3%	-

d. Contributions to Defined Contribution Plans

During the year, the Group recognised ₹5.52 Cr. (Previous Year - Nil) to Provident Fund under Defined Contribution Plan, ₹5.22 Cr. (Previous Year - Nil) for Contributions to Superannuation Fund and ₹1.10 Cr. (Previous Year - Nil) for Contributions to Employee State Insurance Scheme in the statement of profit and loss.

Notes to Consolidated Financial Statements

Note 35. Commitment and Contingencies

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
I. Contingent Liabilities			
a) Disputed Income-Tax demands under appeal / remand pending before various appellate / assessing authorities against the Demerged Company (Refer Note d)	39.36	-	-
b) Disputed Service Tax, Excise and Customs duty demand amounting to ₹0.11 Cr. (Previous Year ₹0.37 Cr.) and penalty of ₹Nil (Previous Year ₹0.05 Cr.) pertaining to financial years 1999-2000 to 2012-13 under appeal pending before the Appellate Tribunal against which ₹Nil (Previous Year ₹0.0035 Cr.) has been deposited. The Management is of the opinion that the above demands are arbitrary and are not sustainable	0.11	-	-
c) Claims against the Group not acknowledged as debts	1.44	-	-
d) Disputed demand for additional sales tax on CST	0.02		
e) Disputed excise duty on interunit transfer of machinery	1.52		
II. Commitments			
a) Estimated amount of contracts remaining to be executed on capital expenditure and not provided for	78.08	-	-
b) Export obligation under EPCG / Advance License Scheme to be fulfilled. The Group is confident of meeting its obligations under the Schemes within the Stipulated Period.	7.16	-	-
c) Retirement Commitment of Foreign Subsidiary	11.55		

Notes:

a. Draft Assessment Orders received from Income Tax Authorities and Show Cause Notices received from various other Government Authorities, pending adjudication, have not been considered as Contingent Liabilities.

b. The uncertainties and possible reimbursement in respect of the above mentioned contingent liabilities are dependent on the outcome of various legal proceedings and therefore, cannot be predicted accurately.

c. The group considers the Cash flow in each of the cases to be uncertain and hence considered as Contingent liabilities.

d. As per the Scheme of Arrangement, all taxes, duties, cess payable by the Demerged Company relating to the Manufacturing Business Undertaking including all advance tax payments, tax deducted at source or any refunds / credit / claims relating thereto shall, for all purposes, be treated as advance tax payments, tax deducted at source or refunds / credit / claims, as the case may be, of the Company, provided however that any direct and indirect taxes that cannot specifically be earmarked as the liability or refunds / credit / claims relating to the Manufacturing Business Undertaking shall continue to be borne by the Demerged Company. The Scheme further provides that if the Demerged Company or their successor(s) receives any refunds / credit / claims or incurs any liability in respect of the Manufacturing Business Undertaking, the same shall be on behalf of and as a trustee of the Company and the same shall be refunded to / paid by the Company.

Note 36. Disclosure in respect of Related Parties pursuant to Ind AS 24

a) List of Related Parties

I. Substantial Interest in Voting power in Joint Venture

a. Tsubamex Company Limited

b. Absolute Speciality Foods Chennai Private Limited

Notes to Consolidated Financial Statements

II. Company having Significant Influence and related companies

a. Murugappa Holdings Limited
b. Ambadi Investments Pvt. Ltd.
c. Parry Agro Industries Ltd.
d. Parry Enterprises India Ltd.

III. Key Management Personnel (KMP)

a. Mr. L. Ramkumar – Director (ceased to be a Director from 1st August 2017)
b. Mr. S. Suresh – Director (ceased to be a Director from 1st August 2017)
c. Mr. N. Prasad – Director (ceased to be a Director from 1st August 2017)
d. Mr. K Mahendra Kumar

Note:

a. Pursuant to Scheme of Arrangement (Refer Note 1.2), Mr.L. Ramkumar, Managing Director of the Demerged Company has been moved to the Company and appointed as Managing Director from 1st August 2017.

b. Pursuant to Scheme of Arrangement (Refer Note 1.2), Mr.K. Mahendrakumar, Chief Financial Officer of the Demerged Company has been moved to the Company and appointed as Chief Financial Officer from 1st August 2017.

c. Pursuant to Scheme of Arrangement (Refer Note 1.2), Mr.S. Suresh, Company Secretary of the Demerged Company has been moved to the Company and appointed as Company Secretary from 1st August 2017.

b) During the year the following transactions were carried out with the related parties in the ordinary course of business:

₹ in Crores

Transaction	Related Party	2016-17	2015-16
Services Received	Parry Enterprises India Limited	11.82	-
Remuneration to Key Managerial Personnel	Mr. L. Ramkumar	3.74	-
	Mr. S. Suresh	0.77	-
	Mr. K. Mahendra Kumar	0.33	-
Balance at Year End			
Payable	Key Managerial Personnel of the Company	1.12	-
	Parry Enterprises India Limited	0.13	

Terms and Conditions of transaction with Related Parties

The sale to and purchases from Related Parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in Cash. For the year ended 31st March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by Related Parties (Refer Note 11b and Note 17b for Trade Receivables and Trade Payables respectively).

Additional Disclosures

List of Related Parties of Demerged Company

I. **Company having Substantial Interest in Voting Power**
In Cholamandalam MS General Insurance Company Limited:
Mitsui Sumitomo Insurance Company Limited

II. **Entity having Significant Influence**
Murugappa Holdings Limited

III. **Jointly Controlled Entity Companies**
Cholamandalam MS Risk Services Limited

Notes to Consolidated Financial Statements

Additional Disclosures – Transactions during the year

The transactions with the Related Parties of the Demerged Company carried out in the ordinary course of business during 2016-17 are given below:

₹ in Crores

Transaction	Related Party	2016-17	2015-16
Rentals Paid / Recovered	Cholamandalam MS General Insurance Company Limited	0.06	-
	Cholamandalam Investment Finance Company Limited	0.14	-
Premium Paid	Cholamandalam MS General Insurance Company Limited	3.21	-
Claims Received	Cholamandalam MS General Insurance Company Limited	8.57	-
Management expenses Paid	Cholamandalam MS General Insurance Company Limited	0.07	-
Interest Paid	Cholamandalam MS General Insurance Company Limited	0.07	-
Debentures Redeemed	Cholamandalam MS General Insurance Company Limited	10.00	-
Reimbursement of Expenses	Cholamandalam MS General Insurance Company Limited	0.02	
Services Rendered	Cholamandalam Securities Limited	0.01	-
Balance at Year End			
Payable (Net) – Management expenses and rent	Cholamandalam MS General Insurance Company Limited	0.04	-
Receivable	Cholamandalam MS General Insurance Company Limited	0.02	-

Note 37. Segment Information

For management purposes, the group's operations are organised into major segments – Cycles and Accessories, Engineering, Metal Formed Products, Gear and Gear products which comprise the primary basis of segmental information.

The Management Committee headed by Managing Director (CODM) consisting of Chief Financial Officer, Leaders of Strategic Business Units and Human resources have identified the above three reportable business segments. It reviews and monitors the operating results of the business segments for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

The Cycles and Accessories segment comprises bicycles of the Standard and Special variety including alloy bikes & Speciality performance bikes and fitness equipment. The Engineering segment consists of cold rolled steel strips and precision steel tube viz., Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). The Metal Formed Products segment comprises of Automotive and Industrial chains, fine blanked products, stamped products, roll-formed car doorframes and cold rolled formed sections for railway wagons and passenger coaches.

Segment assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole and are not allocable to any segment. Expenses that are directly identifiable to segments are considered for determining the segment results. Expenses which relate to the Group as a whole and are not allocable to segments are included under unallocated corporate expenses.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes to Consolidated Financial Statements

₹ in Crores

Particulars	Cycles and Accessories		Engineering		Metal Formed Products		Gears and Gear Products		Eliminations		Consolidated Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
REVENUE												
External Sales	1347.52	-	1770.14	-	1296.11	-	194.94	-		-	4608.71	-
Inter-Segment Sales	-	-	162.25	-	0.98	-	0.89	-	(164.12)	-	-	-
Other Operating Income	11.17	-	144.54	-	47.78	-	7.99	-	(2.01)	-	209.47	-
Unallocated Corporate Income											2.02	-
Total Revenue	**1358.69**	**-**	**2076.93**	**-**	**1344.87**	**-**	**203.82**	**-**	**(166.13)**	**-**	**4820.20**	**-**
Unallocated Corporate Expenses											(11.42)	-
RESULT												-
Operating Profit	36.03	-	144.85	-	88.84	-	24.42	-	-	-	282.72	-
Profit / (Loss) on Sale of Property, Plant and Equipment	(0.30)	-	0.93	-	0.40	-	0.11	-	-	-	1.14	-
Net Operating Profit	**35.73**	**-**	**145.78**	**-**	**89.24**	**-**	**24.53**	**-**	**-**	**-**	**283.86**	**-**
Dividend Income	-	-	-	-	-	-	3.03	-	-	-	3.55	-
Finance Costs	-	-	-	-	(1.94)	-	-	-	-	-	(73.99)	-
Tax Expense	-	-	-	-	2.66	-	(5.99)	-	-	-	(46.75)	-
Profit on Sale of Current Investments (Net)	-	-	-	-	3.50	-	0.94	-	-	-	15.13	-
Share of Loss from Joint Venture	-	-	-	-	-	-	-	-	-	-	(7.45)	-
Net Profit	**35.73**	**-**	**145.78**	**-**	**93.46**	**-**	**22.51**	**-**	**-**	**-**	**174.35**	**-**
Other Information												
Segment Assets	621.93	-	946.96	-	744.79	-	343.33	-	(29.95)	-	2627.06	-
Unallocated Corporate Assets											202.98	-
Total Assets	**621.93**	**-**	**946.96**	**-**	**744.79**	**-**	**343.33**	**-**	**(29.95)**		**2830.04**	**-**
Segment Liabilities	332.00	-	317.70	-	237.95	-	40.61	-	(29.95)		898.31	-
Unallocated Corporate Liabilities											84.89	-
Total Liabilities	**332.00**	**-**	**317.70**	**-**	**237.95**	**-**	**40.61**	**-**	**(29.95)**		**983.20**	**-**
Capital Expenditure	54.28	-	48.56	-	57.37	-	6.11	-	-	-	166.32	-
Unallocated Corporate Capital Expenditure											3.80	-
Depreciation	15.80	-	63.18	-	49.20	-	17.83	-	-	-	146.01	-
Unallocated Corporate Depreciation											2.89	-
Investment in Joint Venture											17.64	

Notes to Consolidated Financial Statements

Revenue from External Customers ₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
India	4257.30	-
Outside India	562.90	-
Total Revenue as per Statement of Profit and Loss	**4820.20**	**-**

There are no sales to external customers more than 10% of Total Revenue.

Non-Current Operating Assets ₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
India	1379.79	-
Outside India	63.17	-
Total	**1442.96**	**-**

Reconciliation of Segment Assets and Liabilities to amounts reflected in the financial statements ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Segment Assets	2830.04	-
Add: Deferred Tax Assets (Note 16)	44.39	-
Add: Goodwill on Consolidation (Note 6c)	305.79	-
Total Assets	**3180.22**	**-**

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Segment Liabilities	983.20	-
Add: Deferred Tax Liabilities (Note 16)	66.50	-
Add: Long term and Short term Borrowings (Note 15a and Note 17a)	726.41	-
Add: Current maturities of Long term Borrowings (Note 17d)	124.99	-
Total Liabilities	**1901.10**	**-**

Note 38. Operating Leases

The Group has operating lease agreements for certain office space and residential accommodation which are generally cancellable in nature. As per the lease terms, an amount of ₹21.75 Cr. (Previous Year - Nil) has been recognised in the Statement of Profit and Loss.

Note 39. Non-Controlling Interest

Financial information of Subsidiary having Non-Controlling Interest is given below:

Name	Country of incorporation	As on 31st March 2017	Profit allocated to non-controlling interest (₹ in Crores)	Other Comprehensive Income allocated to non-controlling interest (₹ in Crores)	Accumulated non-controlling interest (₹ in Crores)
Shanthi Gears Limited	India	29.88%	6.73	(0.02)	91.53

Notes to Consolidated Financial Statements

The summarised financial information of the Subsidiary is provided below. This information is based on amounts before inter-company eliminations

Summarised Statement of Profit and Loss for the Year Ended 31st March 2017 ₹ in Crores

Particulars	Year ended 31st March 2017
Income	214.55
Expenses	186.05
Profit Before Tax	28.50
Tax Expense	5.99
Profit for the Year	22.51
- attributable to the owners of the company	15.78
- attributable to the non-controlling interest	6.73
Other Comprehensive Income	(0.08)
- attributable to the owners of the company	(0.06)
- attributable to the non-controlling interest	(0.02)
Total Comprehensive Income	22.43
- attributable to the owners of the company	15.72
- attributable to the non-controlling interest	6.71

Summarised Balance Sheet as on 31st March 2017 ₹ in Crores

Particulars	Year ended 31st March 2017
Non-Current Asset	88.38
Current Asset	259.17
Non-Current Liabilities	0.16
Current Liabilities	41.07
Total Equity	306.32
- attributable to the owners of the company	214.79
- attributable to the non-controlling interest	91.53

Summarised Cash Flow Statement for the Year Ended 31st March 2017 ₹ in Crores

Particulars	Year ended 31st March 2017
Net cash inflow in operating activities	13.81
Net cash outflow from investing activities	(12.92)
Net cash inflow in financing activities	-
Net Increase in Cash and Cash equivalent	0.89

Note 40. Interest in Joint Venture

The Group has interest in Joint Ventures namely TI Tsubamex Private Limited (TTPL) and TI Absolute Concepts Private Limited (TIACPL) at 75% and 50% respectively.

The Group's interest is accounted using the equity method in the consolidated financial statements. Summarised financial information of the joint ventures based on their Ind AS financial statements is given below:

Notes to Consolidated Financial Statements

Summarised Statement of Profit and Loss for the Year Ended 31st March 2017 ₹ in Crores

Particulars	TTPL	TIACPL
Income	5.19	2.70
Expenses	11.00	8.15
Profit Before Tax	(5.81)	(5.45)
Tax Expense	0.48	-
Profit for the Year	(6.29)	(5.45)
Other Comprehensive Income	(0.01)	-
Total Comprehensive Income	(6.30)	(5.45)
Proportion of Group's ownership	75%	50%
Group's share in Total Comprehensive Income	(4.73)	(2.72)

Summarised Balance Sheet as on 31st March 2017 ₹ in Crores

Particulars	TTPL	TIACPL
Non-Current Asset	18.86	12.47
Current Asset	22.53	4.60
Non-Current Liabilities	0.05	-
Current Liabilities	28.68	2.53
Total Equity	12.66	14.54
Proportion of Group's ownership	75%	50%
Group's share in Total Equity	9.50	7.27

Note 41. Hedging Activities and Derivatives

Cash Flow Hedges

Foreign Exchange Forward Contracts measured at Fair Value through OCI are designated as Hedging Instruments in cash flow hedges of forecast sales in EUR and USD, and also for forecast purchases in USD, EUR and JPY. Currency Swaps measured at Fair Value through Profit and Loss are designated as Hedging Instruments in cash flow hedges of floating rate long term borrowings in USD.

₹ in Crores

Particulars	As at 31-Mar-2017		As at 31-Mar-2016		As at 01-Apr-2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair Value of Foreign Exchange Forward Contracts	-	0.15	-	-	-	-

Disclosure of effects of Hedge accounting ₹ in Crores

Foreign Exchange Risk on Cash Flow Hedge	Nominal Value of Hedging Instruments (No. of Contracts)		Carrying Value of Hedging Instruments (₹ in Crores)		Maturity Date	Hedge Ratio	Weighted Average Rate	Changes in Fair value of Hedging Instrument	Changes in the value of Hedged Item used as a basis for recognising hedge effectiveness
	Asset	Liability	Asset	Liability					
Foreign Currency Forward Contracts	39	9	25.75	6.53	05-Apr-2017 to 29-Mar-2018	1:1	1 USD - ₹65.32 1 EUR - ₹72.39	(0.36)	0.36

Cash Flow Hedge	Change in the value of Hedging Instrument recognised in Other Comprehensive Income	Hedge Inffectiveness recognised in Profit or Loss	Amount reclassified from Cash Flow Hedge Reserve to Proft or Loss	Line item affected in Statement of Profit and Loss because of the Reclassification
Foreign Exchange Risk	(0.03)	-	(0.54)	Other Income

Notes to Consolidated Financial Statements

Note 42.1 Fair Values

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities. ₹ in Crores

Particulars	Carrying value			Fair value		
	31-Mar-2017	31-Mar-2016	01-Apr-2015	31-Mar-2017	31-Mar-2016	01-Apr-2015
Financial assets						
FVTOCI Equity Investments	12.19	-	-	12.19	-	-
Other Non-current Investments	12.17	-	-	12.17	-	-
Other Financial Assets - Non Current	22.16	-	-	22.16	-	-
Loans	1.58	-	-	1.58	-	-
Trade Receivables	614.99	-	-	614.99	-	-
FVTPL Investments in Mutual Funds	159.68	-	0.05	159.68	-	0.05
Cash & Cash Equivalents	23.94	0.05	-	23.94	0.05	-
Other Financial Assets - Current	81.43	-	-	81.43	-	-
Total	**928.14**	**0.05**	**0.05**	**928.14**	**0.05**	**0.05**
Financial liabilities						
Non-current Borrowings	378.26	-	-	390.12	-	-
Other Non-current Liabilities	0.06	-	-	0.06	-	-
Current Borrowings	348.15	-	-	348.15	-	-
Trade Payables	775.38	-	-	775.38	-	-
Derivative Instruments	0.15	-	-	0.15	-	-
Other Financial Liabilities - Current	227.66	-	-	227.66	-	-
Total	**1729.66**	**-**	**-**	**1741.52**	**-**	**-**

The management assessed that derivatives, cash and cash equivalents, trade receivables, loans, current investments, other financial assets, borrowings, trade payables, bank overdrafts and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

i. The fair values of quoted equity investments are derived from quoted market prices in active markets.

ii. The fair values of certain unquoted equity investments have been estimated using Discounted Cash-flow Model (DCF). The valuation is based on certain assumptions like forecast cash-flows, discount rate, etc.

iii. The fair values of quoted investments routed through FVTPL are derived from quoted market prices in active markets.

iv. The fair value of borrowings is estimated by discounting expected future cash flows using a discount rate equivalent to the risk-free rate of return, adjusted for the Credit spread considered by the lenders for instruments of the similar maturity.

v. Derivatives are fair valued using market observable rates and published prices.

Notes to Consolidated Financial Statements

Note 42.2 Fair Values Hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2017:

Particulars	Total	Fair Value Measurement using		
		Quoted Price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Asset measured at fair value:				
FVTOCI Equity investments	12.19	2.13	-	10.06
FVTPL Investments	171.85	171.85	-	-
Assets for which fair values are disclosed:				
Investment Properties	14.61	-	14.61	-

There have been no transfers between the level 1 and level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31st March 2017:

Particulars	Total	Fair Value Measurement using		
		Quoted Price in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:				
Derivative Financial Liabilities:				
Foreign Exchange forward Contracts	0.15	-	0.15	-
Liabilities for which fair values are disclosed:				
Borrowings:				
Long term Borrowings	390.12	-	390.12	-

There have been no transfers between the level 1 and level 2 during the period.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31st March 2017 is as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Sensitivity of the input to fair value
Unquoted FVTOCI equity investments	DCF Model	Discount Rate	15%	5% sensitivity 2016-17- Discount Rate-20%, ₹(2.00) Cr. Discount Rate-10%, ₹4.09 Cr.

Reconciliation of Fair Value Measurement of Unquoted FVTOCI Equity Investments

Unquoted FVTOCI equity investments	
As at 01-Apr-2015	**-**
Re-measurement recognised in OCI	-
Purchases	-
Sales	-
As at 001-Apr-2016	
Adjustment pursuant to scheme of arrangement (Refer Note 1.2)	2.48
Adjustment pursuant to transition to Ind AS	7.55
Re-measurement recognised in OCI	0.03
Purchases	-
Sales	-
As at 31-Mar-2017	**10.06**

Notes to Consolidated Financial Statements

Note 43. Financial Risk Management Objectives and Policies

The Group's principal financial liabilities, other than derivatives, comprise of bank loans and trade payables. The main purpose of these financial liabilities is to raise finance for the operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations. There are FVTOCI investments and derivative transactions.

There is exposure to market risk, credit risk and liquidity risk. The senior management oversees the management of these risks. The senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework. The Risk Management Committee provides assurance to the senior management that the financial risk activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the policy that no trading in derivatives for speculative purposes may be undertaken.

A. Market Risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

i. Foreign Currency Exchange Rate Risk

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

As per the forex policy, foreign exchange and other derivative instruments are primarily used to hedge foreign exchange and interest rate exposure.

The impact of foreign exchange rate fluctuations is evaluated by assessing its exposure to exchange rate risks. A part of these risks are hedged by using derivative financial instruments in accordance with theforex policy.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to 5% appreciation in USD and EURO exchange rates on foreign currency exposures as at the year end, with all other variables held constant. The impact on the profit before tax is due to changes in the fair value of monetary assets and liabilities. The exposure to foreign currency changes for all other currencies is not material.

₹ in Crores

As at	Nature	Increase / (Decrease) in PBT for change in USD rates	Increase / (Decrease) in PBT for change in EURO rates
31-Mar-2017	Receivables	2.58	0.53
	Payables	(2.00)	(0.27)
31-Mar-2016	Receivables	-	-
	Payables	-	-
01-Apr-2015	Receivables	-	-
	Payables	-	-

Notes to Consolidated Financial Statements

Derivative Contracts ₹ in Crores

As at	Increase / (Decrease) in PBT for change in USD rates	Increase / (Decrease) in PBT for change in EURO rates	Increase / (Decrease) in OCI for change in USD rates	Increase / (Decrease) in OCI for change in EURO rates
31-Mar-2017	(0.43)	(0.17)	0.59	0.34
31-Mar-2016	-	-	-	-
01-Apr-2015	-	-	-	-

Conversely, 5% depreciation in the USD and Euro rates against the significant foreign currencies as at 31st March 17 would have had the same but opposite effect, again holding all other variables constant.

ii. Equity Price Risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities.

The majority of the Group's investments are in the shares of group companies, which are carried at cost. The Group has investments in other equity investments, routed through FVTOCI of only ₹12.19 Cr. as at 31st March 2017. (As at 31st March 2016 and 1st April 2015 – Nil)

B. Credit Risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Group result in material concentrations of credit risks.

Exposure to Credit risk - The carrying amount of financial assets represents the maximum Credit exposure. The maximum exposure to Credit risk was ₹697.29 Cr. as at 31st March 2017, ₹0.05 Cr. as at 31st March 2016 and Nil as at 31st March 2015, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables and other financial assets excluding equity investments.

At 31st March 2017, the group had 112 customers (as at 31st March 2016 and 31st March 2015 – Nil) that owed the Group more than ₹1 Crore each and accounted for approximately 67% of the total trade receivables outstanding. There were 8 customers (as at 31st March 2016 and 31st March 2015 – Nil) with balances greater than ₹10 Crores accounting for around 21% of the total trade receivables.

Credit risk from balances with banks and investment of surplus funds in mutual funds is managed by the group's treasury department. The objective is to minimise the concentration of risks and therefore mitigate financial loss.

Of the above, ₹65.55 Cr. is backed by Letter of Credit / Export Credit Guarantee Cover as at 31st March 2017.

C. Liquidity Risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Group has access to funds from debt markets through commercial paper, non-convertible debentures, and other debt instruments. The Group invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no / low mark to market risks. The Group has also invested 15% of the non-convertible debentures (taken by the group) falling due for repayment in the next 12 months in bank deposits, to meet the regulatory norms of liquidity requirements.

The Group also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

As at 31st March 2017, the Group has undrawn committed lines of ₹223.19 Cr. (As at 31st March 2016 and 1st April 2015 - Nil).

Notes to Consolidated Financial Statements

The table below provides details regarding the contractual maturities of financial liabilities based on Contractual undiscounted payments:

₹ in Crores

Particulars	On demand	Less than 3 months	3 to 12 months	> 1 year	Total
Year ended 31-Mar-2017					
Borrowings	55.53	205.59	221.39	445.12	927.63
Other financial liabilities	55.39	29.90	-	0.06	85.35
Trade and other payables	-	775.38	-	-	775.38
Derivatives	-	0.15	-	-	0.15
	110.92	**1011.02**	**221.39**	**445.18**	**1788.51**
Year ended 31-Mar-2016					
Borrowings	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Derivatives	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
Year ended 01-Apr-2015					
Borrowings	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Derivatives	-	-	-	-	-
	-	**-**	**-**	**-**	**-**

Note 44. Capital Management

The Group's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals.

The amount of capital required is determined based on annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through internal accruals, non-convertible debentures, external commercial borrowings and other long-term / short-term borrowings. The Group's policy is aimed at combination of short-term and long-term borrowings.

The Group monitors capital employed using a Debt equity ratio, which is total debt divided by total equity and maturity profile of the overall debt portfolio of the Group.

The following table summarizes the Capital of the Group: ₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016	As at 01-Apr-2015
Borrowings			
- Long term	378.26	-	-
- Short term	348.15	-	-
- Other Current liabilities (Current maturities of Long term Borrowing)	124.99	-	-
Total Debt	**851.40**	**-**	**-**
Equity Share Capital	18.74	0.11	0.11
Other Equity	1168.85	(0.06)	(0.06)
Equity	**1187.59**	**0.05**	**0.05**
Debt Equity ratio	0.72	-	-

Notes to Consolidated Financial Statements

Note 45. First-time adoption of Ind AS

These financial statements, for the year ended 31st March 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2016, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1st April 2015, the group's date of transition to Ind AS. This note explains the principal adjustments made by the group in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016. There are no adjustments made by the group in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016 as there was no Subsidiaries / Associates / Joint Ventures as at 31st March 2016.

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The group has applied the following exemptions:

1. Ind-AS 103 Business Combinations has not been applied to acquisitions of subsidiaries which are considered businesses for Ind-AS, that occurred before 1st April 2015. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind-AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with Ind-AS. The group did not recognise or exclude any previously recognised amounts as a result of Ind-AS recognition requirements.

   Ind-AS 101 also requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind-AS balance sheet subject to goodwill impairment assessment as on the date of transition. In accordance with Ind-AS 101, the group has tested goodwill for impairment at the date of transition to Ind-AS. No goodwill impairment was deemed necessary at the transition date.

2. Since there is no change in the functional currency, the group has elected to continue with the carrying value for all of its investment property and property plant & equipment as recognised in its Previous GAAP financial as deemed cost at the transition date.

3. The group has considered the exception under Ind AS 101 to present the investment in subsidiaries and joint venture operations in deemed cost (carrying value under IGAAP).

4. The estimates are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from FVTOCI – equity shares and Impairment of financial assets based on expected Credit loss model where application of Indian GAAP did not require estimation.

Notes to Consolidated Financial Statements

Note 46. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 as at and for the year ended 31st March 2017

Name of the Entities	Net Assets		Share in Profit and Loss		Other Comprehensive Income		Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit and Loss	Amount (₹ in Crores)	As % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crores)
I. Parent								
Tube Investments of India Limited	69%	876.50	87%	151.78	97%	(2.43)	87%	149.35
II. Subsidiaries								
Indian								
Shanthi Gears Limited	17%	214.89	10%	17.79	2%	(0.06)	10%	17.73
Foreign								
Financiere C10 SAS (Refer Note)	6%	78.56	3%	5.50	0%	-	3%	5.50
III. Non Controlling Interest								
Subsidiaries								
Indian								
Shanthi Gears Limited	7%	91.53	4%	6.73	1%	(0.02)	4%	6.71
IV. Joint Ventures								
Indian								
TI Tsubamex Private Limited	1%	10.37	-3%	(4.72)			-3%	(4.72)
TI Absolute Concepts Private Limited	1%	7.27	-2%	(2.73)			-2%	(2.73)
Total		**1279.12**		**174.35**		**(2.51)**		**171.84**

Note: Represents details as per Consolidated Financial Statements of Financiere C10 SAS (FC10). Consolidated Financial Statements of FC10 includes the Financial Statements of its three wholly owned subsidiaries namely Sedis SAS, Sedis GmbH and Sedis Company Limited.

Notes to Consolidated Financial Statements

Note 47. Proforma Balance Sheet and Profit & Loss Account

Pursuant to the Scheme of Arrangement, the Manufacturing business undertaking of the Demerged Company has been demerged to the Company. Accordingly, the Consolidated financial statements of the current year includes the Assets, Liabilities, Income and Expenditure of Manufacturing business undertaking with effect from 1st April 2016 and is accordingly not comparable with the previous year financial statements of the Group. This proforma financial information is being provided voluntarily by the Company and is not audited. The proforma financial information is not an indication of the results that would have been attained, if the Scheme of Arrangement has taken place on an earlier date. The information presented below relating to the Manufacturing business undertaking is based on Indian GAAP financial statements of the Demerged Company for the year ended 31st March 2016, duly adjusted to bring them in line with the accounting policies followed by the Group in the current year, which are based on Indian Accounting Standards.

CONSOLIDATED BALANCE SHEET

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	987.91	938.49
Capital Work-in-Progress	33.87	56.42
Intangible Assets	0.21	0.36
Investment Property	12.29	12.44
Goodwill on Consolidation	305.79	305.81
Investment in Joint Ventures	17.64	15.09
Financial Assets		
(a) Investments	24.36	17.47
(b) Other Financial Assets	22.16	22.44
Deferred Tax Assets	44.39	48.22
Non-Current Tax Assets	6.31	9.85
Other Non-Current Assets	32.42	36.59
	1487.35	**1463.18**
Current Assets		
Inventories	731.27	603.00
Financial Assets		
(a) Loans	1.58	2.09
(b) Trade Receivables	614.99	573.02
(c) Investments	159.68	49.64
(d) Derivative Instruments	-	1.37
(e) Cash and Cash Equivalents	23.94	609.60
(f) Other Financial Assets	81.43	68.59
Current Tax Assets	1.27	0.24
Other Current Assets	78.71	79.37
	1692.87	**1986.92**
Total Assets	**3180.22**	**3450.10**

Notes to Consolidated Financial Statements

EQUITY AND LIABILITIES

₹ in Crores

Particulars	As at 31-Mar-2017	As at 31-Mar-2016
Equity		
Equity Share Capital	18.74	18.73
Other Equity	1168.85	1003.72
Equity Attributable to Owners of the Company	**1187.59**	**1022.45**
Non-Controlling Interests	91.53	84.82
Total Equity	**1279.12**	**1107.27**
Non-Current Liabilities		
Financial Liabilities		
(a) Long Term Borrowings	378.26	404.87
(b) Long Term Liabilities	0.06	0.05
Deferred Tax Liabilities	66.50	67.55
	444.82	**472.47**
Current Liabilities		
Financial Liabilities		
(a) Short Term Borrowings	348.15	310.50
(b) Trade Payables	775.38	655.24
(c) Derivative Instruments	0.15	3.21
(d) Other Financial Liabilities	227.66	806.87
Government Grants	1.38	-
Short Term Provisions	49.82	39.34
Other Current Liabilities	53.74	55.20
	1456.28	**1870.36**
Total Liabilities	**1901.10**	**2342.83**
Total Equity and Liabilities	**3180.22**	**3450.10**

Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in Crores

Particulars	Year Ended 31-Mar-2017	Year Ended 31-Mar-2016
Revenue from Operations		
Sale of Products	4608.71	4432.05
Other Operating Revenue	211.49	170.47
	4820.20	4602.52
Other Income	48.41	21.14
Total Income	**4868.61**	**4623.66**
Expenses		
Cost of Materials Consumed	2563.06	2441.50
Purchase of Stock-in-Trade - Cycles / Components and Metal Formed Products	186.93	141.39
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(115.44)	(17.41)
Excise Duty on Sale of Goods and Scraps	327.19	305.20
Employee Benefits Expense	512.98	467.34
Depreciation and Amortisation Expense	148.90	138.07
Finance Costs	73.99	138.67
Other Expenses	942.45	870.58
Total Expenses	**4640.06**	**4485.34**
Profit Before Exceptional Items, Share of Loss from Joint Ventures and Tax	**228.55**	**138.32**
Exceptional Items	-	(35.80)
Profit Before Share of Loss from Joint Ventures and Tax	**228.55**	**102.52**
Share of Loss from Joint Ventures (net of tax)	(7.45)	(2.67)
Profit Before Tax	**221.10**	**99.85**

Signature to Notes to Consolidated Financial Statements

As per our report of even date
For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Regn. No : 101049W / E300004

per **Subramanian Suresh**
Partner
Membership No:083673

On behalf of the Board
For **Tube Investments of India Limited**

M M Murugappan
Chairman

Chennai
9th August 2017

S Suresh
Company Secretary

K Mahendra Kumar
Chief Financial Officer

L Ramkumar
Managing Director

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TUBE INVESTMENTS OF INDIA LIMITED

Proxy Form

(formerly, TI Financial Holdings Limited)
CIN: U35100TN2008PLC069496
Regd. Office: 'Dare House', 234, N S C Bose Road, Chennai – 600 001
Tel: 91.44.42177770-5 Fax: 91.44.42110404 Website: www.tiindia.com;
E-mail id: investorservices@tii.murugappa.com

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s)	:
Registered Address	:
E-mail ID	:
Folio/DP ID-Client ID No.	:

I/We, being the member(s) of .....shares of the above named Company, hereby appoint:

1. Name : .....
   Address : .....
   E-Mail ID : .....
   Signature : ..... or failing him/her;
2. Name : .....
   Address : .....
   E-Mail ID : .....
   Signature : ..... or failing him/her;
3. Name : .....
   Address : .....
   E-Mail ID : .....
   Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9th Annual General Meeting of the Company, to be held on Monday, the 6th day of November, 2017 at 3.30 P.M. at T T K Auditorium, The Music Academy, 168 T T K Road, Chennai – 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote (Optional)*		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of Audited Financial Statements of the Company for FY 2016-17, Reports of the Board of Directors and Auditors thereon.			
2.	Adoption of Audited Consolidated Financial Statements of the Company for FY 2016-17 and Reports of the Auditors thereon.			
3.	Declaration of Dividend.			
4.	Appointment of Mr. L Ramkumar as Director.			
5.	Appointment of M/s. S R Batliboi & Associates LLP as Statutory Auditors for a period of 5 consecutive financial years and fixing the remuneration in respect thereof.			

Resolution No.	Resolution	Vote (Optional)*		
		For	Against	Abstain
Special Business				
6.	Appointment of Mr. M M Murugappan as Director.			
7.	Appointment of Mr. Vellayan Subbiah as Director.			
8.	Appointment of Mr. S Sandilya as Independent Director for a 1 year term.			
9.	Appointment of Mr. Hemant M Nerurkar as Independent Director for a 1 year term.			
10.	Appointment of Ms. Madhu Dubhashi as Independent Director for a 2 year term.			
11.	Appointment of Mr. Pradeep V Bhide as Independent Director for a 3 year term.			
12.	Appointment of Mr. L Ramkumar as Managing Director from 1st August, 2017 to the date of the Company's Annual General Meeting in 2018 and the terms thereof.			
13.	Appointment of Mr. Vellayan Subbiah as Managing Director (Designate)/ Managing Director for a 5 year term and the terms thereof.			
14.	Issue of Non-Convertible Debentures for an aggregate sum of ₹400 Crores on private placement basis.			
15.	Ratification of remuneration payable to M/s. Mahadevan & Co., Cost Auditor, for FY 2016-17.			
16.	Ratification of remuneration payable to M/s. Mahadevan & Co., Cost Auditor, for FY 2017-18.			

Signed this ..... day of ....., 2017

Member's Folio/DP ID-Client ID No. .....

Signature of Shareholder(s).....

Signature of Proxyholder(s).....

Affix Revenue Stamp ₹1/-

Note:

1. This Form of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company not less than 48 hours before commencement of the meeting.
2. In the case of a Corporation, this Proxy shall be either given under the Common Seal or signed on behalf by an Attorney or Officer of the Corporation.
3. *This is only optional. Please fill up the Item Nos. as appearing in the Notice of the Annual General Meeting. If you leave the Item Nos. blank, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Shareholders/Proxies are requested to desist from using mobile phones during the proceedings of the Annual General Meeting.

NOTES:

NOTES:

murugappa

Tube Investments of India Limited
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