SUNDARAM-CLAYTON LIMITED

Annual Report of Subsidiary Companies for the year 2019-2020

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DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the twenty eighth annual report and the audited accounts of the Company for the year ended 31st March 2020.

1. COMPANY PERFORMANCE

The Company registered sales of 30.9 lakh units of two wheelers in 2019-20. The 2W industry declined by 14.4% majorly impacted by on-road price increase in domestic market due to increase in motor vehicle insurance, mandatory safety norms and tepid demand due to lower GDP growth estimated at 4.7%.

Company's performance was better than the industry with 11% decline in the first half of the FY 2019-20. In the second half, the Company transitioned into BS-VI emission norms, well ahead of the competition and successfully positioned entire portfolio with BS-VI product line up by January, 2020 (3 months before deadline). Exports of two-wheeler in 2019-20 were at 6.79 lakh units with a growth of 9.2% over 2018-19. Three-wheeler sales grew by 11% in 2019-20 mainly on account of good acceptance of the product from the international customer base. Sales revenue of spare parts grew by 6%.

The Company forayed in the electric vehicle space with the launch of its first electric Scooter, TVS iQUBE. The product came with 58 exciting features, with many 'Industry-first' elements like Geo-fencing, Ride Statistics, Telematics, Remote Charge Status and Navigation Assist, all brought together to give the customer an overwhelming connected experience. In the existing product categories, new launches like TVS NTORQ 125 racing edition, TVS Jupiter Grande "SmartXonnect" and TVS XL100 Comfort "i-TouchStart" further enhanced its positioning as a company with focus on innovative technology and passion for customers.

With continued efforts towards customer satisfaction and focus on quality, the Company secured leadership position in JD Power's Two-wheeler Customer Service Index (2W CSI) survey for consecutive years since 2016. During the year 2019-20, Company's products bagged 15 awards, of which the premium brands like TVS NTORQ 125 and TVS Apache won the most.

Towards the end of 2019-20 starting 23rd March, the Company's operations were halted due to the CoVID-19 pandemic. A nationwide lockdown was announced to contain the spread of the virus. Understanding the severity of the crisis, the Company took lot of measures to help and support its customers, employees, dealers, suppliers, and society. The Company also set-up a Business Continuity Task Force and pro-actively rolled-out a slew of measures to ensure health & safety of its employees, suppliers and dealers. Work from home was implemented for almost all executives & managers well on time. Some of the key initiatives undertaken by the Company to support the society in fighting this battle include providing 1 Million protective face masks, sanitization of numerous villages and towns, providing food packets to essential service providers and to the deprived sections of the society.

The Company has spent ₹ 32.33 Cr towards CoVID-19 relief measures, which includes contribution to Prime Minister's dedicated National Fund "PM CARES" and Tamil Nadu Chief Minister's Public Relief Fund.

Total revenue of the Company including other income was ₹ 16,455.44 Cr in the current year as against ₹ 18,217.46 Cr in the previous year. Profit before tax (PBT) was ₹ 754.41 Cr in the current year (after exceptional item of ₹ 32.33 Cr) as against ₹ 960.96 Cr in the previous year. Similarly, Profit after tax (PAT) was ₹ 592.25 Cr in the current year as against ₹ 670.14 Cr in 2018-19.

2. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2020	Year ended 31-03-2019
SALES		
Quantitative	(Numbers in lakhs)	
Motorcycles	13.63	15.59
Mopeds	6.51	8.97
Scooters	10.75	13.01
Three Wheelers	1.74	1.56
Total vehicles sold	**32.63**	**39.13**
Financials	(Rupees in Crores)	
Revenue from operations	16073.63	17912.51
Other Operating Income	349.71	297.41
Other Income	32.10	7.54
Revenue	16455.44	18217.46
EBITDA	1377.96	1440.79
Less:		
Finance Charges & Interest (Gross)	102.19	80.56
Depreciation	489.03	399.27
Profit before tax	786.74	960.96
Less: Exceptional Item	32.33	–
Profit before tax after exceptional Item	754.41	960.96
Provision for Tax	162.16	290.82
Profit after tax	592.25	670.14

3. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 4th February 2020, declared a first interim dividend of ₹ 2.10 per share (210%) for the year 2019-20 absorbing a sum of ₹ 120.28 Cr including dividend distribution tax. The same was paid on 15th February 2020.

The Board at its meeting held on 10th March 2020 declared a second interim dividend of ₹ 1.40 per share (140%) for the year 2019-20 absorbing a sum of ₹ 79.75 Cr including dividend distribution tax. The same was paid on 20th March 2020.

Thus, the total amount of both dividends for the year ended 31st March 2020 aggregated to ₹ 3.50 per share (350%) on 47,50,87,114 equity shares of ₹ 1/- each absorbing ₹ 200.03 Cr including dividend distribution tax.

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

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

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Two-wheeler

2019-20 marked the successful transition to BS-VI for the Indian 2-wheeler industry. A global first of leapfrogging from Stage IV - Stage VI emission norms in 3 years. However, the domestic two-wheeler industry recorded a sale of 17.4 Mn units in 2019-20, a decline of 17.7% from 21.2 Mn units of 2018-19. 16% was the decline in the first half of the year on back of weakening consumer sentiment, falling GDP growth forecasts and increased 2W prices due to insurance cost increases and mandatory safety regulations. The decline further intensified in second half to 20%, owing to BS-VI transition, wherein 2W prices further went up by an average of 15%. The year ended with start of the single minded struggle against CoVID-19 pandemic.

The scooter category declining 16.7%, with 5.6 Mn Units in 2019-20 over 6.7 Mn Units in 2018-19. The category share increased marginally to 32% in 2019-20 from 31.6% in 2018-19.

The motorcycle category also declined by 17% over last year. The category share for motorcycle settled at 64.4%. Within motorcycles, the premium segment with a category share of 9.3%, declined by 25% from 2.15 Mn units in 2018-19 to 1.61 Mn units in 2019-20. The commuter segment category share however moved to 50% while volumes declined by 16% to 8.7 Mn units in 2019-20 from 10.4 Mn units in 2018-19.

In the international market, two-wheeler industry had a growth of 7% over last year. Stable price of crude oil and continued growth in Africa propelled the growth of exports.

Three-wheeler

Overall three-wheeler small passenger industry (3 plus 1 segment) declined by 12% in 2019-20 (from 8.45 lakh units in 2018-19 to 7.45 lakh units in 2019-20). Domestic industry declined by 14% and exports market declined by 11% in 2019-20 over last year.

BUSINESS OUTLOOK AND OVERVIEW

India's GDP growth has decelerated to 11 year low estimated at 4.7% in 2019-20. In 2020-21, the economy will see significant challenges owing to the impact of CoVID-19 pandemic and the resultant interruption to economic activity which is beginning to reopen.

Economic activity and lifestyles will be rebuilt, factoring in coexistence with CoVID-19. Social Distancing (SD) and Work From Home (WFH) practices will see greater prevalence. These new long-term practices of SD could see consumer preferences change towards personal mobility, which could prove to provide some opportunity, especially to the 2-wheeler industry. The Company is cognizant of this opportunity, and well poised to leverage this opportunity with its superior BS-VI offerings across the widest range of personal mobility needs.

The restriction on public mobility and impact on many sectors of the economy will affect GDP, disposable incomes, consumer sentiment and the auto industry as well. Consequently, a very sharp decline in the first quarter of 2020-21 is expected, which may partially alleviate in the following quarter, with any upside possibilities only playing out in the later part of the year. BS-VI Two wheelers offer consumers affordable, safe and eco friendly personal transport and may see less impact due to the need for such solutions.

The favorable reservoir levels, good rabi output and possibility of normal monsoon may support agriculture growth. It is to be noted that much of the sale of two wheelers are in semi urban and rural areas which could see some benefit of this.

As pandemic CoVID-19 is affecting most countries across the globe, export of two-wheeler is likely to see a decline during initial part of the year. A sustained trend of low crude prices may also impact export market growth in oil dependent economies of Africa. However, the economic impact of CoVID-19 is expected to be more pronounced in the markets of LATAM, whereas the African countries seem to be lesser impacted, and the core demand may return sooner.

Strategic partnership with BMW Motorrad

The Company has a strategic partnership with BMW Motorrad to develop and manufacture sub-500cc bikes both for domestic and global markets. The Company has produced over 72,000 units of BMW 310cc motorcycle till date.

Norton Acquisition

The Company acquired Norton Motorcycles, in an all-cash transaction for a consideration of GBP 16 Mn through one of the Company's overseas subsidiaries. The "Norton", "Commando", "Dominator" and the more recent "V4RR" are part of the portfolio of this historic motorcycle Company. The first of many 'Isle of Man' wins dates as far back as 1908. An integral part of British popular culture, identity and history, it has a loyal following across Europe.

This acquisition enhances the Company's global portfolio bringing in complementary product segments, markets and capabilities. The Company also believes that Norton

Motorcycles can leverage its additional geographical network reach and global supply chain capabilities to expand to new markets and audiences with existing and upcoming products.

New Product Launches and Initiatives

During the year 2019-20, the following new products and variants were launched.

TVS Jupiter Grande:

TVS Jupiter has become a strong household brand in the last 6 years since inception, with more than 3.5 Mn happy customers by FY 2019-20. Continuing the journey of providing "Zyada ka Fayda", TVS Jupiter Grande SmartXonnect was launched during festival season (October 2018) making it the first Bluetooth enabled scooter in the 110cc segment. Apart from having a differentiated visual appeal, TVS Jupiter Grande SmartXonnect is loaded with practical, useful features such as, call & message notifications, high speed alert, helmet reminder, trip data and many more.

The brand communication campaign named, 'Dil Ka Mileage' went on to bag the prestigious 'Marketing Campaign of the Year Award' at the Global Awards for Retail Excellence event by ET NOW.

TVS Jupiter Classic BS-VI was the first BS-VI offering by the Company launched in November 2019.

TVS Apache:

TVS Apache Series crossed 3.8 Mn global customers milestone in March 2020. Through the years, TVS Apache has stood for providing an unrivalled experience backed by its rich 38 years of TVS Racing pedigree, technological prowess and stylish design. Over the last 14 years, the brand has developed a host of premium offerings, ranging from 160cc to 310cc, creating aspiration along every step of evolution. TVS Apache Series has multiple customer experience properties like AOG (Apache Owners Group), ARE (Apache Racing Experience), APP (Apache Pro Performance), TVS Racing Training School & One Make Championship, all of which bring the Apache owners together to celebrate the spirit of 'Racing'.

The 1st edition of TVS Racing MotoSoul Days, the biggest bike festival for TVS, was organized in October 2019 in Goa that saw a strong participation of 1000+ motorcycle enthusiasts. It was also a stage for the launch of TVS Racing Performance Gears, a range of high performance and quality riding gears, helmets and merchandize for TVS Apache Customers.

The end of the financial year 2019-20 saw the launch of the TVS Apache RR310 BS-VI with many first in segment features making it one of the most 'technology-rich' motorcycles in its class. The motorcycle continues to resonate with lots of enthusiasts, thus increasing its loyalists exponentially across the globe.

In the transition to BS-VI, the TVS Apache Series has received a major update that includes a style refresh and an addition of many first in segment features. The entire series is now powered by RT-Fi (Race Tuned Fuel Injection) technology which ensures delivery of best race performance at all driving conditions. The 4V Series comes with a best in class LED headlamp while the RTR 200 4V also boasts of the TVS SmartXonnect. One of the most loved features of the RTR's - the signature exhaust note has gotten racier and more refined. TVS Apache RR310 has seen the biggest upgrade with a multitude of best in class features - new Titanium Black dual tone graphics scheme, Throttle by wire technology, customizable 5" TFT cluster, TVS SmartXonnect with advanced ride analysis and 4 ride modes of ***Track, Sport, Urban, and Rain*** (first in segment). The entire series also features the introduction of first in segment Glide Through Technology (GTT) which allows the rider to easily navigate through traffic thus reducing rider fatigue.

TVS Radeon:

A unique blend of sturdy build, robust style and plush comfort, TVS Radeon is targeted at the discerning progressive Millennials of Middle India. TVS Radeon has upped the choice for everyday commuters and is successfully creating lot of excitement & delight amongst its consumers. Over 2 lakh proud consumers overjoyed with their 'Buland' choice.

TVS Radeon has received many accolades and became one the most awarded commuter motorcycles in its early days itself. The 'Commuter of the Year' Celebratory Special Edition stays true to the TVS Radeon 'Buland' DNA and celebrates its spirit.

TVS Radeon BS-VI comes with next-gen Eco Thrust Fuel Injection (ET-Fi) Technology, which boasts of 15% better mileage along with enhanced engine performance, better durability & smooth riding experience. TVS Radeon offers 20 Best in Class features including chrome bezel headlamp with DRL, car like speedometer, stylish petrol tank with ribbed thigh pads, largest cushion seat, solid suspension among others. The riding experience is made seamless with an optimum seat height, high ground clearance, long wheel-base and handy functional features like USB charging spot and convenient pillion grab-rail.

With distinctiveness and practicality, TVS Radeon continues to live true to its promise to Live Strong Ride Strong (JIYO BULAND BADHO BULAND).

TVS XL100 HD i-TouchStart:

TVS XL100 crossed a new milestone of 3 Mn customers since its launch in 2015 and a Special edition variant was launched to mark this celebration.

Further, a new variant TVS XL100 Comfort i-TouchStart focusing on entry level commuters was also launched. This variant comes with many style features like head lamp fairing, cushion back rest, chrome finish elements along with mobile charging option. With compact light weight design, new suspension setup, auto gear, this variant would be an ideal choice for those seeking affordable 'easy to ride' product for everyday commute - including elderly people & women.

The product series is now upgraded to meet BS-VI emission norms and launched with exciting features for the customers. Now TVS XL100 series is powered by ET-Fi technology which delivers 15% more mileage, excellent power and pickup with smoother engine. Also, many useful customer friendly features are added to improve convenience and safety - easy on-off combo switch, hydraulic suspension, wider platform, comfortable handlebar, low fuel indicator, roll-over switch off, mobile charger and more. TVS XL100 series has advanced in terms of technology and benefits yet remains affordable to the customer and continues to offer high value.

TVS iQUBE:

Launched in January 2020, TVS iQUBE marked the foray of Company into the Electric Vehicle segment. The TVS iQUBE is a smart mobility solution that promises to deliver a convenient, personalized, connected and eco-friendly experience. It comes equipped with SmartXonnect, advanced features like Geo-fencing, Ride Statistics, Telematics, Remote Charge Status and Navigation Assist.

With a top speed of 78 kmph, a range of 75 Km in a single charge and features like Q-Park Assist, the TVS iQUBE redefines style, comfort and riding experience. A dedicated public charging ecosystem spanning across 10 dealerships in Bengaluru further enhances customer ease and experience.

With TVS iQUBE, the Company also leveraged digital channels for vehicles booking and sales. A digitally enabled purchase process allows seamless home charging unit installations providing a truly hassle-free experience to the customers. The product has seen extremely encouraging response from the customers. With the increased focus on Electric Vehicles, the TVS iQUBE is expected to be a strong contender in this space in the times to come. TVS iQUBE will increase its presence in India in a phased manner, having started with Bengaluru and gradually moving to other key cities.

TVS King:

TVS King got a new variant in May 2019, with the introduction of TVS King Duramax with alternate fuel options like Petrol, LPG and CNG. This new variant comes with the 225 cc engine equipped with latest Liquid cooled technology, providing a great combination of speed, power and performance. This also ensures low wear and tear of engine parts, leading to higher life of engine. The brighter headlamp and strengthened B and C Pillars add better safety to driver and passengers.

The new and sublime changes in both exterior and interior of DURAMAX brings a refreshing change and pride of ownership. The new look dashboard, styling handlebar with compact speedo cluster, integrated fuel gauge and dual tone seat add style to the variant. TVS King Duramax is an ideal choice for those who want to embrace technology to make their daily earnings better.

TVS King family (comprising Deluxe and Duramax variants) is now upgraded to meet the new BS-VI norms. The new BS-VI variants come with integrated starter generator, silent i-touch start, single start-stop switch, anti-wheel lock control and automatic altitude fuel correction. The bi-fuel option will be unique in this category. TVS King will continue to provide best combination of adequate power, mileage, comfort and lower running cost, delivering a great value to the customer.

Domestic Sales

The Company achieved sales of 24.1 lakh units of two-wheelers in the domestic market compared to sales of 31.4 lakhs in 2018-19. Company's domestic volumes declined in 2019-20 mainly due to falling consumer sentiment and rapid increase in cost of ownership towards higher mandatory insurance costs and enhanced safety norms. At the end of the year, towards a planned transition from BS-IV to BS-VI stock was effected throughout the trade.

In domestic motorcycles, the Company achieved sales of 7.6 lakh units and registered a decline of 25% over 2018-19. TVS Apache however, was able to garner a substantial share of the Premium motorcycle market with 3.7 lakh units, posting a decline of only 21%, while the Premium Motorcycle industry declined by 25% in 2019-20 against 2018-19.

In domestic scooters, the Company achieved sales of 10.2 lakh units and registered a decline of 18% over 2018-19. However, inspite of the headwinds, TVS NTORQ 125 sales grew by 24% in 2019-20 and TVS NTORQ 125 Racing Edition created a great momentum for the brand. The product continues to delight the customers and has garnered several accolades since its inception.

The Company also invested time for training all its service advisors and mechanics (18,000 employees of the extended enterprises) adequately across the country on BS-VI products and technology.

Exports sales - two-wheeler and three-wheeler

The Company's two-wheeler exports in 2019-20 were at 6.79 lakh units and witnessed an improvement with a growth of 9.2% over 2018-19.

Three-wheeler exports during the year reached 1.62 lakh units and recorded a 15.9% growth over 2018-19.

Opportunities and Threats

The CoVID-19 pandemic is causing paradigm shifts in consumer behavior affecting many industries including the automobile Industry. Social distancing norms followed across the globe due to CoVID-19, could become the new normal. People may move away from use of shared/public transport solutions. This changed preference would lead to enhanced need for a personal mobility solution and could emerge as an area of opportunity for two-wheelers.

The Company has also strengthened its offerings in the premium segment catering towards younger customers. Many products in the new BS-VI line up of the Company have first in class and best in class features to attract such customers. TVS Apache, TVS NTORQ and the electric TVS iQube will all help the Company in these segments.

RISKS AND CONCERNS

Domestic Business:

The brunt of the adverse economic environment will be manifest in real contraction of disposable income and weak consumer sentiment. The severity of impact is also higher at the lower to mid income with customers who form bulk of the commuter 2W industry. Consumers will conserve cash, in view of unforeseen events like potential job loss and salary cuts levels. This will lead to delay in purchase of all non-essential durables, and may pose a risk to many industries in the manufacturing sector including automobiles. This may result in delayed recovery of the 2W industry.

While government and RBI are taking measures for enhancing availability of credit for dealers and suppliers, the participation would be dependent on the business outlook. This could lead to challenges in working capital management in the supply chain. The Company is cognizant and is advising dealers and suppliers to make prudent choices in cost reduction and enhance working capital management.

From the supply side, availability of manpower in tier-2 and tier-3 suppliers affecting the supply of parts and daily operations are likely risks. Casual workmen and migrant workers hailing from other states may not return rapidly, posing risks across the supply chain of the Company. The Company has taken appropriate steps to minimize the impact of such risks and has channelled efforts to get back to normalcy at the earliest.

International Business:

The global pandemic has impacted economic activity across the world, hurting consumer sentiment, disrupting supply chains and reducing demand across many categories. The rising number of CoVID-19 cases in the Company's exports markets of LATAM, Asia, Africa, South-east Asia continue to pose high risk to various industries. Some of the Company's exporting countries have seen a rapid spread of CoVID-19 thereby lowering economic activity while other export markets including some in Africa have seen a more limited impact. A sustained drop in commodity prices and exports will reduce foreign exchange income in some of the export countries. The Company has looked at options to minimize the impact by leveraging opportunity in less affected countries and by launching new products and leveraging financing solutions for customers.

RISK MANAGEMENT POLICY

Company's risk management framework is well embedded and continually reviewed by the Risk Management Committee. It enables the Board, to identify, evaluate and monitor principal risks and where possible, actively mitigate the risks that could affect the achievement of the Company's target.

As a process, risks associated with the business are identified and prioritized based on the Company's overall risk appetite, strategy, severity and probability of occurrence.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company's Risk Management Committee is overseeing all the risks that the organization faces such as strategic, financial, market, IT, legal, regulatory, reputational and other risks and recommends suitable action. Risk mitigation policy has been approved by the board.

OPERATIONS REVIEW

Total Quality Management (TQM)

TQM has always been a way of life, towards driving sustainable growth across the entire chain of suppliers, dealers, stakeholders and community. Continuous drive on cross-functional cluster approach to achieve breakthrough has helped significantly the business processes in the Company.

Several initiatives taken as part of policy management process, has facilitated implementing breakthrough initiatives like BS-VI transition, cost reduction and International business market growth. Emphasis on adhering to 'Daily Work Management' practices was continued for retainment. Towards TVS Way permeation, 170 managers were trained on 'TVS way of working' for developing champions and cascading the initiatives in the respective functions.

Total Employee Involvement continues to be the strong area, with focus expanding from 'functional excellence' to 'contribution towards business results' through theme-based kaizens. Employees have significantly contributed in the cost reduction initiatives, by focusing on eliminating wastes in processes. 'War room' approach towards cost reduction was intensified and expanded to all functions. Teams had focused on speedy implementation of improvements, while strictly adhering to guiding principle of "speed without haste". Focus continued towards enhancing people capability in problem solving which has helped in increasing the speed of implementation of key projects for achieving business results.

Srinivasan Services Trust (SST), CSR arm of the group, has also used TQM way of work in its activities in the villages adopted.

Mr Venu Srinivasan, Chairman of the Company has been conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas' by Japanese Union of Scientists and Engineers (JUSE), for his outstanding contribution in the dissemination and promotion of Total Quality Management (TQM) across all companies in the group. Chairman has also guided in permeating TQM practices in many companies in India through cluster approach initiated by CII and ACMA.

Cost Management

The Company continues to focus on all the elements and drivers of cost. Raw materials, components and conversion cost constitute major element of material cost. The Company pursued process innovation, value engineering, alternate sourcing and localization to reduce material costs. Waste elimination, productivity improvements and process improvement will continue across the supply chain during 2020-21.

In the area of fixed cost, similar systematic approach of deployment of cost reduction is being done.

Research and Development

The Research and Development (R&D) team continued its focus on in-depth customer understanding, technology development and design innovations. This resulted in launch of TVS iQUBE, the first Electric scooter from TVS stable, with cutting edge technologies, including Smart Connect. The team has developed technologies to meet the stringent BS-VI norms, which is significantly lower than the BS-IV emissions for both 2W and 3W models in the portfolio.

Focused work on advanced engine technologies for further improvements in fuel efficiency, performance and reduction of CO_2 emission is being pursued for both domestic and international markets. Further technologies in the area of electric powertrains are continuously pursued with a strong focus towards future requirements.

The R&D team continues their efforts in developing cutting-edge technologies that are relevant for the near and long-term requirements of the Company's business plans. These developments are centered on customers, emerging mobility needs, advanced safety regulations and sustainability. The Company also collaborates with leading research establishments and educational institutions, both within and outside the country to develop breakthrough technologies.

TVS Racing continued its dominance with high performance during the year, with 97% podium positions and 9 championship wins out of 10 participations. Several technology and product development projects in R&D are closely linked with the racing technology development, leveraging the decades of racing experience.

Information Technology

The Company continues to implement several projects to improve its efficiency, transparency and process control across supply chain from suppliers to dealers. Major focus areas are improvements at factory, retail management and improving customer experience at dealerships. Various initiatives on industry 4.0 are being adopted for improving quality, productivity, traceability and waste elimination. The Company has adopted various machine learning tools for improving quality of its products and processes.

Company has developed new products with connected technologies and developed skills to take them to the next phase.

As part of continuous improvement and technology benchmarking, the Company's IT systems were audited by external experts and recommendations were implemented. The Company has enhanced information security by adopting new cyber security tools. Periodic audits are conducted by external experts and necessary control measures are taken. The Company has engaged one of the major consulting firms to do benchmark study on cyber security framework and implemented controls based on recommendations. The Company has enhanced security by implementing multi-layered firewalls and deployed security control centres. The Company has formed a cyber-security governance council consisting of senior management and industry experts for improving its cyber security.

The Company is ISO 27001:2013 certified for all manufacturing units and sales offices. Business continuity plan for major business and design applications has been implemented and tested. The Company is certified for ISO 22301 for Business continuity. The Company has been certified for CMM level 3 for its software development process.

The Company is leveraging digital technology to enhance consumer experience and sheer reach with high engagement. Social listening is institutionalized and the Company is leveraging it for grievance redressal, consumer learnings and overall online reputation management.

INTERNAL CONTROL AND THEIR ADEQUACY

The Board is accountable for evaluating and approving the effectiveness of internal controls, including financial, operational and compliance controls. Company has a proper and adequate internal control system to ensure that all its assets are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded.

The internal control system is subject to continuous improvement, with system effectiveness assessed regularly. Information provided to management is reliable and timely. Company ensures the reliability of financial reporting and compliance with laws and regulations.

Company is strengthening the controls by leveraging technology and centralizing processes, enhancing monitoring and maintaining effective tax and treasury strategies.

The Audit Committee continues to monitor the effectiveness of internal control over the use of new technologies that impact the Financial controls and reporting enterprise risk.

KEY FINANCIAL RATIOS

As required under Regulation 34 of the Listing Regulations, there was a significant change in Interest coverage ratio compared to the previous financial year.

Details of change in Interest coverage and Return on Net Worth as compared to the previous financial year is given below.

Particulars	UOM*	Standalone		Consolidated	
		2019-20	2018-19	2019-20	2018-19
Interest coverage	Times	8.38	12.93	2.01	2.63
Return on Net worth	%	17.01	21.52	19.36	24.10

** UOM - Unit of measurement*

Profit for the year is lower primarily due to suspension of plant operations on account of CoVID-19 pandemic and transition from BS-IV to BS-VI.

Also, exceptional expenses, associated with CoVID-19 has negatively impacted the profit for the year. Reduction in profit for the current financial year has resulted in adverse movement of ratios.

ISSUE OF NON-CONVERTIBLE DEBENTURES

During the month of April 2020, the Board approved the issue of rated, unsecured, redeemable, non-convertible debentures (NCD) for a sum of ₹ 500 Cr (Rupees Five Hundred Crores Only). The Company had allotted on 15th May 2020, 5000 NCDs of face value of ₹ 10 Lakhs each aggregating to ₹ 500 Cr with a tenor of 3 years at the rate of 7.5% p.a. NCDs will be redeemed at the end of 3rd year by way of bullet payment. The NCDs were listed with National Stock Exchange of India Limited (NSE) on 19th May 2020.

INTERNAL FINANCIAL CONTROL

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

Occupational Health & Safety (OHS)

Environment

To promote sustainability to stakeholders, a conference was organized with the theme "Sustainability in Manufacturing Supply Chain" during February 2020. The Company's manufacturing facilities have been certified under Integrated Management System (IMS). ISO 14001 (Environment Management System) and ISO 45001 (Occupational Health & Safety Management System) standards are integrated into a common system that meets the requirements of each of the standards.

a. Utilization of Non-renewable energy:

The renewable power contributes to 76% in overall share of power. These initiatives of renewable energy resulted in CO_2 emission reduction of about 60,000 tonnes during 2019-20. Company has invested in group captive mode to the tune of 35 MW wind power and roof top solar power of 5.9 MW.

b. Conservation of water

To conserve water consumption in canteen, the Company has introduced dishwasher and automated washing machines for vegetables which resulted in substantial water saving.

c. Material conservation & waste minimisation

In process design, efforts have been taken to minimize the generation of waste by introduction of clean technologies. Water based paint application (cathodic electro-deposition), pre-treatment based on nano technology in powder coating have been adopted. Robotic paint application is being continuously augmented towards enhancing paint transfer efficiency. Virtual training facility has been established for training operators towards improving their painting skills without using paint and generating waste.

d. Effluent treatment

Automation and advanced treatment processes have been adopted in Effluent treatment, Recycling, Evaporator and Sewage treatment facilities. During 2019-20, a unique effluent treatment process which maximizes recycling efficiency in RO plants was established to treat effluents with different characteristics in a common facility. The chemical sludge from waste water treatment plants and paint sludge generated during paint application are used for co-processing in cement industry.

Towards IT & IOT initiatives, ambient air quality, ambient VOC and stationary emissions are monitored through online systems. Water & energy consumption is monitored through online system. The forms and returns under applicable Environmental Acts and Rules were made online.

Health & Safety

Implementation of ISO 45001:2018 has helped to improve occupational health and safety performance by proactively preventing work-related injury and ill health. As part of continual improvement in safety, around 643 proactive hazard control measures have been implemented across plants. The Company has achieved a reduction of 33% in frequency rate of accidents compared to previous year.

Towards building a sustainable safety culture, periodical safety trainings have been organized and around 7352 employees were covered. During National Safety Day celebration on 4th March 2020, as a part of "Buckle up & Strap up" - Road Safety campaign, various promotional activities were conducted and all the employees were covered across Hosur, Mysore & Nalagarh locations.

TVSM-Hosur plant received three "First prizes" from Government of Tamil Nadu in the State Safety Awards function held in Chennai during September 2019. This recognition for achieving longest accident free period & reducing frequency rate of accident.

Influenza immunization was done to employees under high risk categories including those in marketing and field staff all over India. Health days were celebrated (World Health Day, Diabetic, Heart, No Tobacco and Aids Days) to create awareness among employees through talks, posters, quiz competitions, standees. Walkathon conducted during March 2020, to promote idea of health and wellness among employees and encourage walking among them and their families.

HUMAN RESOURCE DEVELOPMENT (HRD)

Constituents of Human Resources Development framework followed at the Company include Workforce planning, Employee engagement, Performance & Compensation management, Learning and Development, Career & Succession planning and Organization Development. Towards sustenance and delivering improved results, these constituents have a structured approach, policies and standard operating procedures which are reviewed and updated periodically.

Current and future Skill-based competency development are planned and executed through both in-house programs and globally acclaimed programs, continuing education, challenging project assignments and job rotations.

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31st March 2020, the Company had 5,133 employees on its rolls.

CAUTIONARY STATEMENT

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

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

i. that in the preparation of annual accounts for the financial year ended 31st March 2020, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;

ii. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

iii. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. that the Directors had prepared the annual accounts for the financial year ended 31st March 2020 on a "going concern basis";

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

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

6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Over 24 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

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

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

Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR activities by the following non-profitable organizations having an established track record for more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2019-20.

The Company spent an additional sum of ₹ 17 Cr by way of contribution to PM CARES fund, which is covered under the CSR provisions of the Act, 2013.

S.No.	Name of the Organisation	Amount spent (₹ in Cr)
1.	Srinivasan Services Trust (SST)	7.66
2.	Sri Sathya Sai Central Trust	3.00
3.	Ramakrishna Mission Centre For Human Excellence	3.00
4.	Seva Bharati, Purbanchal	2.00
5.	Sreevalsam Educational Trust	1.00
6.	PM CARES	17.00
	Total	33.66

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering a population of about 24.50 lakhs and 6.24 lakh families. SST has focused on the areas of economic development, health care, education, environment, social and infrastructure actively in 3000 villages. SST will focus on 2000 villages also, so that all the areas are covered in the next 3 years.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2019-20 are given by way of Annexure IV attached to this Report.

7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATES

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

Subsidiaries

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

Associates

- Emerald Haven Realty Limited, Chennai and its subsidiaries.
- Ultraviolette Automotive Private Limited, Bengaluru.
- Tagbox Solutions Pvt Ltd, Bengaluru.

Associates of TVS Motor (Singapore) Pte Ltd

- Tagbox Pte Ltd, Singapore.
- Predictronics Corp, USA.

PERFORMANCE OF SUBSIDIARIES

Sundaram Auto Components Limited (SACL)

Sales of SACL was ₹ 530 Cr in 2019-20 as against ₹ 601 Cr in the previous year.

SACL earned a Profit Before Tax of ₹ 6.44 Cr during the year 2019-20 as against ₹ 17.37 Cr in the previous year.

SACL declared an interim dividend of ₹ 0.50 per share (5%) for the year ended 31st March 2020, thereby absorbing a sum of ₹ 2.54 Cr including dividend distribution tax, and paid to the Company.

During the year, TVSM (the Company) has subscribed a sum of ₹ 60 Cr in the equity capital of SACL.

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

TVS Housing Limited is a 100% subsidiary of the Company.

EHRL

Chennai residential real estate market has de-grown by 20% in the financial year 2019-20. The NBFC crisis, changes to GST regulations and CoVID-19, led to a reduction in the number of new launches by developers and postponement of purchase decision by buyers, resulting in a general slowdown in the real estate market.

During the year, all villas in the final phase of GreenHills and plots in Salamangalam, Chennai were sold.

In 2019-20, the Company launched Flourish Apartments at Salamangalam comprising of 208 residential units. This project falls under the category of "affordable homes" defined by the

Government of India. 61% of the apartments have been sold till date.

During 2019-20, project Lighthouse in Chennai was launched - a 14 storey residential apartment complex comprising of 279 units and 73% of the apartments have been sold till date.

In January 2019, Emerald Haven Life Spaces (Radial Road) Limited (EHLSRRL), a subsidiary of EHRL acquired land admeasuring 6 acres to develop Multistoried Building (MSB) at Kovilambakkam, Radial Road, Chennai.

During the year, the Company geographically expanded to Bengaluru via Joint Development Agreement (JDA) for a 6.4 acre land parcel in Kagglipura, Bengaluru.

During the year, EHRL entered into a Joint Venture Agreement with ASK Real Estate Special Opportunities Fund - II (ASK) and invested a sum of ₹ 16.63 Cr and ASK invested their share of ₹ 15.98 Cr.

The Company has completed construction of 1.4 Million Sft till date and the total area under development as on date is 5.5 Million Sft.

Subsidiaries of EHRL

1. Emerald Haven Development Limited (EHDL);
2. Emerald Haven Projects Private Limited (EHPPL);
3. Emerald Haven Life Spaces (Radial Road) Limited (EHLSRRL);
4. Emerald Haven Realty Developers (Paraniputhur) Private Ltd (EHRDPPL);
5. Emerald Haven Property Development Limited (EHPDL);
6. Emerald Haven Town and Country Private Limited (EHTCPL);
7. Happiness Harmony Property Developers Private Limited (HHPDPL); and
8. Emerald Haven Towers Limited (EHTL)

PT.TVS Motor Company Indonesia (PT TVSM)

The Indonesian two-wheeler Industry was stagnant during the year 2019-20 at around 7.2 million units. While Skubek segment grew by 3%, bebek and motorcycle segments suffered negative growth of 15% and 21% respectively.

During the year under review, PT TVS achieved sales of 53,650 nos. of two wheelers as against 40,760 nos. of last year, thereby registering a growth of 31%. In three wheelers, the Company recorded sales of 8,100 units as against 2,700 units of sales during the previous year.

The impressive growth in sales numbers, coupled with margin improvement enabled the company to achieve a positive EBITDA of USD 0.75 million for the full year as against a loss of USD 3.04 million of last year. It is also worthwhile to note that the Company achieved break even by posting operating profit for the second half of the financial year 2019-20. During the year, TVSM (the Company) has invested a sum of USD 5 Mn in the ordinary shares of PT TVSM.

TVS Motor Company (Europe) B.V

TVSM had earlier incorporated TVS Motor Company (Europe) B.V. with a view to serve as special purpose vehicle for making and protecting the investments made in overseas operations of PT TVSM.

TVS Motor (Singapore) Pte. Ltd

TVS Motor (Singapore) Pte Limited, a wholly owned subsidiary is leveraged to operationalize digital technology by delivering high quality solutions that addresses real life business challenges viz., harnessing the power of Analytics, Artificial Intelligence, Augumented Reality, Machine Learning and Internet of Things.

These are focused in areas of automotive and fintech industries that have direct relevance to Company and its subsidiaries. The digital strategy would be delivered through both organic and inorganic means.

As part of this strategy, during the financial year 2019-20, TVS Motor (Singapore) Pte Limited has made investments in US based companies viz., Altizon Inc, Predictronics, Scienaptics and also in Tagbox Pte, Singapore, which are in the fields of IOT, predictive maintenance and credit underwriting, with an aggregate investment of USD 16.57 Mn. During the year, TVSM (the Company) has invested a sum of SGD 26.48 Mn in the ordinary shares of TVS Motor (Singapore) Pte Limited.

Project 303 Bidco Limited, United Kingdom (UK)

TVS Motor (Singapore) Pte Limited has acquired a newly incorporated company viz., Project 303 Bidco Limited, UK (UK Subsidiary) on 2nd April 2020 and consequently, it has become wholly owned subsidiary.

UK Subsidiary has signed an asset purchase agreement with, amongst others, Norton Motorcycles Holdings Limited (in administration) and Norton Motorcycles (UK) Limited (in administration) (together "Norton") to acquire certain assets from Norton, including, the brand "Norton" and other associated brands.

Norton Motorcycles (UK) Limited (in administration) was engaged in the business of manufacturing the iconic "Norton" and allied brand motorcycles. It is an entity based in the United Kingdom of Great Britain and Northern Ireland.

TVS Motor Services Limited (TVS MS)

TVS MS was initially the investment SPV of the Company, for funding TVS Credit Services Limited (TVS CS).

The National Company Law Tribunal, Chennai (NCLT), on 16th April 2019 approved a Scheme of Arrangement (Scheme) between TVS MS, TVS CS and their respective shareholders and became effective from 9th May 2019, being the date of filing of the said approved Scheme with the Ministry of Corporate Affairs.

In terms of the said Scheme, TVS MS redeemed its entire Non-cumulative Redeemable Preference Shares (NCRPS) held by the Company by transferring the investment held by it in TVS CS equity shares in favour of the Company on 6th June 2019.

Post transfer of equity shares of TVS CS, the Company now holds 83.95% directly in TVS CS, which was earlier held through TVS MS, the wholly owned subsidiary of the Company.

TVS MS continues to be a 100% subsidiary of the Company.

During the year, TVSM (the Company) subscribed to 4,50,00,000 Equity Shares of TVS MS aggregating to ₹ 45 Cr at a price of ₹ 10/- per share.

TVS Credit Services Limited (TVS CS)

TVS CS is the retail finance arm of the Company *inter-alia* for financing of two-wheelers.

During the year 2019-20, TVS CS's overall disbursements registered at ₹ 7,585 Cr as compared to ₹ 7,067 Cr in the previous year. During the year under review, the assets under management stood at ₹ 9,215 Cr as against ₹ 8,335 Cr during the previous year registering a growth of 10%. Total income during the financial year 2019-20 increased to ₹ 2,015 Cr from ₹ 1,635 Cr, during the previous financial year, registering an increase of 23.2% over the previous year.

The profit before tax and exceptional items for the year has also improved and stood at ₹ 219 Cr as against ₹ 216 Cr during the previous year. During the year, TVSM (the Company) has invested a sum of ₹ 45 Cr in the Equity capital of TVS CS.

The following companies are the subsidiaries of TVS CS.

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

All the above subsidiaries are yet to commence their operations.

Sundaram Holding USA Inc. (SHUI) and its subsidiaries

SACL along with the holding company, viz., Sundaram-Clayton Limited have formed Sundaram Holding USA Inc. (SHUI), a company established under the applicable provisions of Laws of The United States of America.

SHUI's wholly owned subsidiaries are:

1. Green Hills Land holding LLC, South Carolina, USA
2. Component Equipment Leasing LLC, South Carolina, USA
3. Sundaram-Clayton USA LLC, South Carolina, USA
4. Premier Land Holding LLC, South Carolina, USA

During the year 2019-20, SACL has invested a sum of USD 6 Mn in the ordinary shares of SHUI and holds 75% of the total capital of SHUI as on 31st March 2020.

Ultraviolette Automotive Private Limited (UV)

The Company has invested a sum of ₹ 11 Cr in the shares of UV including a sum of ₹ 5 Cr invested in Preference Shares in 2019-20 and holds 25.76% of its total capital as on 31st March 2020. UV is a start-up company engaged in developing electric mobility solutions.

8. CONSOLIDATED FINANCIAL STATEMENTS

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

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

The consolidated Profit Before Tax of the Company and its subsidiaries & associates amounted to ₹ 865 Cr (after exceptional item of ₹ 40 Cr) for the financial year 2019-20 as compared to ₹ 1,083 Cr in the previous year.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Directors appointment / re-appointment

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, 2013 two-thirds of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of them, one-third is liable to retire by rotation at every annual general meeting. Dr. Lakshmi Venu and Mr H Lakshmanan, Directors are liable to retire by rotation at AGM, and being eligible, offer themselves for re-appointment.

As per the Listing Regulations, the appointment or continuation by a person as a Non-Executive Director who attained the age of 75 years requires a special resolution of the shareholders. Hence, approval of the shareholders for the re-appointment of Mr H Lakshmanan, aged 86 years NE-ID of the Company, who is liable to retire by rotation at this ensuing AGM, is being sought through special resolution.

Considering his over six decades of experience in the Group, the Board recommended his re-appointment to the shareholders based on the performance evaluation by IDs and NRC.

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

Independent Directors (IDs)

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

M/s T Kannan, C R Dua, Prince Asirvatham and Hemant Krishan Singh, IDs were re-appointed by the shareholders through Postal Ballot on 5th March 2019 for the second term of five consecutive years from 14th July 2019 as IDs of the Company in terms of Section 149 of the Act, 2013 on the same terms of appointment and remuneration by way of fees and profit related commission, if any.

During the year, Mr R Ramakrishnan (RK), who served as Director for more than a decade, passed away on 7th July 2019, after a brief illness.

RK's versatile knowledge and business acumen helped the Company over a decade to achieve its current growth. He was instrumental in enhancing the international business of the Company and the fact that the Company has spread globally in more than 60 countries stands testimony to RK's contribution to the Company; his par excellent skill in dealer arrangement and resolving many critical issues between the dealers and the Company from time to time.

At the 27th AGM held on 22nd July 2019, the shareholders approved the appointment of Mrs Lalita D Gupte and Mr R Gopalan as IDs of the Company, effective 23rd October 2018 and 30th April 2019 respectively for the first term of five consecutive years, from the respective dates of their appointment.

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

In accordance with Section 149(7) of the Act, 2013, all IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013 and Regulation 25 of the Listing Regulations and the Board confirms that they are independent of the management.

The detailed terms of appointment of IDs is disclosed on the Company's website in the link as provided in page no. 97 of this Annual Report.

All the IDs have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained ID registration certificate.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 10th March 2020.

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

a) Non-Independent Directors (Non-IDs)

IDs used various criteria prescribed by NRC for evaluation of Non-IDs viz., M/s Venu Srinivasan, Chairman and Managing Director, Sudarshan Venu, Joint Managing Director, K N Radhakrishnan, Director & CEO, H Lakshmanan, Dr. Lakshmi Venu and Rajesh Narasimhan, Directors and also of Chairman of the Board and the Board as a whole.

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

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

b) Chairman

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

The IDs also placed on record, their appreciation of Chairman's high level of integrity, trust, confidentiality, impartial & judicious approach, transparency and commitment to governance, setting high standards for the Company; Outstanding ability to motivate the board's involvement and stimulate discussions particularly during a year of diverse challenges which included transition to BS-VI and related supply chain and other challenges and tough state of economy and clear initiatives for staying ahead of competition.

Chairman was also nominated for the "Padma Bhushan" award, the third highest civilian award, and was conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas', and becomes the First Industrialist from India to be bestowed this prestigious award for his contributions in the field of Total Quality Management (TQM).

The Deming Prize is the highest award for TQM in the world. Deming 'Distinguished Service Award for Dissemination and Promotion Overseas' is given to individuals who have made outstanding contributions in the dissemination and promotion of Total Quality Management (TQM) and is sponsored by Japanese Union of Scientists and Engineers (JUSE). He is also a key member of Prime Minister council on Trade and Industry.

IDs also recorded the growth story of the Company under the stewardship of Chairman and significant increase in turnover & Profit and its effect on increased share price for past five years.

c) Board

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

The evaluation process focused on Board Dynamics. The Company has a Board with wide range of expertise in all aspects of business and outstanding diversity of the Board with the presence of varied personalities from diverse fields. The Board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Automotive, Leadership / Strategy, Finance, Legal & Regulatory, Banking, Information Technology and Governance.

IDs recorded that they were always kept involved through open and free discussions and provided additional inputs in emerging areas being forayed into by the Company and high levels of Corporate Governance in all management discussion and decisions were maintained.

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

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

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

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

The information provided for the meetings were clear, concise and comprehensive to facilitate detailed discussions and periodic external presentations on specific areas well supplemented the management inputs. The emerging e-technology was duly incorporated in the overall review of the board.

Key Managerial Personnel (KMP)

During the year, the board, at its meeting held on 4th February, 2020 re-appointed Mr Venu Srinivasan as Chairman and Managing Director of the Company (CMD), effective 24th April 2020 to hold the office for a further period of five years on such terms and conditions and the same was approved by the shareholders through Postal ballot on 17th March 2020 by way of a special resolution.

Mr Venu Srinivasan, Chairman and Managing Director, Mr Sudarshan Venu, Joint Managing Director, Mr K N Radhakrishnan, Director & CEO, Mr K Gopala Desikan, Chief Financial Officer and Mr K S Srinivasan, Company Secretary are the KMPs of the Company in terms of Section 2(51) and Section 203 of the Act, 2013 as on date of this Report.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the Board to ensure an appropriate mix of abilities, experience and diversity to serve the interests of all stakeholders of the Company.

Nomination and Remuneration Policy was approved by the Board at its meeting held on 23rd September 2014 and amended from time to time to maintain consistency and statutory amendments to be reflected in the policies to make it upto date and more comprehensive.

The objective of such policy shall be to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long term goals, appropriateness, relevance and risk appetite.

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

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

Remuneration payable to Non-executive Independent Directors

The Shareholders at the 25th AGM of the Company held on 11th August 2017, have renewed the payment of remuneration, by way of commission not exceeding 1% of the Net profits, in aggregate, payable to the Non-Executive Independent Directors of the Company (NE-IDs) every year.

The Company derives substantial benefit through their expertise and advice, increased involvement in policy issues and also by devoting considerable time in providing guidance to various issues of the Company from time to time.

Evaluation of the Independent Directors and Committees of Directors

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

Board has carried out the evaluation of all Directors (excluding the Director being evaluated) and its Committees through a set a questionnaires.

Independent Directors

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

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

On the basis of the report of performance evaluation of directors, the Board noted and recorded that all the directors should extend and continue their term of appointment as Directors / Independent Director, as the case may be.

Committees

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

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

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

The Board is satisfied with overall effectiveness and decision making of all Committees. The Board reviewed each Committee's terms of reference to ensure that the Company's existing practices remain appropriate.

Recommendations from each Committee were considered and approved by the Board prior to its implementation. The Board has accepted all the recommendations of the committees which are mandatorily required, in the relevant financial year.

Details of Committees, its charter, functions are provided in the Corporate Governance Report attached to this Report.

Number of Board meetings held:

The number of Board meetings held during the financial year 2019-20 is provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

10.AUDITORS

Statutory Auditors

The Company at its twenty sixth AGM held on 7th August 2018 re-appointed M/s V. Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as Statutory Auditors of the Company to hold office, for the second term of five consecutive years from the conclusion of 26th AGM till the conclusion of 31st AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 3rd year in the second term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditors

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

The Secretarial Audit Report for the year 2019-20, given by M/s S Krishnamurthy & Co., Company Secretaries, Chennai is attached to this Report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks.

The Board at its meeting held on 28th May 2020 has re-appointed M/s. S Krishnamurthy & Co., Practising Company Secretaries, Chennai having CP No. 2215 allotted by the Institute of Company Secretaries of India as Secretarial Auditors for the financial year 2020-21.

Cost Auditor

As per Section 148 of the Act, 2013 read with the Companies (Cost Records and Audit) Rules 2014, as amended, the cost audit records maintained by the Company in respect of its engine components manufactured by the Company specified under Customs Tariff Act heading in Table B to Rule 3 of the above rules, are required to be audited by a Cost Auditor.

In terms of the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board has re-appointed Mr A N Raman, Cost Accountant holding Certificate of practice No. 5359 allotted by The Institute of Cost Accountants of India, as the Cost Auditor for conducting Cost Audit for the financial year 2020-21.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility to act as a Cost Auditor. A sum of ₹ 6 lakhs has been fixed by the Board as remuneration in addition to reimbursement of applicable taxes, actual travelling and out-of-pocket expenses incurred by him, and is required to be approved and ratified by the Members, at the ensuing AGM as per Section 148(3) of the Act, 2013.

The Company has filed the Cost Audit Report of 2018-19 on 20th August 2019 in XBRL format.

11.CORPORATE GOVERNANCE

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

A separate Section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Listing Regulations is given as Annexure VIII to this Report.

The Director & CEO and the Chief Financial Officer (CFO) of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17 (8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2020.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of Listing Regulations, the Business Responsibility Report for the year 2019-20 describing the initiatives taken from an environment, social and governance perspective, in the prescribed format is given as Annexure VII to this Report and is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

13.POLICY ON VIGIL MECHANISM

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

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

The Board at its meeting held on 4th February 2020 made certain amendments to the Whistle Blower Policy for protecting whistle blower who made in good faith and express guidance on procedure to be undertaken by the investigators for carrying out investigation on complaints filed by employees.

The Policy is disclosed on the Company's website in the link as provided in page no. 97 of this Annual Report.

14.PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31st March 2020.

15.STATUTORY STATEMENTS

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

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

Material changes and commitments:

The Manufacturing facilities and all offices of the Company were closed on March 23, 2020 following the nationwide lockdown due to CoVID-19. The Company has since obtained required permissions and restarted its manufacturing facilities and all offices partially. Based on assessment of the impact of CoVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

The Company has considered the possible effects of CoVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of the financial results, has used external and internal sources of information / indicators to estimate the future performance of the Company. Based on current estimates, the Company expects the carrying amount of these assets to be recovered.

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

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

Annual Return:

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

The same is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

Employee's remuneration:

Details of Employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure-III. In terms of first proviso to Section 136(1) of the Act, 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company. Certain incentive / performance related payments for the financial year 2019-20 for KMPs and SMPs have been reduced / deferred on account of CoVID-19.

Comparative analysis of remuneration paid:

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

Details of material related party transactions:

There is no material related party transactions under Section 188 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014. Details of all related party transactions are enclosed as part of the accounts for the year ended 31st March 2020.

Details of loans / guarantees / investments made:

The details of loans and guarantees under Section 186 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2019-20 are given as Annexure VI to this Report. On loans granted to the Employees, the Company has charged interest as per its remuneration policy, in compliance with Section 186 of the Act, 2013.

Please refer note No. 4 to Notes on accounts for the financial year 2019-20, for details of investments made by the Company.

Reporting of fraud

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

Secretarial Standards

The Company has complied with the applicable Secretarial Standards as amended from time to time.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

16. ACKNOWLEDGEMENT

The Directors gratefully acknowledge the continued support and co-operation received from the holding Company viz., Sundaram-Clayton Limited, Chennai. The Directors also thank the bankers, investing institutions, customers, dealers, vendors and sub-contractors for their valuable support and assistance.

The Directors wish to place on record their appreciation of the very good work done by all the employees of the Company during the year under review.

The Directors also thank the investors for their continued faith in the Company.

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - I to Directors' Report to the shareholders

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

A. CONSERVATION OF ENERGY

1. Measures taken in the year 2019-20:

i. Optimal utilization of plant and equipment.

ii. Alternate source of power (Solar / Wind).

iii. Capacity enhancement of roof top solar power from 4.7 MW (2018-19) to 5.9 MW (2019-20).

iv. Implementation of planned energy efficient projects.

Above measures have resulted in an annual saving of approximately ₹ 10 Cr.

2. Proposed measures during the year 2020-21:

i. Optimal utilization of plant and equipment.

ii. Alternate source of power (Solar / Wind).

iii. Additional installation of roof top solar power plant.

iv. Implementation of other planned energy efficient projects.

Above measures are expected to yield an annual saving of ₹ 4 Cr.

3. Steps taken for utilizing alternate sources of energy (2019-20):

Overall Company's renewable power share has been increased from 56% (2018-19) to 76% (2019-20).

Towards the Company's continual commitment of utilizing renewable energy, the Company has commissioned 900 KW additional roof top solar plant during 2019-20.

The Company has drawn additional wind power of 80 Lakh units of power through 'Group Captive Mode'.

4. Capital investment in energy conservation equipment:

During 2019-20, the Company had invested ₹ 3 Cr towards optimization of compressor's, fuel conversion from HSD to Propane (canteen and ETP) and in implementation of various energy saving projects for energy efficiency and as well as for reduction of carbon foot print.

The Company is planning to invest around ₹ 3 Cr during 2020-21 to enhance solar, wind power under 'Group Captive Mode' and for implementing other planned energy saving projects.

B. TECHNOLOGY ABSORPTION FOR 2019-20

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

i. Designed, developed and productionised all the 2W and 3W models meeting BS-VI norms.

ii. Designed, developed and productionised of Electric scooter with cutting-edge technologies, including Smart Connect.

iii. Designed, developed and productionised of Motorcycle with Ride-by-wire and various ride modes.

iv. Designed, developed and productionised of Motorcycle with 5 speed gearbox exclusively for African rural road application.

v. Designed and developed of concept engine for international market.

vi. Concept designed for high-performance motorcycle.

vii. Best-in-class Fit and Finish quality achieved in all new products developed.

Future plan of action:

i. Development of new technologies for reduction of CO_2 and other emissions.

ii. Development and adoption of new technologies for enhanced safety.

iii. Development of new technologies, materials and processes for enhanced environmental sustainability.

iv. Development of new technologies and new features to achieve sustained customer attraction and enhanced satisfaction.

v. Development of technologies including alternate materials, weight reduction, cost reduction and improvement of fuel economy.

vi. Development of new technologies in the areas of Electric power trains and connected vehicles.

C. DATA RELATING TO IMPORTED TECHNOLOGY

Technology imported during the last 3 years reckoned from the beginning of the financial year - NIL

Expenditure on Research & Development - ₹ 335.10 Crores.

D. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities:

During the year, export of two-wheeler was 6.79 lakh units and three-wheeler was 1.62 lakh units. The Company continued export of components and sub-assemblies to its subsidiary in Indonesia.

2. Total foreign exchange earned and used:

	(₹ in Cr)
Foreign exchange used	1,723
Foreign exchange earned	4,579

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L35921TN1992PLC022845
ii)	Registration Date	:	10.06.1992
iii)	Name of the Company	:	TVS Motor Company Limited
iv)	Category / Sub-Category of the Company	:	Public Company limited by shares
v)	Address of the Registered office and contact details	:	"Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006 Tel. : 044 - 2833 2115
vi)	Whether listed company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, 29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Motorcycles, Scooters, Mopeds	30911	78.20%
2	Three-wheeler	30912	9.33%
3	Parts & Accessories	30913	10.10%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Sections of the Companies Act, 2013
Holding Company					
1	Sundaram-Clayton Limited	"Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600006	L35999TN1962PLC004792	57.40% in the Company	2(46)
Subsidiary Companies					
2	Sundaram Auto Components Limited	"Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600006	U29249TN1992PLC051417	100%	2(87)
3	TVS Housing Limited	1st Floor, Greenways Towers, No. 119, St. Mary's Road, Abhiramapuram, Chennai 600018.	U70101TN2010PLC075027	100%	2(87)
4	TVS Motor Services Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	U50404TN2009PLC071075	100%	2(87)

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - *(Continued)*

S.No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Sections of the Companies Act, 2013
Subsidiary Companies - *(continued)*					
5	TVS Credit Services Limited	"Chaitanya", 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600006	U65920TN2008PLC069758	83.95% held by the Company, 1.18% held by S. No.1 and 0.59% held by S. No. 4	2(87)
6	TVS Two Wheeler Mall Private Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	U65923TN2017PTC118211	100% held by S.No.5	2(87)
7	TVS Micro Finance Private Limited		U65929TN2017PTC118238	100% held by S.No.5	2(87)
8	Harita ARC Private Limited		U65999TN2017PTC118296	100% held by S.No.5	2(87)
9	Harita Collection Services Private Limited		U65100TN2017PTC118290	100% held by S.No.5	2(87)
10	TVS Commodity Financial Solutions Private Limited		U65929TN2017PTC118316	100% held by S.No.5	2(87)
11	TVS Housing Finance Private Limited		U65999TN2017PTC118512	100% held by S.No.5	2(87)
12	PT. TVS Motor Company Indonesia	Gedung Wirausaha 3rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920 Indonesia	NA	49.70% by the Company; 17.62% by S.No.13; and 32.68% by S.No.14	(2(87)
13	TVS Motor Company (Europe) B.V.	Hoogoorddreef 15, 1101 BA Amsterdam, Netherlands	NA	100%	2(87)
14	TVS Motor (Singapore) Pte. Limited	17, Phillip Street, # 05-01, Grand Building, Singapore - 048 695	NA	100%	2(87)
15	Sundaram Holding USA Inc.,	2711, Centerville Road, # 400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	74.58% held by S. No.2 and 25.42% held by S. No. 1	2(87)
16	Green Hills Land Holding LLC	1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	100% held by S.No.15	2(87)
17	Component Equipment Leasing LLC		NA		
18	Sundaram-Clayton (USA) LLC		NA		
19	Premier Land Holding LLC	120, Casting Way, Ridgeville, South Carolina - 29472, USA	NA		

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - *(Continued)*

S.No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Sections of the Companies Act, 2013
Associate Companies					
20	Emerald Haven Realty Limited	1st Floor, Greenways Towers, No. 119, St. Mary's Road, Abhiramapuram, Chennai 600 018.	U45200TN2010PLC075953	48.80%	2(6)
21	Ultraviolette Automotive Private Limited	529-530 Amarjyoti Layout Intermediate Ring Road, Domlur, Bengaluru - 560 071	U34102KA2015PTC084804	25.33%	2(6)
22	Tagbox Solutions Private Limited	3504/A, 4th Floor, 14th Main Road, HAL 2nd Stage, Indiranagar, Bengaluru - 560 038	U72900KA2016PTC097344	23.50%	2(6)
23	Tagbox Pte Limited, Singapore	30, Cecil Street, No. 19-08, Prudential Tower, Singapore 049712	NA	24.32% held by S.No.14	2(6)
24	Predictronics Inc, USA	6824, Ashfield Drive, Suite 201, Cincinnati, OH 45242, USA	NA	23.50% held by S.No.14	2(6)

IV. SHAREHOLDING PATTERN (Equity Share Capital breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2019)				No. of Shares held at the end of the year (as on 31st March 2020)				Change in % of shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corporate	27,26,82,786	–	27,26,82,786	57.40	27,26,82,786	–	27,26,82,786	57.40	–
Total Shareholding of Promoter (A)	27,26,82,786	–	27,26,82,786	57.40	27,26,82,786	–	27,26,82,786	57.40	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	5,84,22,329	–	5,84,22,329	12.30	7,81,79,683	–	7,81,79,683	16.45	4.15
b) Banks / Financial Institutions	13,41,825	51,000	13,92,825	0.29	8,36,782	51,000	8,87,782	0.19	(0.10)
c) Insurance Companies	1,54,21,219	–	1,54,21,219	3.25	2,16,29,067	–	2,16,29,067	4.55	1.30
d) Foreign Port-folio Investors	7,56,22,772	–	7,56,22,772	15.92	5,40,27,943	–	5,40,27,943	11.37	(4.55)
Sub-total (B)(1)	15,08,08,145	51,000	15,08,59,145	31.76	15,46,73,475	51,000	15,47,24,475	32.56	0.80
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	38,61,906	32,060	38,93,966	0.82	28,84,180	29,060	29,13,240	0.61	(0.21)
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,35,79,121	34,98,315	3,70,77,436	7.80	3,11,65,930	30,20,754	3,41,86,684	7.20	(0.60)
ii) Individual shareholders holding nominal share capital in excess of Rs. ₹ 1 lakh	40,09,018	–	40,09,018	0.85	2407121	–	2407121	0.51	(0.34)
c) Directors and their relatives	28,45,966	5,000	28,50,966	0.60	27,24,596	5,000	27,29,596	0.57	(0.03)
d) Others	36,86,787	27,010	37,13,797	0.77	54,37,202	6010	54,43,212	1.15	0.38
Sub-total (B)(2)	4,79,82,798	35,62,385	5,15,45,183	10.84	4,46,19,029	30,60,824	4,76,79,853	10.04	(0.80)
Total Public Shareholding (B) = (B)(1) + (B)(2)	**19,87,90,943**	**36,13,385**	**20,24,04,328**	**42.60**	**19,92,92,504**	**31,11,824**	**20,24,04,328**	**42.60**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**47,14,73,729**	**36,13,385**	**47,50,87,114**	**100.00**	**47,19,75,290**	**31,11,824**	**47,50,87,114**	**100.00**	**–**

ii) Shareholding of Promoters and Promoters' group

Name of the Promoter	Opening Balance (01.04.2019) (% of the total share capital)	Date of Dealing	Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Sundaram - Clayton Limited	27,26,82,786 (57.40)	–	–	–	–	–	–	27,26,82,786	57.40

iii) Change in Promoters and Promoters' group Shareholding - No change

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

Opening Balance (01.04.2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
ICICI PRUDENTIAL MUTUAL FUND								
3,11,44,102	01/04/2019	Opening Balance						
6.56	05/04/2019	Transfer / Sale	77,386	0.02	3,10,66,716	6.54		
	05/04/2019	Transfer / Purchase	4,53,926	0.10	3,15,20,642	6.63		
	12/04/2019	Transfer / Sale	1,73,993	0.04	3,13,46,649	6.60		
	12/04/2019	Transfer / Purchase	4,10,156	0.09	3,17,56,805	6.68		
	19/04/2019	Transfer / Sale	176	0.00	3,17,56,629	6.68		
	19/04/2019	Transfer / Purchase	1,28,664	0.03	3,18,85,293	6.71		
	26/04/2019	Transfer / Sale	99,994	0.02	3,17,85,299	6.69		
	26/04/2019	Transfer / Purchase	5,14,618	0.11	3,22,99,917	6.80		
	03/05/2019	Transfer / Sale	65,860	0.01	3,22,34,057	6.78		
	03/05/2019	Transfer / Purchase	2,23,769	0.05	3,24,57,826	6.83		
	10/05/2019	Transfer / Purchase	5,82,157	0.12	3,30,39,983	6.95		
	17/05/2019	Transfer / Purchase	50,556	0.01	3,30,90,539	6.97		
	24/05/2019	Transfer / Sale	176	0.00	3,30,90,363	6.97		
	24/05/2019	Transfer / Purchase	8,015	0.00	3,30,98,378	6.97		
	31/05/2019	Transfer / Purchase	9,43,196	0.20	3,40,41,574	7.17		
	07/06/2019	Transfer / Purchase	4,32,367	0.09	3,44,73,941	7.26		
	14/06/2019	Transfer / Purchase	11,92,407	0.25	3,56,66,348	7.51		
	19/06/2019	Transfer / Purchase	5,60,634	0.12	3,62,26,982	7.63		
	21/06/2019	Transfer / Purchase	45,127	0.01	3,62,72,109	7.63		
	28/06/2019	Transfer / Sale	26,300	0.01	3,62,45,809	7.63		
	28/06/2019	Transfer / Purchase	176	0.00	3,62,45,985	7.63		
	05/07/2019	Transfer / Purchase	1,49,495	0.03	3,63,95,480	7.66		
	12/07/2019	Transfer / Purchase	177	0.00	3,63,95,657	7.66		
	15/07/2019	Transfer / Purchase	177	0.00	3,63,95,834	7.66		
	19/07/2019	Transfer / Purchase	2,00,354	0.04	3,65,96,188	7.70		
	26/07/2019	Transfer / Purchase	8,43,609	0.18	3,74,39,797	7.88		
	02/08/2019	Transfer / Purchase	50,708	0.01	3,74,90,505	7.89		
	16/08/2019	Transfer / Purchase	38,280	0.01	3,75,28,785	7.90		
	23/08/2019	Transfer / Purchase	525	0.00	3,75,29,310	7.90		
	30/08/2019	Transfer / Purchase	1,20,281	0.03	3,76,49,591	7.92		
	06/09/2019	Transfer / Purchase	2,40,200	0.05	3,78,89,791	7.98		
	13/09/2019	Transfer / Purchase	178	0.00	3,78,89,969	7.98		
	20/09/2019	Transfer / Sale	40,849	0.01	3,78,49,120	7.97		
	20/09/2019	Transfer / Purchase	178	0.00	3,78,49,298	7.97		
	27/09/2019	Transfer / Purchase	347	0.00	3,78,49,645	7.97		
	30/09/2019	Transfer / Purchase	101	0.00	3,78,49,746	7.97		

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	04/10/2019	Transfer / Purchase	971	0.00	3,78,50,717	7.97		
	11/10/2019	Transfer / Sale	14,013	0.00	3,78,36,704	7.96		
	11/10/2019	Transfer / Purchase	275	0.00	3,78,36,979	7.96		
	18/10/2019	Transfer / Sale	2,48,704	0.05	3,75,88,275	7.91		
	18/10/2019	Transfer / Purchase	55	0.00	3,75,88,330	7.91		
	25/10/2019	Transfer / Sale	5,94,166	0.13	3,69,94,164	7.79		
	25/10/2019	Transfer / Purchase	101	0.00	3,69,94,265	7.79		
	01/11/2019	Transfer / Sale	92,074	0.02	3,69,02,191	7.77		
	01/11/2019	Transfer / Purchase	3	0.00	3,69,02,194	7.77		
	08/11/2019	Transfer / Purchase	59,400	0.01	3,69,61,594	7.78		
	15/11/2019	Transfer / Purchase	21	0.00	3,69,61,615	7.78		
	22/11/2019	Transfer / Sale	2,43,749	0.05	3,67,17,866	7.73		
	22/11/2019	Transfer / Purchase	101	0.00	3,67,17,967	7.73		
	29/11/2019	Transfer / Sale	86,267	0.02	3,66,31,700	7.71		
	06/12/2019	Transfer / Sale	1,42,422	0.03	3,64,89,278	7.68		
	13/12/2019	Transfer / Purchase	309	0.00	3,64,89,587	7.68		
	20/12/2019	Transfer / Sale	3,58,492	0.08	3,61,31,095	7.61		
	27/12/2019	Transfer / Sale	4,11,400	0.09	3,57,19,695	7.52		
	27/12/2019	Transfer / Purchase	283	0.00	3,57,19,978	7.52		
	31/12/2019	Transfer / Purchase	1,41,900	0.03	3,58,61,878	7.55		
	03/01/2020	Transfer / Sale	2,82,150	0.06	3,55,79,728	7.49		
	10/01/2020	Transfer / Sale	1,14,207	0.02	3,54,65,521	7.47		
	10/01/2020	Transfer / Purchase	13,627	0.00	3,54,79,148	7.47		
	17/01/2020	Transfer / Sale	2,62,763	0.06	3,52,16,385	7.41		
	24/01/2020	Transfer / Sale	8,30,592	0.17	3,43,85,793	7.24		
	31/01/2020	Transfer / Sale	4,31,342	0.09	3,39,54,451	7.15		
	31/01/2020	Transfer / Purchase	1,36,638	0.03	3,40,91,089	7.18		
	07/02/2020	Transfer / Sale	9,33,122	0.20	3,31,57,967	6.98		
	07/02/2020	Transfer / Purchase	7,22,183	0.15	3,38,80,150	7.13		
	12/02/2020	Transfer / Sale	50	0.00	3,38,80,100	7.13		
	12/02/2020	Transfer / Purchase	51	0.00	3,38,80,151	7.13		
	14/02/2020	Transfer / Sale	1,914	0.00	3,38,78,237	7.13		
	21/02/2020	Transfer / Sale	957	0.00	3,38,77,280	7.13		
	28/02/2020	Transfer / Sale	3,045	0.00	3,38,74,235	7.13		
	28/02/2020	Transfer / Purchase	3,98,117	0.08	3,42,72,352	7.21		
	06/03/2020	Transfer / Purchase	6,99,786	0.15	3,49,72,138	7.36		
	13/03/2020	Transfer / Purchase	14,913	0.00	3,49,87,051	7.36		
	18/03/2020	Transfer / Purchase	3,11,376	0.07	3,52,98,427	7.43		
	20/03/2020	Transfer / Sale	1,45,291	0.03	3,51,53,136	7.40		
	20/03/2020	Transfer / Purchase	1,155	0.00	3,51,54,291	7.40		
	27/03/2020	Transfer / Purchase	3,44,032	0.07	3,54,98,323	7.47		
	31/03/2020	Transfer / Purchase	20,07,079	0.42	3,75,05,402	7.89		
	31/03/2020	Closing Balance					3,75,05,402	7.89

JWALAMUKHI INVESTMENT HOLDINGS

2,34,89,942	01/04/2019	Opening Balance						
4.94	20/12/2019	Transfer / Purchase	33,33,449	0.70	2,68,23,391	5.65		
	13/03/2020	Transfer / Sale	1,33,366	0.03	2,66,90,025	5.62		
	31/03/2020	Closing Balance					2,66,90,025	5.62

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
NIPPON INDIA MUTUAL FUND								
1,72,47,753	05/04/2019	Opening Balance						
3.63	12/04/2019	Transfer / Purchase	2,01,672	0.04	174,49,425	3.67		
	19/04/2019	Transfer / Purchase	3,672	0.00	1,74,53,097	3.67		
	26/04/2019	Transfer / Purchase	1,428	0.00	1,74,54,525	3.67		
	26/04/2019	Transfer / Sale	20	0.00	1,74,54,505	3.67		
	03/05/2019	Transfer / Purchase	408	0.00	1,74,54,913	3.67		
	03/05/2019	Transfer / Sale	2,00,000	0.04	1,72,54,913	3.63		
	10/05/2019	Transfer / Purchase	369	0.00	1,72,55,282	3.63		
	10/05/2019	Transfer / Sale	1,20,026	0.03	1,71,35,256	3.61		
	17/05/2019	Transfer / Purchase	81,871	0.02	1,72,17,127	3.62		
	24/05/2019	Transfer / Purchase	1,020	0.00	1,72,18,147	3.62		
	24/05/2019	Transfer / Sale	1,02,000	0.02	1,71,16,147	3.60		
	31/05/2019	Transfer / Purchase	90,475	0.02	1,72,06,622	3.62		
	31/05/2019	Transfer / Sale	7,34,000	0.15	1,64,72,622	3.47		
	07/06/2019	Transfer / Purchase	5,661	0.00	1,64,78,283	3.47		
	07/06/2019	Transfer / Sale	12,20,151	0.26	1,52,58,132	3.21		
	14/06/2019	Transfer / Purchase	1,11,224	0.02	1,53,69,356	3.24		
	19/06/2019	Transfer / Sale	2,00,255	0.04	1,51,69,101	3.19		
	19/06/2019	Transfer / Sale	68	0.00	1,51,69,033	3.19		
	21/06/2019	Transfer / Purchase	51	0.00	1,51,69,084	3.19		
	28/06/2019	Transfer / Purchase	510	0.00	1,51,69,594	3.19		
	28/06/2019	Transfer / Sale	10,29,416	0.22	1,41,40,178	2.98		
	05/07/2019	Transfer / Purchase	9,00,077	0.19	1,50,40,255	3.17		
	05/07/2019	Transfer / Sale	2,00,000	0.04	1,48,40,255	3.12		
	12/07/2019	Transfer / Purchase	6,35,530	0.13	1,54,75,785	3.26		
	12/07/2019	Transfer / Sale	3,50,000	0.07	1,51,25,785	3.18		
	15/07/2019	Transfer / Purchase	6,25,663	0.13	1,57,51,448	3.32		
	15/07/2019	Transfer / Sale	50,000	0.01	1,57,01,448	3.30		
	19/07/2019	Transfer / Purchase	50,561	0.01	1,57,52,009	3.32		
	19/07/2019	Transfer / Sale	2,65,000	0.06	1,54,87,009	3.26		
	26/07/2019	Transfer / Purchase	813	0.00	1,54,87,822	3.26		
	26/07/2019	Transfer / Sale	68,200	0.01	1,54,19,622	3.25		
	02/08/2019	Transfer / Purchase	50,679	0.01	1,54,70,301	3.26		
	09/08/2019	Transfer / Purchase	19,00,374	0.40	1,73,70,675	3.66		
	09/08/2019	Transfer / Sale	1,76,336	0.04	1,71,94,339	3.62		
	16/08/2019	Transfer / Purchase	4,48,140	0.09	1,76,42,479	3.71		
	23/08/2019	Transfer / Purchase	50,255	0.01	1,76,92,734	3.72		
	30/08/2019	Transfer / Purchase	50,306	0.01	1,77,43,040	3.73		
	30/08/2019	Transfer / Sale	6,22,600	0.13	1,71,20,440	3.60		
	06/09/2019	Transfer / Purchase	7,06,758	0.15	1,78,27,198	3.75		
	06/09/2019	Transfer / Sale	90,000	0.02	1,77,37,198	3.73		
	13/09/2019	Transfer / Purchase	5,00,453	0.11	1,82,37,651	3.84		
	13/09/2019	Transfer / Sale	21,292	0.00	1,82,16,359	3.83		
	20/09/2019	Transfer / Purchase	19,057	0.00	1,82,35,416	3.84		
	20/09/2019	Transfer / Sale	3,47,660	0.07	1,78,87,756	3.77		
	27/09/2019	Transfer / Purchase	357	0.00	1,78,88,113	3.77		

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	27/09/2019	Transfer / Sale	8,54,509	0.18	1,70,33,604	3.59		
	04/10/2019	Transfer / Purchase	2,49,616	0.05	1,72,83,220	3.64		
	11/10/2019	Transfer / Purchase	10,56,200	0.22	1,83,39,420	3.86		
	18/10/2019	Transfer / Purchase	7,800	0.00	1,83,47,220	3.86		
	18/10/2019	Transfer / Sale	2,70,000	0.06	1,80,77,220	3.81		
	25/10/2019	Transfer / Purchase	300	0.00	1,80,77,520	3.81		
	01/11/2019	Transfer / Sale	7,60,270	0.16	1,73,17,250	3.65		
	01/11/2019	Transfer / Sale	2,63,733	0.06	1,70,53,517	3.59		
	08/11/2019	Transfer / Purchase	450	0.00	1,70,53,967	3.59		
	08/11/2019	Transfer / Sale	3,59,850	0.08	1,66,94,117	3.51		
	15/11/2019	Transfer / Purchase	2,10,150	0.04	1,69,04,267	3.56		
	15/11/2019	Transfer / Sale	603	0.00	1,69,03,664	3.56		
	22/11/2019	Transfer / Purchase	7,36,533	0.16	1,76,40,197	3.71		
	22/11/2019	Transfer / Sale	5,00,630	0.11	1,71,39,567	3.61		
	29/11/2019	Transfer / Purchase	20	0.00	1,71,39,587	3.61		
	06/12/2019	Transfer / Sale	23,878	0.01	1,71,15,709	3.60		
	13/12/2019	Transfer / Sale	2,446	0.00	1,71,13,263	3.60		
	13/12/2019	Transfer / Sale	2,27,544	0.05	1,68,85,719	3.55		
	20/12/2019	Transfer / Purchase	285	0.00	1,68,86,004	3.55		
	27/12/2019	Transfer / Purchase	32	0.00	1,68,86,036	3.55		
	27/12/2019	Transfer / Sale	3,22,392	0.07	1,65,63,644	3.49		
	31/12/2019	Transfer / Purchase	2,303	0.00	1,65,65,947	3.49		
	31/12/2019	Transfer / Sale	34,849	0.01	1,65,31,098	3.48		
	03/01/2020	Transfer / Purchase	50	0.00	1,65,31,148	3.48		
	10/01/2020	Transfer / Purchase	5,01,500	0.11	1,70,32,648	3.59		
	10/01/2020	Transfer / Sale	1,50,000	0.03	1,68,82,648	3.55		
	17/01/2020	Transfer / Purchase	187	0.00	1,68,82,835	3.55		
	17/01/2020	Transfer / Sale	90,000	0.02	1,67,92,835	3.53		
	24/01/2020	Transfer / Purchase	2,550	0.00	1,67,95,385	3.54		
	24/01/2020	Transfer / Sale	9,19,000	0.19	1,58,76,385	3.34		
	31/01/2020	Transfer / Purchase	6,25,650	0.13	1,65,02,035	3.47		
	31/01/2020	Transfer / Sale	9,25,398	0.19	1,55,76,637	3.28		
	07/02/2020	Transfer / Purchase	1,23,575	0.03	1,57,00,212	3.30		
	07/02/2020	Transfer / Sale	2,00,000	0.04	1,55,00,212	3.26		
	12/02/2020	Transfer / Purchase	1,72,650	0.04	1,56,72,862	3.30		
	12/02/2020	Transfer / Sale	5,66,735	0.12	1,51,06,127	3.18		
	14/02/2020	Transfer / Purchase	2,001	0.00	1,51,08,128	3.18		
	21/02/2020	Transfer / Sale	1,62,302	0.03	1,49,45,826	3.15		
	28/02/2020	Transfer / Sale	6,03,519	0.13	1,43,42,307	3.02		
	28/02/2020	Transfer / Sale	1,70,242	0.04	1,41,72,065	2.98		
	06/03/2020	Transfer / Purchase	3,18,190	0.07	1,44,90,255	3.05		
	06/03/2020	Transfer / Sale	60	0.00	1,44,90,195	3.05		
	13/03/2020	Transfer / Purchase	4,21,500	0.09	1,49,11,695	3.14		
	18/03/2020	Transfer / Purchase	3,88,397	0.08	1,53,00,092	3.22		
	18/03/2020	Transfer / Sale	4,200	0.00	1,52,95,892	3.22		
	20/03/2020	Transfer / Purchase	10,137	0.00	1,53,06,029	3.22		
	20/03/2020	Transfer / Sale	774	0.00	1,53,05,255	3.22		

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	27/03/2020	Transfer / Purchase	1,80,000	0.04	1,54,85,255	3.26		
	27/03/2020	Transfer / Sale	350	0.00	1,54,84,905	3.26		
	31/03/2020	Transfer / Purchase	8,90,000	0.19	1,63,74,905	3.45		
	31/03/2020	Transfer / Purchase	2,650	0.00	1,63,77,555	3.45		
	31/03/2020	Closing Balance					1,63,77,555	3.45

LIFE INSURANCE CORPORATION OF INDIA

88,90,277	01/04/2019	Opening Balance						
1.87	13/09/2019	Transfer / Purchase	27,100	0.01	89,17,377	1.88		
	20/09/2019	Transfer / Purchase	2,00,000	0.04	91,17,377	1.92		
	27/09/2019	Transfer / Purchase	74,000	0.02	91,91,377	1.93		
	31/12/2019	Transfer / Purchase	3,81,766	0.08	95,73,143	2.02		
	03/01/2020	Transfer / Purchase	5,24,811	0.11	1,00,97,954	2.13		
	10/01/2020	Transfer / Purchase	12,82,470	0.27	1,13,80,424	2.40		
	17/01/2020	Transfer / Purchase	5,86,291	0.12	1,19,66,715	2.52		
	24/01/2020	Transfer / Purchase	2,32,461	0.05	1,21,99,176	2.57		
	31/01/2020	Transfer / Purchase	2,93,000	0.06	1,24,92,176	2.63		
	07/02/2020	Transfer / Purchase	3,82,417	0.08	1,28,74,593	2.71		
	12/02/2020	Transfer / Purchase	3,22,200	0.07	1,31,96,793	2.78		
	14/02/2020	Transfer / Purchase	2,46,100	0.05	1,34,42,893	2.83		
	21/02/2020	Transfer / Purchase	5,81,636	0.12	1,40,24,529	2.95		
	28/02/2020	Transfer / Purchase	5,35,362	0.11	1,45,59,891	3.06		
	06/03/2020	Transfer / Purchase	81,159	0.02	1,46,41,050	3.08		
	31/03/2020	Closing Balance					1,46,41,050	3.08

MIRAE ASSET MUTUAL FUND

33,21,338	01/04/2019	Opening Balance						
0.70	05/04/2019	Transfer / Purchase	40,000	0.01	33,61,338	0.71		
	24/05/2019	Transfer / Purchase	30,000	0.01	33,91,338	0.71		
	07/06/2019	Transfer / Purchase	15,000	0.00	34,06,338	0.72		
	14/06/2019	Transfer / Sale	5,75,000	0.12	28,31,338	0.60		
	28/06/2019	Transfer / Sale	4,57,100	0.10	23,74,238	0.50		
	12/07/2019	Transfer / Sale	56,166	0.01	23,18,072	0.49		
	19/07/2019	Transfer / Sale	2,00,000	0.04	21,18,072	0.45		
	26/07/2019	Transfer / Purchase	2,91,166	0.06	24,09,238	0.51		
	02/08/2019	Transfer / Purchase	4,20,000	0.09	28,29,238	0.60		
	16/08/2019	Transfer / Purchase	24,000	0.01	28,53,238	0.60		
	13/09/2019	Transfer / Purchase	40,000	0.01	28,93,238	0.61		
	11/10/2019	Transfer / Purchase	85,000	0.02	29,78,238	0.63		
	18/10/2019	Transfer / Purchase	16,19,117	0.34	45,97,355	0.97		
	25/10/2019	Transfer / Purchase	5,28,486	0.11	51,25,841	1.08		
	01/11/2019	Transfer / Purchase	1,00,000	0.02	52,25,841	1.10		
	08/11/2019	Transfer / Purchase	1,61,000	0.03	53,86,841	1.13		
	15/11/2019	Transfer / Purchase	7,59,331	0.16	61,46,172	1.29		
	22/11/2019	Transfer / Purchase	7,62,217	0.16	69,08,389	1.45		
	29/11/2019	Transfer / Purchase	1,98,986	0.04	71,07,375	1.50		
	06/12/2019	Transfer / Purchase	1,80,435	0.04	72,87,810	1.53		
	13/12/2019	Transfer / Purchase	2,77,715	0.06	75,65,525	1.59		

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	20/12/2019	Transfer / Purchase	1,91,301	0.04	77,56,826	1.63		
	03/01/2020	Transfer / Purchase	20,000	0.00	77,76,826	1.64		
	10/01/2020	Transfer / Purchase	1,02,000	0.02	78,78,826	1.66		
	17/01/2020	Transfer / Purchase	1,13,000	0.02	79,91,826	1.68		
	31/01/2020	Transfer / Purchase	1,80,000	0.04	81,71,826	1.72		
	07/02/2020	Transfer / Sale	7,00,000	0.15	74,71,826	1.57		
	07/02/2020	Transfer / Purchase	46,340	0.01	75,18,166	1.58		
	12/02/2020	Transfer / Purchase	81,995	0.02	76,00,161	1.60		
	21/02/2020	Transfer / Purchase	40,000	0.01	76,40,161	1.61		
	28/02/2020	Transfer / Purchase	5,27,338	0.11	81,67,499	1.72		
	31/03/2020	Closing Balance					81,67,499	1.72

FRANKLIN TEMPLETON MUTUAL FUND

24,56,853	01/04/2019	Opening Balance						
0.52	05/04/2019	Transfer / Purchase	2,57,311	0.05	27,14,164	0.57		
	12/04/2019	Transfer / Purchase	60,000	0.01	27,74,164	0.58		
	24/05/2019	Transfer / Purchase	40,000	0.01	28,14,164	0.59		
	19/06/2019	Transfer / Purchase	50,000	0.01	28,64,164	0.60		
	28/06/2019	Transfer / Purchase	2,50,000	0.05	31,14,164	0.66		
	02/08/2019	Transfer / Purchase	2,20,682	0.05	33,34,846	0.70		
	09/08/2019	Transfer / Purchase	95,275	0.02	34,30,121	0.72		
	23/08/2019	Transfer / Purchase	13,66,243	0.29	47,96,364	1.01		
	30/08/2019	Transfer / Purchase	8,47,000	0.18	56,43,364	1.19		
	06/09/2019	Transfer / Purchase	3,70,977	0.08	60,14,341	1.27		
	13/09/2019	Transfer / Purchase	3,89,060	0.08	64,03,401	1.35		
	20/09/2019	Transfer / Purchase	8,00,000	0.17	72,03,401	1.52		
	27/09/2019	Transfer / Purchase	86,253	0.02	72,89,654	1.53		
	30/09/2019	Transfer / Purchase	1,12,919	0.02	74,02,573	1.56		
	04/10/2019	Transfer / Purchase	14,548	0.00	74,17,121	1.56		
	11/10/2019	Transfer / Sale	63,800	0.01	73,53,321	1.55		
	11/10/2019	Transfer / Purchase	50,828	0.01	74,04,149	1.56		
	18/10/2019	Transfer / Sale	4,26,800	0.09	69,77,349	1.47		
	01/11/2019	Transfer / Sale	85,800	0.02	68,91,549	1.45		
	08/11/2019	Transfer / Sale	85,800	0.02	68,05,749	1.43		
	06/12/2019	Transfer / Purchase	10,38,400	0.22	78,44,149	1.65		
	13/12/2019	Transfer / Sale	77,95,267	1.64	48,882	0.01		
	13/12/2019	Transfer / Purchase	77,95,267	1.64	78,44,149	1.65		
	20/12/2019	Transfer / Sale	48,882	0.01	77,95,267	1.64		
	20/12/2019	Transfer / Purchase	48,882	0.01	78,44,149	1.65		
	24/01/2020	Transfer / Sale	1,72,281	0.04	76,71,868	1.61		
	28/02/2020	Transfer / Purchase	72,281	0.02	77,44,149	1.63		
	31/03/2020	Transfer / Purchase	1,00,000	0.02	78,44,149	1.65		
	31/03/2020	Closing Balance					78,44,149	1.65

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD								
66,00,000	01/04/2019	Opening Balance						
1.39	31/03/2020	Closing Balance					66,00,000	1.39
CARTICA CAPITAL LTD								
2,22,91,887	01/04/2019	Opening Balance						
4.69	10/05/2019	Transfer / Purchase	7,72,336	0.16	2,30,64,223	4.85		
	17/05/2019	Transfer / Purchase	4,00,137	0.08	2,34,64,360	4.94		
	31/05/2019	Transfer / Sale	72,330	0.02	2,33,92,030	4.92		
	14/06/2019	Transfer / Sale	6,19,524	0.13	2,27,72,506	4.79		
	19/06/2019	Transfer / Sale	90,859	0.02	2,26,81,647	4.77		
	21/06/2019	Transfer / Sale	12,697	0.00	2,26,68,950	4.77		
	19/07/2019	Transfer / Sale	3,964	0.00	2,26,64,986	4.77		
	26/07/2019	Transfer / Sale	36,64,491	0.77	1,90,00,495	4.00		
	09/08/2019	Transfer / Sale	3,00,000	0.06	1,87,00,495	3.94		
	16/08/2019	Transfer / Sale	8,58,000	0.18	1,78,42,495	3.76		
	23/08/2019	Transfer / Sale	11,85,000	0.25	1,66,57,495	3.51		
	13/09/2019	Transfer / Sale	3,95,000	0.08	1,62,62,495	3.42		
	20/09/2019	Transfer / Sale	9,28,824	0.20	1,53,33,671	3.23		
	04/10/2019	Transfer / Purchase	2,93,624	0.06	1,56,27,295	3.29		
	11/10/2019	Transfer / Sale	5,05,746	0.11	1,51,21,549	3.18		
	18/10/2019	Transfer / Sale	14,59,701	0.31	1,36,61,848	2.88		
	25/10/2019	Transfer / Sale	47,805	0.01	1,36,14,043	2.87		
	08/11/2019	Transfer / Sale	3,06,107	0.06	1,33,07,936	2.80		
	15/11/2019	Transfer / Sale	17,58,411	0.37	1,15,49,525	2.43		
	22/11/2019	Transfer / Sale	4,67,512	0.10	1,10,82,013	2.33		
	29/11/2019	Transfer / Sale	6,46,552	0.14	1,04,35,461	2.20		
	06/12/2019	Transfer / Sale	3,00,000	0.06	1,01,35,461	2.13		
	13/12/2019	Transfer / Sale	2,03,384	0.04	99,32,077	2.09		
	20/12/2019	Transfer / Sale	2,31,289	0.05	97,00,788	2.04		
	24/01/2020	Transfer / Sale	1,44,626	0.03	95,56,162	2.01		
	20/03/2020	Transfer / Sale	3,00,000	0.06	92,56,162	1.95		
	27/03/2020	Transfer / Sale	25,00,000	0.53	67,56,162	1.42		
	31/03/2020	Transfer / Sale	4,20,000	0.09	63,36,162	1.33		
	31/03/2020	Closing Balance					63,36,162	1.33
HDFC LIFE INSURANCE COMPANY LIMITED								
31,71,939	01/04/2019	Opening Balance						
0.67	05/04/2019	Transfer / Sale	99,945	0.02	30,71,994	0.65		
	12/04/2019	Transfer / Purchase	1,792	0.00	30,73,786	0.65		
	26/04/2019	Transfer / Sale	99,861	0.02	29,73,925	0.63		
	03/05/2019	Transfer / Purchase	1,00,064	0.02	30,73,989	0.65		
	10/05/2019	Transfer / Sale	99,988	0.02	29,74,001	0.63		
	17/05/2019	Transfer / Purchase	50,057	0.01	30,24,058	0.64		
	24/05/2019	Transfer / Purchase	11,768	0.00	30,35,826	0.64		
	07/06/2019	Transfer / Purchase	2,00,000	0.04	32,35,826	0.68		
	14/06/2019	Transfer / Purchase	38,285	0.01	32,74,111	0.69		

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	19/06/2019	Transfer / Sale	50,000	0.01	32,24,111	0.68		
	21/06/2019	Transfer / Sale	25,000	0.01	31,99,111	0.67		
	28/06/2019	Transfer / Sale	1,03,796	0.02	30,95,315	0.65		
	05/07/2019	Transfer / Purchase	3,297	0.00	30,98,612	0.65		
	19/07/2019	Transfer / Sale	8,501	0.00	30,90,111	0.65		
	26/07/2019	Transfer / Purchase	1,03,445	0.02	31,93,556	0.67		
	02/08/2019	Transfer / Purchase	2,74,963	0.06	34,68,519	0.73		
	09/08/2019	Transfer / Sale	35,328	0.01	34,33,191	0.72		
	16/08/2019	Transfer / Purchase	24,921	0.01	34,58,112	0.73		
	23/08/2019	Transfer / Sale	102	0.00	34,58,010	0.73		
	30/08/2019	Transfer / Purchase	24,970	0.01	34,82,980	0.73		
	06/09/2019	Transfer / Sale	15,130	0.00	34,67,850	0.73		
	20/09/2019	Transfer / Sale	3,984	0.00	34,63,866	0.73		
	27/09/2019	Transfer / Sale	50,018	0.01	34,13,848	0.72		
	30/09/2019	Transfer / Sale	77,000	0.02	33,36,848	0.70		
	04/10/2019	Transfer / Purchase	7,657	0.00	33,44,505	0.70		
	11/10/2019	Transfer / Sale	41,592	0.01	33,02,913	0.70		
	18/10/2019	Transfer / Sale	69,395	0.01	32,33,518	0.68		
	25/10/2019	Transfer / Sale	9,632	0.00	32,23,886	0.68		
	01/11/2019	Transfer / Sale	446	0.00	32,23,440	0.68		
	08/11/2019	Transfer / Purchase	2,50,135	0.05	34,73,575	0.73		
	15/11/2019	Transfer / Sale	55,560	0.01	34,18,015	0.72		
	22/11/2019	Transfer / Sale	215	0.00	34,17,800	0.72		
	29/11/2019	Transfer / Sale	82,346	0.02	33,35,454	0.70		
	06/12/2019	Transfer / Purchase	53,776	0.01	33,89,230	0.71		
	13/12/2019	Transfer / Sale	191	0.00	33,89,039	0.71		
	20/12/2019	Transfer / Sale	5,274	0.00	33,83,765	0.71		
	27/12/2019	Transfer / Sale	50,925	0.01	33,32,840	0.70		
	31/12/2019	Transfer / Sale	1,957	0.00	33,30,883	0.70		
	03/01/2020	Transfer / Purchase	52,667	0.01	33,83,550	0.71		
	10/01/2020	Transfer / Purchase	81	0.00	33,83,631	0.71		
	17/01/2020	Transfer / Sale	1,889	0.00	33,81,742	0.71		
	24/01/2020	Transfer / Sale	1,300	0.00	33,80,442	0.71		
	31/01/2020	Transfer / Purchase	700	0.00	33,81,142	0.71		
	07/02/2020	Transfer / Sale	12,809	0.00	33,68,333	0.71		
	14/02/2020	Transfer / Purchase	150	0.00	33,68,483	0.71		
	21/02/2020	Transfer / Purchase	75	0.00	33,68,558	0.71		
	28/02/2020	Transfer / Sale	19,643	0.00	33,48,915	0.70		
	06/03/2020	Transfer / Purchase	60,752	0.01	34,09,667	0.72		
	18/03/2020	Transfer / Purchase	52,678	0.01	34,62,345	0.73		
	20/03/2020	Transfer / Sale	14,258	0.00	34,48,087	0.73		
	27/03/2020	Transfer / Purchase	75,000	0.02	35,23,087	0.74		
	31/03/2020	Transfer / Purchase	63,290	0.01	35,86,377	0.75		
	31/03/2020	Closing Balance					35,86,377	0.75

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
INVESCO MUTUAL FUND								
Nil	01/04/2019	Opening Balance						
	05/04/2019	Transfer / Purchase	3,70,739	0.08	3,70,739	0.08		
	26/04/2019	Transfer / Sale	75,000	0.02	2,95,739	0.06		
	10/05/2019	Transfer / Purchase	48,537	0.01	3,44,276	0.07		
	07/06/2019	Transfer / Purchase	85,000	0.02	4,29,276	0.09		
	14/06/2019	Transfer / Purchase	1,68,512	0.04	5,97,788	0.13		
	19/06/2019	Transfer / Purchase	38,461	0.01	6,36,249	0.13		
	21/06/2019	Transfer / Purchase	1,791	0.00	6,38,040	0.13		
	28/06/2019	Transfer / Purchase	42,335	0.01	6,80,375	0.14		
	05/07/2019	Transfer / Purchase	36,004	0.01	7,16,379	0.15		
	12/07/2019	Transfer / Purchase	94,540	0.02	8,10,919	0.17		
	19/07/2019	Transfer / Sale	80,000	0.02	7,30,919	0.15		
	26/07/2019	Transfer / Purchase	1,07,245	0.02	8,38,164	0.18		
	02/08/2019	Transfer / Purchase	82,055	0.02	9,20,219	0.19		
	09/08/2019	Transfer / Sale	2,89,648	0.06	6,30,571	0.13		
	06/09/2019	Transfer / Purchase	55,000	0.01	6,85,571	0.14		
	13/09/2019	Transfer / Sale	55,000	0.01	6,30,571	0.13		
	20/09/2019	Transfer / Purchase	1,61,095	0.03	7,91,666	0.17		
	27/09/2019	Transfer / Purchase	4,29,341	0.09	12,21,007	0.26		
	30/09/2019	Transfer / Sale	68,000	0.01	11,53,007	0.24		
	04/10/2019	Transfer / Purchase	2,57,776	0.05	14,10,783	0.30		
	11/10/2019	Transfer / Sale	86,900	0.02	13,23,883	0.28		
	11/10/2019	Transfer / Purchase	2,79,672	0.06	16,03,555	0.34		
	18/10/2019	Transfer / Sale	94,050	0.02	15,09,505	0.32		
	18/10/2019	Transfer / Purchase	3,20,116	0.07	18,29,621	0.39		
	25/10/2019	Transfer / Sale	3,040	0.00	18,26,581	0.38		
	25/10/2019	Transfer / Purchase	3,13,445	0.07	21,40,026	0.45		
	01/11/2019	Transfer / Sale	62,010	0.01	20,78,016	0.44		
	01/11/2019	Transfer / Purchase	2,98,621	0.06	23,76,637	0.50		
	08/11/2019	Transfer / Sale	9,710	0.00	23,66,927	0.50		
	08/11/2019	Transfer / Purchase	2,24,901	0.05	25,91,828	0.55		
	15/11/2019	Transfer / Sale	1,64,331	0.03	24,27,497	0.51		
	15/11/2019	Transfer / Purchase	32,984	0.01	24,60,481	0.52		
	22/11/2019	Transfer / Sale	52,000	0.01	24,08,481	0.51		
	29/11/2019	Transfer / Sale	2,241	0.00	24,06,240	0.51		
	29/11/2019	Transfer / Purchase	53,071	0.01	24,59,311	0.52		
	06/12/2019	Transfer / Purchase	6,24,564	0.13	30,83,875	0.65		
	13/12/2019	Transfer / Purchase	77,064	0.02	31,60,939	0.67		
	20/12/2019	Transfer / Sale	59,070	0.01	31,01,869	0.65		

Opening Balance (01.04-2019) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2020)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	20/12/2019	Transfer / Purchase	1,50,745	0.03	32,52,614	0.68		
	27/12/2019	Transfer / Sale	63,467	0.01	31,89,147	0.67		
	31/12/2019	Transfer / Sale	1,25,000	0.03	30,64,147	0.64		
	03/01/2020	Transfer / Sale	98,000	0.02	29,66,147	0.62		
	10/01/2020	Transfer / Sale	3,38,272	0.07	26,27,875	0.55		
	31/01/2020	Transfer / Sale	2,18,092	0.05	24,09,783	0.51		
	31/01/2020	Transfer / Purchase	7,245	0.00	24,17,028	0.51		
	07/02/2020	Transfer / Purchase	7,90,000	0.17	32,07,028	0.68		
	28/02/2020	Transfer / Sale	1,73,786	0.04	30,33,242	0.64		
	28/02/2020	Transfer / Purchase	70,170	0.01	31,03,412	0.65		
	06/03/2020	Transfer / Purchase	1,60,086	0.03	32,63,498	0.69		
	13/03/2020	Transfer / Purchase	1,76,436	0.04	34,39,934	0.72		
	18/03/2020	Transfer / Purchase	7,916	0.00	34,47,850	0.73		
	20/03/2020	Transfer / Purchase	1,974	0.00	34,49,824	0.73		
	27/03/2020	Transfer / Sale	3,16,181	0.07	31,33,643	0.66		
	27/03/2020	Transfer / Purchase	3,932	0.00	31,37,575	0.66		
	31/03/2020	Transfer / Sale	33,089	0.01	31,04,486	0.65		
	31/03/2020	Closing Balance					31,04,486	0.65

v) Shareholding of Directors and Key Managerial Personnel:

Name of the Directors / KMPs (M/s.)	Opening Balance 1st April 2019 (% of the total share capital)	Date of Dealing	Purchase or Sale	No. of shares	% of total shares of the Company	Cumulative		Closing Balance 31-03-2020	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Venu Srinivasan	25,69,726 (0.54)	–	–	–	–	–	–	25,69,726	0.54
Sudarshan Venu	Nil	–	–	–	–	–	–	Nil	–
Dr. Lakshmi Venu	Nil	–	–	–	–	–	–	Nil	–
H Lakshmanan	55,870 (0.01)	–	–	–	–	–	–	55,870	0.01
T Kannan	5,000	–	–	–	–	–	–	5,000	–
C R Dua	Nil	–	–	–	–	–	–	Nil	–
Prince Asirvatham	1,000 –	–	–	–	–	–	–	1,000	–
R Ramakrishnan (*)	1,08,000 (0.02)	–	–	–	–	–	–	–	–
Hemant Krishan Singh	Nil	–	–	–	–	–	–	Nil	–
Rajesh Narasimhan	Nil	–	–	–	–	–	–	Nil	–
Lalita D Gupte	Nil	–	–	–	–	–	–	Nil	–
R Gopalan	Nil	–	–	–	–	–	–	Nil	–
K N Radhakrishnan	3,000	–	–	–	–	–	–	3,000	–
K Gopala Desikan	220	–	–	–	–	–	–	220	–
K S Srinivasan	Nil	–	–	–	–	–	–	Nil	–

(*) Mr R Ramakrishnan ceased to be a director of the Company effective 7th July 2019.

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	552.33	847.67	1,400.00
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	1.13	1.28	2.41
Total (i + ii + iii)	**553.46**	**848.95**	**1,402.41**
Change in Indebtedness during the financial year			
- Addition	349.88	538.02	887.90
- Reduction	(0.11)	(265.88)	(265.99)
Net Change	**349.77**	**272.14**	**621.91**
Indebtedness at the end of the financial year			
i) Principal Amount	902.10	1,119.81	2,021.91
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	2.69	1.57	4.26
Total (i + ii + iii)	**904.79**	**1,121.38**	**2,026.17**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD) / Whole-time Director (WTD): (₹ in lakhs)

Sl. No.	Particulars of Remuneration	Mr Venu Srinivasan CMD	Mr Sudarshan Venu JMD	Mr KN Radhakrishnan D & CEO	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained under Section 17(1) of the Income-Tax Act, 1961	307.90	346.74	425.15	1079.79
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	- as % of profit	1548.00	1133.00	300.00	2981.00
	- others, specify	–	–	–	–
5.	Others - Employer contribution to provident and other funds	8.67	–	13.46	22.13
	Total (A)	**1864.57**	**1479.74**	**738.61**	**4082.92**
	Ceiling as per the Act, 2013				7,184.75

CMD - Chairman and Managing Director; JMD - Joint Managing Director; D & CEO - Director & Chief Executive Officer.

B. Remuneration to other Directors: (₹ in lakhs)

Particulars of Remuneration	Name of Directors							Total Amount
	TK	CRD	PA	RK($)	HKS	LDG	RG(*)	
Independent Directors								
Directors Fee for attending board / committee meetings	2.40	3.60	2.00	0.80	1.60	1.20	1.60	13.20
Commission	30.00	29.00	27.00	8.07	25.00	25.00	23.01	167.08
Others, please specify	–	–	–	–	–	–	–	–
Total (1)	32.40	32.60	29.00	8.87	26.60	26.20	24.61	180.28
	Name of Directors							
	HL	Dr. LV	RN					
Other Non-Executive Directors								
Fee for attending board / committee meetings	2.60	0.60	0.80					4.00
Commission	–	–	–					–
Others, please specify	–	–	–					–
Total (2)	2.60	0.60	0.80					4.00
Total (B) = (1+2)								184.28
Total Managerial Remuneration (A) + (B)								4267.15
Overall Ceiling as per the Act, 2013								7,903.22

TK - Mr T Kannan; CRD - Mr C R Dua; PA - Mr Prince Asirvatham; RK - Mr R Ramakrishnan; HKS - Mr Hemant Krishan Singh; HL - Mr H Lakshmanan; Dr. LV - Dr. Lakshmi Venu; RN - Mr Rajesh Narasimhan; LDG - Mrs Lalita D Gupte and RG - Mr R Gopalan

** Mr R Gopalan was appointed as an independent Director w.e.f 30th April 2019.*

($) Mr R Ramakrishnan ceased to be a director effective 7th July 2019.

C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD (₹ in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr K Gopala Desikan CFO	Mr K S Srinivasan CS	
1.	Gross salary			
	(a) Salary as per provisions contained under Section 17(1) of the Income-Tax Act, 1961	276.94	44.32	321.26
	(b) Value of perquisites under Section 17(2) of the Income-Tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission - as % of profit	–	–	–
	- others, specify	–	–	–
5.	Others - Employer contribution to provident and other funds	9.21	1.63	10.84
	Total	286.15	45.95	332.10

CFO - Chief Financial Officer ; CS - Company Secretary

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - IV to Directors' Report to the shareholders

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

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

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

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

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

3. Web-link to the CSR policy and projects or programmes is provided in page no. 97 of this Annual Report.

4. Composition of the CSR Committee:

Sl. No.	Name of the Member (M/s.)	Designation	Status
1.	Venu Srinivasan	Chairman and Managing Director	Chairman
2.	H Lakshmanan	Non Independent Director	Member
3.	Prince Asirvatham	Independent Director	Member

5. Average net profit of the Company for last three financial years ₹ 792.66 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) ₹ 15.85 Cr

7. Details of CSR spent during the financial year:

   (a) Total amount spent for the financial year (including contribution of ₹ 17Cr to PM CARES) ₹ 33.66 Cr

   (b) Amount unspent, if any Not Applicable

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

Part - I

1	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, 29, Haddows Road, Chennai - 600 006. Tamil Nadu Phone No: 044-2827 2233 E-Mail : swaran@tvssst.org	Sri Sathya Sai Central Trust, Prasanthi Nilayam - 515 134 Anantapur District, Andhra Pradesh India Phone No: 08555-2872390 E-Mail : finance@sssct.org	Ramakrishna Mission - Vivekananda Centre for Human Excellence and Social Sciences P.O. Belur Math, Dist. Howrah West Bengal - 711 202. Telefax : 033-2654 9581 / 9681 E-Mail : mail@belurmath.org
2	CSR Project or activity identified	(i) Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; (ii) Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; (iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and (v) rural development projects	Promoting free Medical and other Public Welfare Projects	Promoting education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects.

Part - I *(continued)*

3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge, construction of Convention Centre and Maintenance of buildings etc.,	Centre for Human Excellence and Social Sciences for research and educational activities at various levels in Arts, Humanities and Social Sciences with special emphasis on Value Education, man-making and character-building education.
4	Areas in which Projects / Programmes undertaken:			
	Local Area / Others:	• Hosur, Padavedu, Thirukkurungudi and Navatirupati • Mysore and Chamrajnagar • Himachal Pradesh	Sri Sathya Sai Institute of Higher Medical Sciences at Prasanthi Gram, Andhra Pradesh and at Whitefield, Bengaluru, Sri Sathya Sai General Hospital at Prasanthi Nilayam and at Whitefield, Bengaluru and Sri Sathya Sai Mobile Hospital - ₹ 150 Lakhs. (ii) Regular maintenance expenditure - ₹ 150 Lakhs	New Town, Kolkata
	State & district :	- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts - Karnataka: Mysore and Chamrajnagar districts - Himachal Pradesh: Solan district	- Andhra Pradesh - Anantapur district. - Karnataka - Bengaluru district	- Kolkata
	Amount outlay (budget) project or program-wise:	₹ 2100 Lakhs	₹ 300 Lakhs	₹ 8694 Lakhs
5	Amount spent on the projects or programmes:	₹ 766 Lakhs	₹ 300 Lakhs	₹ 500 Lakhs
	Sub-heads:			
	Direct expenses On projects / programs:	₹ 2008 Lakhs (including contribution of TVS Motor Company Limited of ₹ 766 Lakhs)	₹ 11,000 Lakhs (including contribution of TVS Motor Company Limited of ₹ 300 Lakhs)	₹ 1,910 Lakhs (including contribution of TVS Motor Company Limited of ₹ 300 Lakhs)
	Overheads	Nil	Nil	Nil
6	Cumulative expenditure upto the reporting period:	₹ 2008 Lakhs (including contribution of TVS Motor Company Limited of ₹ 766 Lakhs)	₹ 11,000 Lakhs (including contribution of TVS Motor Company Limited of ₹ 300 Lakhs)	₹ 5,500 Lakhs (including contribution of TVS Motor Company Limited of ₹ 300 Lakhs)

Part - II

1	Name of the Implementing Agency	Seva Bharati Purbanchal "Madhav Smriti", House No. 9, South Bye Lane- 1, Lachit Nagar, Guwahati- 7, Assam Tel: +91-0361-256160 E-Mail: sevabharatipurbanchal@gmail.com	Sreevalsam Educational Trust Regd Office: Thekkemadom Road, Thrissur - 680 001 Working Office: Sreevalsam Institute of Medical Sciences, Naduvattam, Kololamba P.O., Edappal - 679 576 Tel: 0494 - 266 1005 E-Mail: Gopinathanvp@gmail.com	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES)

Part - II - *(continued)*

2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promotion of Education, including special education and employment, enhancing vocational skills especially among children, women and livelihood enhancement projects; and • Rural development projects.	Promoting free Medical Care is one of the objects of the Trust.	• Undertaking and supporting relief or assistance of any kind relating to a public health emergency or any other kind of emergency, calamity or distress, either man-made or natural, including the creation or upgradation of healthcare or pharmaceutical facilities, other necessary infrastructure, funding relevant research or any other type of support. • Rendering financial assistance, provide grants of payments of money to the affected population..
3	Sector in which the Project is covered	1. Flood Relief & Rehabilitation 2. Health Care 3. Yoga Centre 4. Children Awareness & Protection Program 5. Rural Development/ Gaushala construction	Economic Development, Education and Health	Citizen Assistance and Relief in Emergency Situations
4	Areas in which Projects / Programmes undertaken:			
	Local Area / Others:		Edappal, Ponnai, Tirur	Being a trust, established by the Central Government, the area of activity is not limited to a particular area and covers the whole of India.
	State & district :	- Assam	- Mallapuram District, Kerala	
	Amount outlay (budget) project or program-wise:	₹ 266 Lakhs	₹ 800 Lakhs	
5	Amount spent on the projects or programmes:	₹ 266 Lakhs	₹ 700 Lakhs	₹ 1,700 Lakhs
6	Sub-heads:			
	Direct expenses On projects / programs:	₹ 266 Lakhs (including contribution of TVS Motor Company Limited of Company of ₹ 200 Lakhs)	₹ 500 Lakhs (including contribution of TVS Motor Company Limited of ₹ 100 Lakhs)	Not applicable
	Overheads:	Nil	Nil	
7	Cumulative expenditure upto the reporting period:	₹ 266 Lakhs (including contribution of TVS Motor Company Limited of ₹ 200 Lakhs)	₹ 1,300 Lakhs (including contribution of TVS Motor Company Limited of ₹ 100 Lakhs)	

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

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

   To discharge the duties cast under provisions of the Act, 2013, members of the CSR Committee visit places where the implementing agencies are doing service.

For and on behalf of the Board of Directors

VENU SRINIVASAN
Chairman and Managing Director and
Chairman of CSR Committee

Chennai
28th May 2020

Annexure - V to Directors' Report to the shareholders

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

Sl. No.	Name of the Director (M/s)	Designation	Ratio to Median in Remuneration	% Increase / (Decrease) Remuneration
1	Venu Srinivasan	CMD	1:233	(22%)
	Sudarshan Venu	JMD	1:185	(15%)
	K N Radhakrishnan	D & CEO	1:92	NA
	H Lakshmanan	NENID	-	NA
	Dr Lakshmi Venu	NENID	-	NA
	Rajesh Narasimhan	NENID	-	NA
	T Kannan	NEID	1:4	20%
	C R Dua	NEID	1:4	16%
	Prince Asirvatham	NEID	1:3	8%
	Hemant Krishan Singh	NEID	1:3	25%
	Lalita D Gupte	NEID	1:3	NA
	R Gopalan*	NEID	1:3	NA
	K Gopala Desikan	CFO	NA	28%
	K S Srinivasan	CS	NA	23%
	* appointed on 30th April 2019 CMD - Chairman and Managing Director; JMD - Joint Managing Director D&CEO - Director & Chief Executive Officer; CFO - Chief Financial officer; CS - Company Secretary NENID - Non Executive Non Independent Director; NEID - Non Executive Independent Director			
2	The percentage increase in the median remuneration of employees in the financial year;		3%	
3	The number of permanent employees on the rolls of Company;		5133	
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2019-20		11%	
	b. Average percentile increase / (decrease) in the managerial remuneration in the financial year 2019-20 There are no exceptional circumstances for increase in the managerial remuneration.		(15%)	
5	Affirmation that the remuneration is as per the remuneration policy of the Company.		Remuneration paid during the year 2019-20 is as per the Remuneration Policy of the Company	

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - VI to Directors' Report to the shareholders

DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE ACT 2013 FOR THE FINANCIAL YEAR 2019-20

S. No.	Name of the body corporate	Nature of relationship	Purpose of loan / acquisition / guarantee / security	Amount of loan / security / guarantee (₹ in Cr)	Purpose for which the loan / guarantee utilised by the recipient
1	PT. TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	98.45	Business Purposes
2	TVS Motor (Singapore) Pte Limited	Wholly owned subsidiary	Guarantee	302.66	

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - VII to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT

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

Introduction

The National Guidelines on Responsible Business Conduct (NGRBC) introduced by the Ministry of Corporate Affairs (MCA) in the year 2019 replaced and revised the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business earlier issued by the MCA in 2011.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and the NGRBC.

The NGRBC are designed to be used by all businesses, irrespective of their ownership, size, sector, structure or location. The NGRBC also provide a useful framework for guiding companies in their operations, in addition to aligning with applicable national standards and norms governing responsible business conduct.

ANNEXURE - 1

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Name of the Company	:	TVS Motor Company Limited
2.	Year of registration	:	1992
3.	Corporate Identity Number (CIN) of the Company (if applicable)	:	L35921TN1992PLC022845
4.	Corporate address, telephone, email and website	:	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006 Tel: 044-28332115 e-mail: contactus@tvsmotor.com Website: www.tvsmotor.com
5.	Financial Year Reported	:	2019-20
6.	Sector(s) that the Company is engaged in (industrial activity code)	:	**NIC Code** / **Description** 30911 Motorcycles, Scooters, Mopeds 30912 Three-wheelers 30913 Parts & Accessories

7.	List of three key products that the Company manufactures	:	Manufacture of two-wheelers and three-wheelers 1. Two-Wheelers 2. Three-Wheelers 3. Parts & Accessories (Please refer to Company's website for complete list of its products)
8.	Brands (top five by respective share of market) owned and percentage of revenue contributed:	:	All the products of the Company are being sold under TVS brand.
	Operations:		
9.	Location of plants (in case of manufacturing businesses)	:	
	a. National (Districts and states - top five by employee strength):		i) Number of national Locations: A. The Company has three manufacturing locations as under: 1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India. 2. Post Box No. 1, Byathahalli Village, Kadakola Post, Mysuru - 571 311, Karnataka, India. 3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh, Solan District - 174 101, Himachal Pradesh, India. B. The Company has Area Offices across pan India. C. The sales and marketing office of the Company is situated at TVR Pride, No.383, 16th Main, 3rd Block, Koramangala, Bengaluru 560 034, Karnataka, India.
	b. International (Country - top three by employee strength):	:	ii) Number of International Locations: TVS Motor does not have any manufacturing unit outside India. However, its overseas subsidiary viz., PT TVS Motor Company Indonesia has a manufacturing facility in Karawang, Indonesia.
10.	Location of major offices (in case of service businesses) a. National (Districts and states - top five by employee strength): b. International (Country - top three by employee strength):	:	Not applicable.
	Employees:		
11.	Number of permanent employees	:	5,133
12.	Contractual employees (seasonal, non-seasonal)	:	1,360
13.	Temporary employees	:	6,234
14.	Percentage of women employees	:	6.6%
	a. On the Governance Structure	:	–
	b. In top management i.e. business and function heads;	:	–
	Associate entities:		
15.	Name of subsidiaries / associates	:	**Subsidiaries** 1. Sundaram Auto Components Limited, Chennai 2. TVS Housing Limited, Chennai 3. TVS Motor Services Limited, Chennai

4. TVS Credit Services Limited, Chennai
5. TVS Two-wheeler Mall Private Limited, Chennai
6. TVS Micro Finance Private Limited, Chennai
7. Harita ARC Private Limited, Chennai
8. Harita Collection Services Private Limited, Chennai
9. TVS Commodity Financial Solutions Private Limited, Chennai
10. TVS Housing Finance Private Limited, Chennai
11. TVS Motor Company (Europe) B.V., Amsterdam
12. TVS Motor (Singapore) Pte. Limited, Singapore
13. PT TVS Motor Company Indonesia, Jakarta
14. Sundaram Holding USA Inc, Delaware, USA
15. Green Hills Land Holding LLC, South Carolina, USA
16. Components Equipment Leasing LLC, South Carolina, USA
17. Sundaram - Clayton (USA) LLC, South Carolina, USA
18. Premier Land Holding LLC, South Carolina, USA

Associates

- Emerald Haven Realty Limited, Chennai.
- Ultraviolette Automotive Private Limited, Bengaluru.
- Tagbox Solutions Pvt Ltd, Bengaluru.

Associates of TVS Motor (Singapore) Pte Ltd

- Tagbox Pte Ltd, Singapore
- Predictronics Corp, USA

Subsidiaries of Emerald Haven Realty Limited:

1. Emerald Haven Projects Pvt Ltd, Chennai
2. Emerald Haven Property Development Ltd, Chennai
3. Happiness Harmony Property Developers Private Limited, Chennai
4. Emerald Haven Towers Ltd, Chennai
5. Emerald Haven Development Ltd, Chennai
6. Emerald Haven Life Spaces (Radial Road) Ltd, Chennai
7. Emerald Haven Realty Developers (Paraniputhur) Pvt Ltd, Chennai
8. Emerald Haven Town & Country Pvt Ltd, Chennai

16.	Details of Trust/Society/Section 8 company to further its CSR agenda:	
	a. Name;	Srinivasan Services Trust
	b. Organization form (Trust, Society, Company) and year of establishment;	Established in 1996
	c. Main objects/purpose;	Main objects: i. Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; ii. Promotion of education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects; iii. Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; iv. Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; v. Rural development projects

	d. Amounts and sources of funds received in the reporting year	:	Donations received from various entities.
17.	Contact details of Nodal Officer for this report (name, designation, email id, phone number).	:	Mr K S Srinivasan Company Secretary & Nodal Officer kss@scl.co.in 044-28332115

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the Principles and Core Elements.

P1 Businesses should conduct and govern themselves with integrity, and in a manner ethical, transparent and accountable.

P2 Businesses should provide goods and services in a manner that is sustainable and safe.

P3 Businesses should respect and promote the well-being of all employees, including those in their value chains.

P4 Businesses should respect the interests of, and be responsive to all its stakeholders.

P5 Businesses should respect and promote human rights.

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

P7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

P8 Businesses should promote inclusive growth and equitable development.

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

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	Names of the policy / policies that covers each Principle	The Company has in place the following policies in line with the NGRBC: 1. Code of Business Conduct and Ethics 2. Whistle Blower 3. Related Party Transaction 4. Corporate Social Responsibility 5. Code of fair disclosure 6. Code of conduct to regulate, monitor and report trading by insiders 7. Quality and environment policies relating to safe and sustainable products 8. Health and safety								
2.	Core Elements related to the Principle that the policy/ policies cover	All the core elements are stated in the policies								
3.	Policy / policies relating to each principle that has been translated into guidelines and procedures	Y	Y	Y	Y	Y	Y	–	Y	Y
4.	Extent to which manpower, planning and financial resources have been allocated for the implementation of the policy / policies relating to each Principle	Y	Y	Y	Y	Y	Y	–	Y	Y
5.	National and International codes and standards adopted mapped to various Principles	Y	Y	Y	Y	Y	Y (ISO 14001: 2015)	–	Y	Y
		All the policies of the Company are in compliance with the national/ international standards wherever applicable								

<table>
<tr><th>S. No.</th><th>Disclosure Questions</th><th>P1</th><th>P2</th><th>P3</th><th>P4</th><th>P5</th><th>P6</th><th>P7</th><th>P8</th><th>P9</th></tr>
</table>

Governance, leadership and oversight

<table>
<tr><td>6.</td><td>Names of the above policies that have been approved by the Board/top management</td><td colspan="9">The following policies/ codes have been approved by the board:
1. Code of Business Conduct and Ethics
2. Whistle Blower
3. Related Party Transaction
4. Corporate Social Responsibility
5. Code of fair disclosure
6. Code of conduct to regulate, monitor and report trading by insiders
Other operational / internal policies are approved by the management.</td></tr>
<tr><td>7.</td><td>Name of the specified committee(s) of the Board/ Director/Officer and processes to oversee the implementation of the policy/ policies</td><td colspan="9">Audit committee and Board oversees the implementation of various policies / Codes as required under the legal framework in force from time to time.

CSR committee oversees the implementation of CSR activities by the Company.
All the policies and their implementation are being reviewed at regular intervals by the board.</td></tr>
<tr><td>8.</td><td>The process for board/ top management to review performance against the above policies and incorporating inputs</td><td colspan="9">An Independent Consultant has been engaged to ensure compliance of all laws including these polices at periodic intervals in conformity with the best national / international standards and to align with the latest amendments introduced by various regulatory authorities.</td></tr>
<tr><td>9.</td><td>Process for board/ top management to review compliance with statutory requirements of relevance to the Principles and rectify any non-compliances.</td><td colspan="9">The report on Company's conduct of its businesses is presented to the Board for its review and further improvement of its standards.</td></tr>
<tr><td>10.</td><td>Frequency of the reviews of the business's alignment with the Principles and Core Elements conducted by the board/ top management</td><td colspan="9">The board on a continuous basis reviews the businesses alignment with the principles and core elements.</td></tr>
</table>

Stakeholder Engagement

<table>
<tr><td>11.</td><td>Description of the process to identify your business's key stakeholders</td><td colspan="9">The Company is aware of the fact that not all stakeholders have a direct business engagement with it. However Company has identified eight stakeholder groups:
1. Suppliers, Transporters, Service Providers, Industry Bodies
2. Shareholders & Investors
3. Regulatory Bodies
4. Policy Makers
5. Customers
6. Dealers
7. Employees, Trade Union
8. Local Community</td></tr>
</table>

S. No.	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
12.	Description of the process to engage with your stakeholders on the Principles	The Company continuously expands its proactive engagement with the stakeholder groups. The Company also recognizes that stakeholder engagement is an integral part of partnership building and aims to institutionalize a structured approach through a formal process in the future.								
13.	Description of the processes to identify groups that are vulnerable and marginalized stakeholders.	The Company identifies marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.								
14.	Description of the processes to identify issues related to inclusion and impact of adopting the Principles on vulnerable and marginalized stakeholders.	The Company continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.								

Communication

15.	Description of process to communicate to stakeholders, the impact of your policies, procedures, decisions and performance that impact them.	The Company proactively engages with stakeholders formally and informally to: Share information, discuss the Company's sustainability priorities, programs and performance and determine opportunities to collaborate towards common goals.
16.	Description of how the business communicates the results of stakeholder engagement in the public domain	The Company communicates the performance against the Guidelines to the stakeholder through its website, stakeholder interactions, BRR and Annual Report.
17.	Description of the process of communicating performance against these Guidelines to relevant stakeholders	The Company believes in listening to the viewpoints of its stakeholders and addressing them on priority. The Company values the inputs received from the engagement process and these engagements help to identify material aspects. The progress on the material aspects are communicated in Annual Report, BRR and on websites at periodic intervals.
18.	Note on how disclosures and reporting helped in improving business performance / strategy	Such measures help the Company to identify stakeholder expectations and to design its sustainability strategy to balance the different stakeholder needs and expectations.

If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	-	-	-	-	-	-	-	-	-
The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
It is planned to be done within next 12 months	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	P7 - the Company through the various industrial forums endeavors to promote growth and technological process, economic reforms, inclusive development policies and sustainable business principles. Therefore there is no need for such policy.								

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER ETHICAL, TRANSPARENT AND ACCOUNTABLE.

Essential Indicators:

1. **Month /year of last review by Governance Structure / top management of performance of the business across the Principles and Core Elements of the Guidelines:**

   January 2018.

   Company's current and future organization structure of senior level employees was reviewed by the Nomination and Remuneration Committee for delivery of good quality products.

2. **Percentage Coverage of leadership team by awareness programmes on the Guidelines:**

   a. **In reporting year :** 100 % of the functional heads are covered by awareness programmes on the Guidelines at all times.

   b. **Total to date :** 100 %

3. **Percentage of suppliers and distributors (by value), in the year:**

   a. Covered by awareness programmes for the Guidelines - 100 % of the suppliers

   b. Had responsible / sustainable business policies in place? - 100 %

4. **Number of meetings/ dialogues with minority shareholders that were organized in the year:**

   Nil

5. **Number of complaints received on any aspect of the NGRBC in the year from:**

   a. Shareholders/investors – Nil

   b. Lenders – Nil

6. **Number of the above complaints pending resolution at close of year:**

   Not Applicable

7. **Value of non-disputed fines/ penalties imposed on your business by regulatory and judicial institutions in the year?**

   Nil

8. **Number of complaints/ cases of corruption and conflicts of interest that were registered in the year?**

   Nil

9. **Details of unmet obligations (fiscal, social, etc.) arising out of any benefits or concessions provided by the central, state, or local governments:**

   Nil

Leadership Indicators:

1. **Percentage coverage of all employees by awareness programmes for the Guidelines:**

   a. In reporting year - 100 % of the functional heads

   b. Total to date - 100%

   The reporting under the guidelines are ensured by the functional heads and the awareness programme for the guidelines was conducted to the said functional heads.

2. **Percentage of suppliers and distributors (by value) covered by social and environmental audits:**

   a. In reporting year - 10

   b. Total to date - 29 (last 3 years)

3. **Was report on responsible business conduct made, in the year:**

   a. **As per mandatory / global reporting frameworks -** The Company follows Global Reporting Standards (GRI).

b. **Available in the public domain -** Internal Report on the said standards is generally prepared for reporting to management. The said report is not available in public domain.

c. **Assured by a third party -** Internal Report is being prepared and assurance on such report will be obtained thereafter.

4. **Details of non-disputed fines / penalties imposed on your business by regulatory and judicial institutions in the year available in public domain:**

   Nil

5. **Provide examples (up to three) of corrective action taken on the above fines / penalties imposed.**

   Not Applicable.

6. **Provide examples (up to three) of corrective action taken on the complaints / cases of corruption and conflicts of interest to prevent recurrence.**

   Not Applicable

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators:

1. **List top three goods / services (revenue in the year) which incorporate environmental and social concerns, risks, and / or opportunities in their design.**

   Material Conservation:

   The Company has reduced 1.5 kg of steel and 1 kg of aluminium in Jupiter product. This amounts to approx. savings of 855 tonnes of Steel and 570 tonnes of Aluminium and resulted in 6,800 tonnes of CO_2 emission reduction.

   Fuel conservation during use phase:

   Apache 200 4V E100 is developed in FY2019-20 which can run only on Ethanol fuel. This leads to reduction in consumption of non-renewable fossil fuel. Moreover, the bio-based Ethanol fuel is considered as 'carbon neutral'.

   Risks and Opportunities:

   The Government is imposing stringent norms on emissions to curb global warming, combat climate change and dependence on imported fossil fuels.

   Hence, the Company has reduced emissions like Carbon Monoxide (CO) up to 80% and Hydrocarbons (HC) up to 93% & Oxides of Nitrogen (NOx) up to 94%. Further, iQube, an electric two-wheeler vehicle which has zero tailpipe emissions was launched during 2019-20.

2. **Details of investments in specific technologies to improve the environmental and social impacts (top three by value):**

   - The Company has invested in R&D for production of Electric Vehicles (EV). These EVs have zero tailpipe emissions and hence, CO, HC, NOx and CO_2 are reduced.
   - The Company has developed advanced technologies to reduce the tailpipe emissions like CO, HC and NOx from the vehicles. Further, through Electronic Fuel Injection (EFI) system, the Company is able to increase Fuel Economy (FE). This has led to decrease in CO_2 emissions (per km) up to 10% across all products.
   - The Company has also developed Apache 4V 200 on E100 fuel, which can run on 100% Ethanol. Bio based Ethanol is considered to be carbon neutral.

3. **Percentage of input material and services (by value), in the year, sourced from suppliers adhering to internal or external sustainability standards / codes / policies / labels**

   100 %

4. **Percentage of total raw material consumed in the year (by value) that consisted of material that was recycled or reused) (a.<5% ; b. between 5%& 25%, c. > 25%):**

   It is <5%.

   Recycled PP are used for the non-critical plastic parts and recycled chip board for 3W seat base.

5. **Describe the process in place to safely collect, reuse, recycle and dispose of your products at end-of- life:**

   - The Company's products are beyond 90% reusable, recyclable, recoverable (cumulative).
   - Recyclability symbol marking done on the plastic parts (more than 100g component) for easy identification during recycling.
   - The Company restricts usage of restricted hazardous chemicals in the components. An internal standard is created considering various national and international laws on hazardous substance. Hence, during recycling, the hazardous substances will not enter into air, water and soil.
   - On the battery, recycling symbol is marked. At the end-of-life, these batteries will reach recyclers through our dealers and channel partners.

Leadership Indicators:

1. **For goods and services that incorporated environmental and social concerns, give details of:**

   a. **Resource use (energy, water, raw material) per unit produced in the year:**

      Resource use per unit produced in the year:

      - Energy: 0.19 GJ/Vehicle
      - Water: 0.20 KL/Vehicle
      - Material -

Ferrous Metals	:	67 kg/Vehicle
Non-Ferrous Metals	:	21 kg/Vehicle
Non-Metals	:	17 kg/Vehicle
Paint	:	1.53 kg/vehicle

   b. **Reduction in resource use covering sourcing, production and distribution in the year:**

      Reduction in resource use:

      - Sourcing: 3% of reduction through value engineering
      - Production:

        Paint resource saving 945 MT.

        Introduction of Robot paint application, implementation of hybrid paint, elimination of primer application, optimization of process parameters, operator's skill enhancement through virtual trainings and reduction of rework.
      - Distribution:

        1) Optimised route for trucks from plants and Authorised Ware Houses to dealers - 4,65,063 litres fuel saved per annum.
        2) Increased utilisation of trucks carrying FG vehicles - 31,644 litres fuel saved from December 2019 to March 2020.
        3) Value addition and Value Engineering (VAVE) in vehicle packing cover - reduced plastic consumption - 973 tonnes per annum.

   c. **Sustainability standards/ codes/ labels adhered to:**

      Following Sustainability Standards / codes / labels adhered:

      1) Labels related to emission standards
      2) Recyclability symbol on the Plastic and Rubber parts as per ISO 11469

3) Battery disposal instructions
4) RoHS compliance on the premium product
5) Reusability, Recyclability and Recoverability (RRR) rate values calculation (Average 94%) as per ISO 22628
6) International standards for hazardous chemicals restriction (AIS129, Directives 20011/65/EC, EC 1907/2006, 2000/53/EC).
7) Compliance to Central Motor Vehicles Rules (1989), Applicable Automotive Industry Standards (AIS), Bureau of Indian Standards (BIS), International standards for raw material.

d. Product life cycle assessment completed

Life Cycle Assessment (LCA) studies were completed considering raw material extraction, manufacturing, assembly, logistics, use phase and final disposal in the following products- RR 310; Apache 200 and Jupiter.

2. Information on the impacts of your products across the value chain communicated to:

a. To which stakeholder groups?

Customers, Dealers, Suppliers, Internal stakeholders (employees), Local Communities, Recyclers, Certifying agency, Government bodies, Investors and shareholders, Trade Unions.

b. By which channels for each group?

1. Customers -

   User manual, service manual, social media, mobile applications, Company website, labels on the product.

2. Dealers -

   Information passed through training, Service Manual, Newsletters, General body meeting.

3. Suppliers -

   Design documents, Internal Standards, E-business portal, personal interaction, site visit, E-communication.

4. Employees -

   Internal Standards, Homologation requirements, training, Employee survey, Company general meetings, Quarterly magazines, Acts / Laws / Rules laid by Government of India

5. Recyclers -

   Recycling symbol marked on the parts.

6. Certifying Agencies & Government bodies -

   Test reports, Compliance reports.

7. Investors -

   Annual Reports, Investor meets, Media releases, Company website

8. Local Communities -

   Through CSR activities

c. At what frequency?

Annually, quarterly, monthly and need based.

3. Provide examples (up to three) on how the feedback received from stakeholders is used for improvements:

- The Company has strong team which gathers information through market survey, customer research, etc. It has developed its own methodology for this purpose. The Company incorporates these inputs to design & development of new products and also to upgrade the existing products.
- BS-VI regulations -

  The Company has complied with BS-VI regulation ahead of time.

- Fuel Economy -

  The Company optimizes various performance parameters to achieve higher fuel economy of the vehicles. This helps in reduction of consumption of gasoline during use phase. With the help of EFI technology, there is an increase in fuel economy up to 10% across products.

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS.

Essential Indicators:

1. **Complaints received on cases arising out of discrimination and Number of complaints received in the year :**

   The Company follows clear code of conduct and the same is communicated to every employee.

   It clearly states that the Company is an equal opportunity employer and prohibit any kind of discrimination/ favouritism on the basis of gender / region / religion / race / caste / colour any abide by laws of the country.

   During 2019-20 the Company has not received any complaints relating to discrimination.

2. **Number of the above complaints pending resolution at end of the year:**

   Not applicable since during the year 2019-20, the Company has not received any complaints relating to discrimination.

3. **Percentage of permanent employees who are members of the employee association(s) recognized by the management:**

   100% of permanent employees are members of TVS Motor's Employees Union affiliated to INTUC.

4. **Percentage of your establishments / value chain that has been audited in the year for - a. Child labour; b. Forced/ involuntary labour:**

   As a part of Internal audit, this particular aspect is scheduled and covered during the audit process. Audits are conducted in all locations of the Company.

5. **Number of cases of child labour in your establishments / value chains identified to date - a. Resolved; b. Pending resolution:**

   There are no cases of child labour.

6. **Number of cases of forced / involuntary labour identified to date - a. Resolved; b. Pending resolution :**

   No cases reported.

7. **Percentage of your employees that were paid above the legal minimum wage in the last year:**

   100%. Majority of employees are above the legal minimum wage limit as agreed through long-term wage settlements for our Workforce and market / industry benchmark for Executives and Managers.

   Stipends for trainees are fixed above legal minimum wage limit through attracting talent from campus / market.

8. **Ratio of the highest salary paid to the lowest salary paid amongst your permanent employees:**

   Refer Annexure V to the Directors Report for the year 2019-20.

9. **Number of cases of delay in payment of wages during the year - a. Resolved; b. Pending resolution:**

   NIL. Wages for employees are paid on or before last working day of the month. Stipend for trainees is paid on or before 7^{th} day of every month.

   Wages for contract workforce is ensured to be paid through Service providers on or before 7^{th} day of every month.

10. Number of complaints related to harassment to date - a. Resolved; b. Pending resolution:

The Internal Committee (IC) meets regularly towards reviewing issues raised and solved on harassment. It also submits its annual report as stipulated by the POSH Rules.

The Company has not received any complaints relating to harassment till date.

11. Percentage of employees (all categories) trained on health and safety issues and measures - a. In the year; b. Total to date:

100% of new recruits in all categories including Workforce, Executives and Managers undergo health and safety orientation before being deployed.

100% of contract workforce is also provided health and safety orientation periodically.

In addition, regular and scheduled role-based, process-based health and safety programmes are conducted for employees.

As a special drive, over 10,000 personnel in the Company's value chain covering Employees, Employee families, Suppliers and Service Providers were trained on road safety awareness.

Towards health and wellness, walker's club was launched with active response from all employees and six events of about 10 kilometers walkathon/ trekking were conducted.

12. Percentage of employees provided training and skill upgradation - a. In the year; b. Total to date:

In-house developed role based online learning management system is available towards identifying training needs for every employee as a part of annual planning process for their current and next role competency requirement.

Training programmes are scheduled and employees are encouraged to upgrade themselves by getting certified through online/classroom training.

TVS Institute for Quality and Leadership, a Globally Certified Corporate University has been established to provide powerful learning solutions and an environment to evolve people, culture, strategy, processes and eco-system towards sustained global leadership of TVSM and group companies.

Leadership Indicators:

1. Categories of employees (list up to three) supported by affirmative action, and has there been any change from the previous year:

Workforce, Executives and Managers are the three categories of employees.

Continuous efforts are made towards affirmative actions as and when opportunities arise for recruitment/ engagement of Workforce, Executive and Managers.

During 2019-20, towards improving gender diversity, a team of women workforce trainees have been engaged on rolls at Nalagarh plant while at other locations, it is about 10%.

2. Percentage of non-permanent employees that are linked to any standing platform/ association:

For 100% of non-permanent employees, the Company has different platforms as mentioned below:

a. Trainees/Temporary workforce-Contact programmes are scheduled and conducted periodically to feel the pulse on Things Going Right (TGR) and take action on Things Going Wrong (TGW).

b. Contract workforce- Apart from periodic connect programme, annual 'Partners in Progress Meet' is leveraged to obtain feedback and take correction and corrective actions.

3. Percentage of children identified as employed in your establishments / value chain that have been remediated - a. In reporting year; b. Total to date :

No cases of child labour.

As a system lock, hiring process allows only adults aged 18 years and above.

As a part of daily management, entry into the premises is restricted only for persons 18 years and above.

With all our Supplier and Service provider, this requirement is one of the clauses in all our Business agreements mentioned and enforced.

4. Percentage of forced/ involuntary labour identified in your establishments / supply remediated - a. In reporting year; b. Total to date:

NIL.

Engagement of Employees, Suppliers and Service Providers is through contract of employment and agreement which contains the clause for separation by giving notice on either side.

5. Examples of steps taken (up to three) to prevent adverse consequences to the complainant in the case of harassment cases:

As mentioned in Code of Conduct, all complaints, enquiries and investigations are treated with confidentiality and the protection to whistle blower is also assured.

Needless to mention, any attempts to intimidate the whistle blower is also treated as violation of Code of Conduct and communicated to all employees.

Information revealed by the committee is strictly on a need to know basis. The process followed is with Principles of Natural Justice, maintaining anonymity of the employee.

6. Percentage of supply chain partners (by value) that were assessed for adherence to health and safety practices:

100% of the suppliers and service providers.

7. Describe the work-life balance issues (up to three) that were brought up by employees:

a. No access to personal mobile phone for Executives during work-hours unless authorized by the Company.

b. Difficult to have sustainable work-life balance for Executives and Managers due to alternate Saturday working pattern.

c. With plant located off-highway, difficulty to reach the nearest public transportation access point.

8. Examples (up to three) of identified work-life balance topics that have been implemented:

a. Mobile phone policy has been revised to facilitate Executives to bring non-camera mobiles to factories.

b. Five-day work pattern has been introduced for Executives and Managers towards facilitating sustainable work-life balance and peruse their interests and passion.

c. Shuttle bus services have been introduced to facilitate transportation to the nearest public transportation access point. This facility is available for all employee including our Suppliers and Service providers.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators:

1. List stakeholder groups that have been identified as key to your business:

Customers, Dealers, Employees, Policy Makers, Government, Regulatory bodies, Shareholders, Investors, Suppliers, Trade Union, Media and Local Community.

2. Positions / departments / functions responsible for engagement with each stakeholder category identified above?

- Customers & Dealers: Marketing, Sales & Service
- Community: CSR wing
- Policy Makers, Government, Trade union and Employees: Human Resource Development
- Suppliers: Central Purchase (CP), Central Procurement Group(OPN), Supplier Quality team (QAD)

- Media: Corporate Communication Department
- Investors: Finance and Secretarial Department

3. Number of stakeholder groups that were formally engaged on environment and social issues in the last year:

Four stakeholder groups were formally engaged on environment and social issues.

In addition, 'Sustainability Conference' was launched involving key stakeholders viz., Policy makers, Research organizations, Environmental experts, Suppliers, Dealers, Service providers and Group company representatives.

200 members participated creating awareness and commitment on sustainable development.

4. Percentage of input material and services (by value), in the year, that were procured from local and small vendors / producers:

92% of the input is sourced from local vendors (within India)

8% of the input is sourced from MSME suppliers.

Leadership Indicators:

1. Frequency of engagement with each stakeholder group:

Daily, Weekly, Monthly, Quarterly, Yearly - Based on the needs and Key Performance Indicators (KPI) review schedules.

2. Examples (up to three) of how the business has incorporated inputs from stakeholders:

As explained in Principle No.2, Leadership Indicator, Question No.3.

- The lockdown on account of the CoVID-19 pandemic affected all our channel partners including dealers and put significant pressure on their working capital. Taking a cognizance of their concern, the Company announced a slew of measures to assist such dealers which included waiver of interest on their outstanding amount. This initiative was appreciated by them.
- While the Company requires the suppliers to perform well on the quality, cost and delivery metrics, suppliers had concern about the ways and means of support that would come from the Company in terms of constant communication. Based on the supplier requirements, a web portal called https://tradewithtvs.com is run by the Company and actively used for sharing Quality & Delivery performance and payment status to supplier. This is a live information sharing portal enabling all stakeholders to have constant communication with suppliers.
- To address the concerns of employees during the CoVID-19 pandemic lockdown period an app was developed by the Company's IT team. Through this app, the employees were given an access to update their emergency requirements (medical attention, cash requirements and certain essential goods) on a daily basis which were handled appropriately by the CoVID committee members.

3. List of the vulnerable and marginalized groups in each stakeholder group :

Community - villagers and economically deprived children and woman.

4. Examples of decisions and actions taken by the business to address the interests of vulnerable / marginalized groups :

- Company has taken initiatives under CSR focusing on key areas of Economic Development, Health, Education, Infrastructure, Environment and Social & Cultural Development.
- The Company distributed 1 million masks during CoVID crisis.
- 6,500 meals packet per day were distributed to poor & needy / BPL / medical staff / Police from day 1 of lockdown.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators:

1. **Percentage of employees that have been provided training on human rights issues - a. In the year; b. Total to date:**

   The Company has put in place a Code of Conduct that covers Human rights issues and is applicable to all employees to adhere and uphold the standards contained therein.

   E-module has been developed and deployed.

2. **Employee categories that are covered by the human rights policies of the business - Permanent/ Contract/ Casual**

   All categories of employees viz., Permanent / Contract & Casual are covered by the Human Rights Policies.

3. **Number of business agreements and contracts with third party partners that were reviewed in the year, to avoid complicity with adverse human rights impact in the previous year:**

   100% of business agreements are reviewed so as to ensure protection of Human Rights.

4. **Stakeholders groups governed by the grievance committee for human rights issues:**

   The grievance committee meets periodically to review complaints raised if any through e-mail id provided or otherwise from any of its stakeholder groups viz., employees, visitors, suppliers, service providers etc.

5. **Number of stakeholders that reported human rights related grievances and/or complaints - a. Received in the year; b. Pending resolution:**

   Nil

Leadership Indicators:

1. **Percentage of contractual employees and value chain partners that have been made aware / provided training on human rights issues - a. In the year; b. Total to date:**

   Contract workforce are engaged through professional service providers.

   Contract agreements contain compliance to all statutory labour laws including POSH.

   Service providers and contract workforce are periodically provided with orientation on human rights aspects.

2. **External stakeholder groups and representatives that are covered by the human rights policies of the business:**

   All contract agreement with stakeholders have clauses pertaining to Industrial & labour laws compliance, which takes care of human rights.

   A separate Human Rights Policy is being drafted.

3. **Stakeholder groups that have been made aware of the grievance mechanisms for human rights issues - a. During the year; b. Total to date:**

   100% of stakeholders have been made aware of the grievance mechanism for any issues including human rights with clear redressal process.

   ethics@tvsmotor.com is an exclusive email id created for this purpose.

   In addition, following programmes enable picking up early warning signals and taking action closer to the source of occurrence.

   - Employee Contact Program - Monthly
   - Employee Address - Monthly
   - Open Door Policy
   - Plant Committee Meeting - Monthly
   - Workers participation through various committees which meet periodically / monthly
   - Need based meetings with Union

4. **List (up to three) corrective actions taken to eliminate complicity with adverse human rights impact in the last year.**

   Nil

5. **Provide (up to two) examples of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

   Not Applicable.

6. **Provide details of the scope and coverage of any human rights due-diligence conducted during the year.**

   Nil

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT.

Essential Indicators:

1. **Material risks of potential or actual adverse impact upon the environment and communities by the business:**

   a. **Identified in the year:**

      The Company has identified hazardous chemicals that pose risk to the environment as well as to the society.

      - Restriction of Hazardous Substances (RoHS) Directive - 2011/65/EU - Identified in FY 2018-19
      - Persistent Organic Pollutants (POPs) - Identified in the FY 2018-19.

   b. **Mitigation and adaptation measures put in place for the above environmental risks:**

      The Company has created internal material standard that lists all the prohibited and declarable substances.

      This internal standard is shared with our designers and suppliers, and they are trained. Declaration from the suppliers are received for the same.

      Resource conservation:

      - With the advanced simulation tools, product designs are optimized and continuously pursued to reduce the weight of the components. As mentioned in the Principle 2, about 2.5 kg is reduced overall per Jupiter vehicle. Similar trends are seen across other products as well.
      - The Company optimize various performance parameters to achieve higher fuel economy of the vehicles. This helps in reduction of consumption of gasoline during use phase. With the help of EFI technology, there is an increase in fuel economy up to 10% across products.

2. **Good practices (up to three) in reduction, recycling, and reuse initiatives that contributed to lowering the adverse environmental footprint of your business activities:**

   - Considering life cycle of the vehicle, the highest impact of the vehicle is during its "use phase" and it is ~90% of total emissions. Tailpipe emissions are drastically reduced like CO up to 80%, HC up to 93% and NOx up to 94%.
   - Usage of recycled content in the plastics parts (5%, 10%, 15%, 20%) and 100% recycled material.
   - In 3-Wheeler manufacturing plant, the Company has installed "used engine oil" recycling unit. In this unit, the engine oil drained prior to dispatch is recycled and reused. The estimated CO_2 emission reduction is about 700 tonnes.
   - Painting is eliminated in 8 parts across products resulting in resource conservation and Volatile Organic Compound (VOC) emission reduction.

3. **Examples of any collective action by your business with other businesses / NGOs / government agencies / international partners / development institutions undertaken to address any of the environmental risks opportunities identified above:**

   The Company has been collaborating with various stakeholders and taking collective actions towards addressing environmental risks and opportunities.

   For example Campaigns conducted jointly by the Company with neighbouring industries towards creating awareness to neighbouring communities on the risks of using 'one-time use and throwaway plastics'. Subsequently, one-time use plastics clean-up drive was taken-up jointly with them around 10km radius of Hosur plant.

   Similarly, collaborated with Tamil Nadu Pollution Control Board and installed a permanent display board at Krishnagiri Toll Plaza for creating awareness on banned single-use plastic items.

   The Company has also supported Tamil Nadu Pollution Control Board for one-time clearance of hazardous wastes.

   The Company is collaborating with water treatment solution providers to develop recycling schemes for the wastewater generated at the Company's service stations.

   The Company hosted a conference on **"Sustainability in Manufacturing Supply Chain 2020"** with the envisionment - Articulating long-term sustainability goals and evolving the strategies by learning & sharing of best practices to realize stakeholder value through optimization of economic, environment and social bottom-line.

   Policy makers, research organizations, environmental experts and other corporate experts shared their learnings in the conference. Suppliers, group company representatives and dealers have participated in this conference.

   The Company will be coming out with a white paper on this conference with clear long term targets and actions on sustainability.

4. **Details of any adverse orders in respect of any show cause / legal notices from CPCB/ NGT/ SPCB received during the year:**

   Nil

Leadership Indicators:

1. **Information on environmental impact assessments undertaken in the year:**
   a. **Have the results been communicated in the public domain.**
   b. **Provide details of any actions taken to mitigate any negative social impacts.**

      Necessity for Environment impact assessment did not arise.

2. **Risk management strategies and measures for each material environmental risk identified for the business:**
   a. **Details of measures:**

      Risk Management Strategies:

      Hazardous chemical elimination:

      - The Company has created standard that contains list of hazardous chemicals. This list is shared internally and to the suppliers for compliance.
      - Replacement of hexavalent chromium passivation with trivalent chromium passivation in the products.
      - Also, the Company is in the process of finding alternatives to chromium passivation called CNM (Chrome no more) coating for decorative parts.

      Reduction of CO_2 emissions:

      The Company's policy and actions are principally aimed to reduce CO_2 emission intensity. Following are the major steps:

      - Reduced to 38,500 tonnes CO_2 through material weight reduction in FY 2019-20.

- Reduced about 30,000 tonnes CO_2 through fuel economy increase in FY 2019-20.
- CO_2 reduction through alternate fuels- launched Apache 200 4V E100 that runs only on Ethanol.
- CO_2 reduction through electric vehicles which has zero tailpipe emissions, launched in FY2019-20.

b. Targets and achievement values:

S.No	Risk	Target	Achievement
1.	Rapid change towards low emission and alternate fuel vehicles.	On-time implementation of BS-VI	Tailpipe emission which is better than BS VI requirements have been achieved in products. We are also ready with alternate fuel platform including EV and Ethanol.
2.	Climate change risk arising from Green House Gas (GHG) Emissions from product and manufacturing processes.	Target is to achieve 50% energy from renewable sources.	76% renewable energy achieved.
		Improve fuel efficiency and reduce tailpipe emissions.	Tailpipe emissions are drastically reduced.
		Increased utilisation of trucks carrying FG vehicles	31,644 litres fuel saved from December 2019 to March 2020.
3.	Ground water depletion and deteriorated ground water quality.	Adopting advanced treatment process viz., Membrane Bioreactor (MBR) towards achieving the quality suitable for RO recycling.	MBR based treatment process is implemented in Hosur plant. A fully automated Supervisory Control and Data Acqusition (SCADA) controlled treatment scheme is implemented in Mysore plant.
		50% recycling and reuse of process water in Nalagarh plant.	RO recycling plant to recover 50% process waste water is installed in Nalagarh plant.
		Implementation of 500 Kilo Litres per Day MBR based treatment plant for surface water to minimise the use of ground water.	A fully automatic MBR based water treatment plant to treat surface water to meet the requirement of potable water quality is installed.
		100% harvesting of rain water.	All the Company's manufacturing locations have percolation ponds / farm ponds to collect and recharge ground water.

3. Details of your specific contribution to India's Nationally determined Contributions (submitted at UNFCCC COP21 in 2015):

The Company has a policy that addresses combating "Climate Change" by improving energy efficiency and use of renewable energy.

The Company's Energy Management System has already made significant progress towards improving energy efficiency. The Company covers most of its electricity consumption with renewable energies and is 76% during FY 2019-20. The Company has its own plants for the production of electricity from renewable energies. The Company also has an electricity supply contract from renewable energy suppliers.

The Company record the emissions according to GHG Protocol. 68% reduction in GHG Emissions Intensity compared to FY 2011-12.

4. New businesses - products - services created to address the material environmental risks identified:

The Company launched iQube, an electric two-wheeler vehicle which has zero tailpipe emissions during 2019-20.

a. **Information on businesses created:**

Electric vehicles are introduced in the market during FY2019-20. These have zero tailpipe.

Ethanol compatible vehicles are launched to reduce the emissions from the fossil fuel.

b. **Percentage of revenue contributed by these:**

Revenue yet to be realized.

5. **Details of good practices cited in reduction, recycling, and reuse initiatives benchmarked against industry best practice:**

- The Company's products are beyond 90% reusable, recyclable, recoverable (cumulative).
- The Company has adopted 4R principle of Refuse, Reduce, Recycle & Reuse towards water conservation initiatives. The Company has also advanced technologies in waste water treatment to facilitate RO recycling. The Company's specific water consumption has reduced by about 20% in last 5 years.
- The Company has implemented Volatile Organic Compound abatement in paint baking oven through Regenerative Thermal Oxidiser (RTO). The waste heat from RTO is recovered and reused.
- The chemical sludge from waste water treatment plant and paint sludge generated from paint application are used for co-processing in cement industry.
- The Company also use solar energy for pre-heating of air used in paint baking oven.
- The Company refine and pressurize biogas generated from used food before it is used in the kitchen.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators:

1. **Review public policy advocacy positions by the governance structure for consistency with Principles of these Guidelines a. Frequency; b. Month/ year of last review:**

The Company works closely with leading Industry Associations and Chambers of Commerce at International, National, State and Local levels to advocate and pursue various causes that are in the larger interests of industry, economy, society and the public.

From time-to-time these have been in areas such as economic reforms, corporate governance and transparency, affirmative action, education and skill development, women empowerment.

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

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

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

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

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

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

f. Women empowerment through supporting self-help groups (SHGs) involved in income generation activities to market their products.

2. **Names of trade and industry chambers and associations that you are a member/affiliate of:**

The Company is member of :

- Confederation of Indian Industry (CII);
- Society of Indian Automobile Manufacturers (SIAM)
- Automotive Research Association of India (ARAI)
- SIAM - HCG (Human Capital Group)

- Bangalore Chamber of Commerce
- Employee Federation of India
- Indo Japanese Chamber of Commerce and Industry
- National Safety Council

3. Details of any adverse orders received from regulatory authorities for anti-competitive conduct by your business:

Nil

4. Monetary contributions (if any) that have been made to political parties:

₹ 6 Crore.

Leadership Indicators:

1. The public policy positions available in the public domain:

Skill Development:

The Company has tied up with 21 Vocational training centres and through a 3 months training course where 332 technicians were trained. Out of 332 technicians, 180 technicians had completed 3 months "On the Job Training" (OJT) at Company's Dealerships. Out of which 104 Technicians were placed in Company's Dealer workshops.

Details of any new tie up is published in local newspapers:

The institutes also distribute fliers and leaflets to nearby areas, cities and towns regarding the admission of batches.

2. Examples (up to three) of any policy changes in the past year as a result of your advocacy efforts:

The Company through SIAM facilitated for release of draft guideline notification for setting up authorization and operation of Authorized Vehicles Scrapping Facility (AVSF) with inputs from Automotive Industry Standard AIS-129 (End life of vehicles).

3. Details of corrective action for anti-competitive conduct, taken by the business based on adverse orders from regulatory authorities:

Not Applicable.

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators:

1. Social impact assessments of your business operations conducted:

a. Number completed in the year?

The Company carries out its welfare and CSR activities through Srinivasan Services Trust (SST), the CSR arm of the Company and also through other implementing agencies.

SST's intervention under CSR are mainly confined to individual and household level, the measure on the impact are regularly made at village level internally through few indicators such as:

- Increase in community involvement on SST initiatives in villages as equal partner in the process of change.
- Increase in the delivery of existing government schemes and programs in villages which enable a win -win situation for people and government officials.
- Increase in the level of ownership by community towards sustainability of development created in villages through community based organizations.

b. **Number conducted by an independent external agency.**

No social impact assessment was done by external agencies in this year.

Development of Social impact assessment matrix by an external agency is under progress in SST.

2. **Examples of products, technologies, processes or programmes (up to three) that contribute to the benefit of the vulnerable and marginalized sections of society:**
   - Facilitating formation of Self Help Groups (SHG) among rural women.
   - Facilitating SHGs to avail credit facilities from banks
   - Enabling farmers to utilize the benefit of Agriculture schemes announced by the Government.
   - Undertaking infrastructure repair works for balwadis, school, health centre, water supply and water storage structures.
   - Conducting adult literacy programs among village women folk.
   - Encouraging farmers to adopt good agricultural practices for increasing yield.

3. **With respect to projects during the year for which Re-settlement and Re-habilitation (R&R) is applicable - a. Number of persons that were affected / displaced by these projects ; b Gross amount paid out to project-affected and displaced persons:**

   Not applicable.

4. **Details of investments (top three by value) in regions which are underdeveloped:**

   To implement the CSR activities the working areas are categorised into clusters based on geographical division. The top three invested clusters during this year includes:

   1. Thirukurungudi, Tamil Nadu - ₹ 151.85 lakhs
   2. Hosur, Tamil Nadu - ₹ 117.58 lakhs
   3. Padavedu, Tamil Nadu - ₹ 94.10 lakhs

5. **Examples of goods and services (up to three) that incorporate local traditional knowledge:**

   The resource and skills available with the Company and employees are transformed to community for making better quality produce such as:

   - Systematic way of honey collection without disturbing the bees and honey combs.
   - Concerting waste banana bark into value added product.
   - Concerting palm leaf into handicraft product.
   - Making of eco-friendly bags from jute.

   Similarly the products produced by the community on good quality and enhanced quantity are utilized by Company in canteens and by employees.

6. **Summary of the key themes covered by CSR initiatives (as per Section 135 of Companies Act, 2013) or linked to the CSR Policy of the business:**
   - The Company CSR initiatives towards developing a conduit between the government and local communities, enabling people to access various government schemes and benefits.
   - The attempt is to make people independent and drivers of change themselves. The idea is to eventually convert individual beneficiaries into community leaders, who in turn motivate and guide others to bring about social and economic transformation of communities.
   - Development of rural communities requires a holistic approach where different aspects in an individual's life need to be addressed.
   - The economic well-being, education, social empowerment, health of the community and clean environment are all interrelated. Improvement of any one parameter often results in a commensurate improvement in others.

Leadership Indicators:

1. **With respect to these social impact assessments**

   a. **Results made available in the public domain:**

   The results of social impact assessments of SST is made available in its Website: www.tvssst.org.

   b. **Details of any actions taken to mitigate any negative social impact:**

   No such negative social impact noticed. SST has in house planning, implementation and monitoring team, which review the project activities in various locations at periodic intervals. The CSR team are flexible to take forward the learning at every stage of the project and do course corrective measures.

2. **Numbers benefitting from such beneficial products, technologies or processes:**

   - 485 women SHG formed with 6950 members.
   - ₹ 15.68 Cr received as loan by women SHG members from banks.
   - ₹ 25 Cr worth of government schemes availed by farmers in our working villages.
   - 204 infrastructure works repaired / improved.
   - 526 families got direct benefit through WADI plantation.
   - 1580 illiterate women motivated to undergo literacy classes.
   - No. of Farmers enabled to undertake soil fertility measures: 2300
   - No. of Farmers enabled to undertake soil & water conservation measures: 750
   - No. of Farmers enabled to undertake crop protection measures: 900

3. **With respect to projects during the year for which R&R is applicable - a. Was the R&R package developed in consultation with project-affected people; b. Information on gross amounts, made available in the public domain:**

   Not applicable.

4. **Channels/ platforms used to communicate Information regarding resolution of grievances / complaints from communities:**

   CSR team members lives in villages where welfare activities are carried out, in order to understand the needs and receive feedback then and there.

   Continuous interaction with community to understand the benefit and utility of various programs implemented through SHG meetings, Gram sabha and meeting with various community based organisations.

   Feedback from government officials at local, block and district level on the effectiveness on implementation of the government welfare schemes and programs at grass root level villages.

5. **Examples (up to three) of economic and social value addition in these underdeveloped regions:**

   - Community involvement for inclusive development: Treating the community as equal partners in the process of change. They also play an active role on monitoring and evaluation.
   - Facilitate and strengthen delivery of existing Government schemes and programs: enabling a win-win situation for the local Government officials and institutions. Hence check and balance done by government departments.
   - Empower CSR task force for achieving sustainable outcomes.

6. **Examples where benefits of this local traditional knowledge being used by the business are shared with the community:**

   The learnings we have within factories which are suitable for village environment will always be utilized in our intervention villages. Few such learning in Company shared with community are:

   - The needed resources which including ideas, inspiration and funds may are all be within reach but mobilization of the needed is key.

- Identify the priority needs and focus to ensure the benefits of development reach.
- Effective targeting is key to achieving maximum impact.

From a struggle for access, to a path paved with opportunities:

- Irulambarai, Tamil Nadu - once was a road less village.
- Children couldn't access their school as the small path that cut through fields was unsafe.
- Farmers had to hire people to carry their produce as head loads to neighboring markets. Even a sick person had no choice but to be carried up to this point.
- The 2 kilometer stretch was the main stumbling block in the progress of the people. The villager's efforts to resolve this by approaching various ways had failed.
- The SST met leaders of the community and key beneficiaries. They were briefed and it was decided that instead of searching outside source, villagers themselves would carry out the construction of the road - our first taste of self-reliance.
- Of the total cost of ₹ 2,00,000, a sum of ₹ 30,000 came from key beneficiaries in the village whilst the rest was contributed by SST.
- It took a month to complete the project. Today, the gravel road is more than a lifeline.

Knowledge being used

- A lot of development work in agriculture-based communities is about finding local cost-effective solutions.
- It is important to first offer a holding hand so that people gain confidence to follow.
- People's mindsets are changing and they are taking the initiative for fulfillment of their needs.

7. **Number of beneficiaries covered under your CSR projects (as per Section 135 of Companies Act, 2013), disaggregated by the vulnerable and marginalized group categories:**

   SST CSR initiatives are in 5000 villages enabling people to enhance the socio economic condition.

   Out of 24.50 lakhs people, 1.29 lakhs are tribal people.

8. **Examples of how the impact of your community initiatives contribute to local and national development indicators:**

   - So far 63,000 women are enrolled by SST and enabled to do savings.
   - So far 1,15,100 farmers sensitized on crop management practices and various schemes cum programs through agriculture department, agriculture institutions.
   - So far 1,36,500 livestock owning families made aware on the available veterinary care services, feeding practice along with animal husbandry department and veterinary science universities.
   - So far 4,80,600 households sensitized on the need of toilet construction and utilization of government support for constructing.
   - So far 4,28,500 households made aware about the need of proper solid waste disposal and educated to support local panchayat for disposal of solid waste.
   - Enhance water storage capacity of 272 MI tanks by desilting to a water holding capacity of 1,438 million litres.
   - Sequestering and fixing carbon to a tune of 1080 tonnes by supporting for planting 5.44 lakh trees in community & private land in last five years in addition to economic benefits.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS IN A RESPONSIBLE MANNER

Essential Indicators:

1. **Examples (up to three) where adverse impacts of goods and services of your business have been raised in public domain:**

   i) Effect of E10 to E100 fuel on performance and durability of 2 and 3 wheelers.

   ii) Electric vehicle battery usage and disposal concerns at End of Life.

   iii) Effect of M15 fuel on performance and durability of 2 and 3 wheelers.

2. **Percentage by value of goods and services of the business that carry information about:**

   a. **Environmental and social parameters relevant to the product:**
      - User's manual - information on ride ability, usage and service, etc.
      - Identification for BS-VI vehicles
      - Recyclability and safe disposal symbol on batteries
      - Mobile charging

   b. **Safe and responsible usage:**
      - Warning on Mirror
      - Combi-brake / ABS sticker
      - Oil drain interval
      - Safety feature not to start when on Side stand
      - Warning sticker - Not to use oil with the petrol
      - Warning on speedometer
      - Engine RPM (safety)
      - Recommended Tyre pressure
      - Chain free-play status

3. **Number of consumer complaints in respect of data privacy - a. Received during the year; b. Pending resolution:**

   Nil

4. **Number of consumer complaints in respect of advertising:**

   a. Received during the year - One

   b. Pending resolution - One

5. **Number of consumer complaints in respect of delivery of essential services- a. Received during the year; b. Pending resolution:**

   Nil

Leadership Indicators:

1. **Corrective actions taken on adverse impacts of goods and services of your business - a. Details; b. Communicated in the public domain:**

   - E100 vehicle is custom designed to make it compatible with E100 fuel. The vehicle is separately labelled for customer to identify so that it may not be used for fuels other than E100.
   - The batteries reaching End-of-Life (EoL) have to be carefully disposed. Improper disposal will pose hazard to the environment. Recycling symbol as well as crossed-out wheelie bin symbols are mentioned on the batteries. Technologies are being explored to have higher recycling efficiency.

- It is proposed to use M15 fuel (15% methanol and 85% gasoline). Since, methanol is corrosive and has different characteristics than Ethanol blended fuels, we are in process of finding alternate solutions in materials which are compatible with flexi fuels for prevention of corrosion and make the vehicle M15 compatible.

2. List of national-international product labels / certifications being used by the business:

- Euro 3 to Euro 5
- Bharat Stage VI
- Japanese Industrial Standards
- UJI TIPE - Type approval test, Indonesia
- CCC - China Compulsory Certification, China
- ANLA - Autoridad Nacional de Licencias Ambientales (ANLA), Colombia
- PROMOT 4 - Programa de Controle da Poluição do Ar por Motociclos e Veículos Similares (Air Pollution Control Program for Motorcycles and Similar Vehicles), Brazil
- GSO - Gulf Standard Organization, Gulf Countries
- ADR - Australia Design Rule, Australia

3. Channel platforms where information on goods and services of the business can be accessed:

Official website, user manual, service manual, authorised service centers, social media and labels.

4. Steps taken to inform and educate vulnerable and marginalized consumers about safe and responsible usage of products:

Service station personnel are comprehensively trained to educate vulnerable, marginalized and all types of customers.

5. On complaints received in respect of data privacy and advertising, indicate what corrective actions were taken to ensure that these do not get repeated.

Not Applicable.

6. Processes in place to inform consumers of any risk of disruption/ discontinuation of essential services:

Not Applicable.

For and on behalf of the Board of Directors

Chennai
28th May 2020

VENU SRINIVASAN
Chairman

Annexure - VIII to Directors' Report to the shareholders Report on Corporate Governance

1. Company's philosophy on code of governance

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

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

Good corporate governance, acting in accordance with the principles of responsible management which aimed at increasing enterprise value on a sustainable basis, is an essential requirement for the TVS Group.

The Company's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct to Regulate, Monitor and Report trading by Insiders for prevention of insider trading by the Directors and Designated Persons and Code of practices for fair disclosure of unpublished price sensitive information and various other policies available on the Company's website www.tvsmotor.com.

2. Board of Directors

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

2.1 Composition and category of Directors:

The Board has sought to balance its composition and tenure, and that of its Committees and to refresh them gradually from time to time so that they can benefit from the experience of longer serving Directors, and the fresh external perspectives and insights from newer appointees.

As on 31st March 2020, the total strength of the board was twelve. As the Company has an Executive Chairman viz., Mr Venu Srinivasan, Chairman and Managing Director, the Board is required in terms of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), to have fifty per cent of its Directors as independent directors and also to have at least one Woman Independent Director.

During the year, Mr R Ramakrishnan, an Independent Director of the Company deceased on 7th July 2019, after a brief illness.

The Board has six Non-Executive Independent Directors (NE-ID) viz., M/s T Kannan, C R Dua, Prince Asirvatham, Hemant Krishan Singh, Lalita D Gupte and R Gopalan.

The board also has three Non-Executive Non-Independent Directors (NE- NID), viz., M/s H Lakshmanan, Dr. Lakshmi Venu and Rajesh Narasimhan.

Mr Sudarshan Venu, Joint Managing Director and Mr K N Radhakrishnan, Director & CEO are the Executive and Non-Independent Directors. Thus, the composition of the Company's Board is in conformity with the Listing Regulations.

Non-Executive Directors are drawn from a wide range of industries and background including financial services, and have a wealth of experience of complex organisations. Many of the Company's Board members have experience of long-cycle industries, which is of great assistance in understanding the industry in which the Company operate. The Company is committed to the diversity of its Boardroom.

M/s T Kannan, C R Dua, Prince Asirvatham and Hemant Krishan Singh were re-appointed by the shareholders through Postal Ballot on 5th March 2019 for the second term of five consecutive years from 14th July 2019 as NE-ID of the Company in terms of Section 149 of the Companies Act, 2013 (the Act 2013) on the same terms of appointment and remuneration by way of fees and profit related commission, if any.

As required under Regulation 16 of the Listing Regulations, it is also ensured that Independent Directors of the Company do not hold non-independent directorship position in another company, where any non-independent director of the Company is an independent director.

In accordance with the provisions of the Act, 2013 and the Articles of Association of the Company, Mr H Lakshmanan and Dr. Lakshmi Venu, NE-IDs, are liable to retire by rotation at the ensuing AGM, and being eligible, offer themselves for re-appointment.

Accordingly, the Board recommended the re-appointment of Mr H Lakshmanan, aged 86 years, at the ensuing AGM by way of a special resolution based on the performance evaluation by the Nomination and Remuneration Committee (NRC) considering his over six decades of experience in the group.

The resolutions seeking approval of the Members for the re-appointment of Mr H Lakshmanan and Dr. Lakshmi Venu as Directors have been included in the Notice of AGM along with brief details about them.

2.2 Board meetings:

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

Board and Committee meetings through video conferencing or other audio visual means were made available to the Directors. For restricted items of businesses, Directors participation through VC are permitted in the discussions wherever necessary quorum of Directors was physically present at the meeting.

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

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

Presentations are also being made by the business heads on the Company's Operations, Marketing Strategy, Risk Management, Internal Financial Controls, etc., in Board / Audit Committee meetings, and also by external experts wherever required.

The meetings are convened through i-Pads as an eco-friendly measure. All agenda papers for convening meetings of the Board / Committees are being uploaded in digital mode well in advance.

During the year 2019-20, the Board met five times viz., 30th April 2019, 22nd July 2019, 17th October 2019, 4th February 2020 and 10th March 2020, and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting on 10th March 2020, in compliance with the provisions of the Act, 2013 and Regulation 25(3) of Listing Regulations. All the NE-IDs were present at the meeting.

2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last AGM held on 22nd July 2019 and other directorships and committee memberships / chairmanships as on 31st March 2020 are as follows:

Name of the Director (M/s)		Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
			Board Meetings	Last Annual General Meeting	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan	(DIN 00051523)	CMD	5	Yes	17	3	-
Sudarshan Venu	(DIN 03601690)	JMD	5	Yes	4	1	-
H Lakshmanan	(DIN 00057973)	NE-NID	5	Yes	18	4	3
Dr. Lakshmi Venu	(DIN 02702020)	NE-NID	3	No	8	3	-
T Kannan	(DIN 00040674)	NE-ID	3	Yes	7	3	1
C R Dua	(DIN 00036080)	NE-ID	5	No	14	4	1
Prince Asirvatham	(DIN 00193260)	NE-ID	4	Yes	-	1	-
Hemant Krishan Singh	(DIN 06467315)	NE-ID	4	Yes	-	1	1
Rajesh Narasimhan	(DIN 07824276)	NE-NID	4	Yes	5	-	-
K N Radhakrishnan	(DIN 02599393)	D&CEO	5	Yes	4	1	-
Lalita D Gupte	(DIN 00043559)	NE-ID	4	Yes	5	7	2
R Gopalan	(DIN 01624555)	NE-ID	4	Yes	7	3	2

CMD : Chairman and Managing Director
NE-NID : Non-Executive - Non-Independent Director
JMD : Joint Managing Director
NE-ID : Non-Executive - Independent Director
D&CEO : Director & Chief Executive Officer

* includes private companies and companies incorporated outside India.

** includes committees where the director holds the position of Chairman.

- For the membership and chairpersonship in Committees, Audit Committee and Stakeholders' Relationship Committee have only been considered as per Regulation 26 of the Listing Regulations. Also, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 have been excluded.

None of the Directors on the Board is a member of more than ten committees or Chairman of more than five committees across all the companies in which they are directors. Chairmanships / Memberships of Committees include only Audit and Stakeholders' Relationship Committee as covered under Regulation 26 of the Listing Regulations, as per the disclosures made by the Directors. CMD, JMD and Dr. Lakshmi Venu are related to each other. None of the other Directors is related to any other Director on the Board.

2.4 Listed entities in which the directors hold position as director other than TVS Motor Company Limited and category of Directorship:

Name of the Director (M/s.)	Name of the company	Category of directorship
Venu Srinivasan	Sundaram-Clayton Limited	Chairman and Managing Director
	Cummins India Limited	Non-Executive - Independent Director
	The Indian Hotels Company Limited	Non-Executive Non Independent Director
Sudarshan Venu	Sundaram-Clayton Limited	Non-Executive Non-Independent Director
H Lakshmanan	Harita Seating Systems Limited	Non-Executive - Independent Director
Dr. Lakshmi Venu	Sundaram-Clayton Limited	Joint Managing Director
	Wabco India Limited	Non-Executive - Independent Director
T Kannan	VTM Limited	Chairman and Managing Director
	Sundaram Brake Linings Limited	Non-Executive - Independent Director
C R Dua	Gillette India Limited	Non-Executive - Independent Director
	Pearl Global Industries Limited	
Prince Asirvatham	–	–
Hemant Krishan Singh	–	–
Rajesh Narasimhan	–	–
K N Radhakrishnan	–	–
Lalita D Gupte	Vedanta Limited	Non-Executive - Independent Director
	Bharat Forge Ltd	
	Kirloskar Brothers Limited	
	Godrej Properties Limited	
	ICICI Lombard General Insurance Company Limited	Chairperson, Non-Executive - Independent Director
R Gopalan	Sundaram-Clayton Limited	Non-Executive - Independent Director
	Zee Entertainment Enterprises Ltd.	

None of the NEDs holds directorships in more than eight listed entities and serves as an Independent director in more than seven listed entities. As far as, managing director / whole time director in the Company are concerned, they do not serve as an independent director in more than three listed entities.

2.5 Access to information and updation to Directors:

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

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

2.6 Familiarization program

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

The program also includes briefings on the culture, values and business model of the Company, the roles and responsibilities of senior executives and the Company's financial, strategic, operational and risk management position. The induction process for NE-IDs includes plant visit for detailed understanding of manufacturing process / activities of the Company. The details of familiarization program are available on the Company's website in the link as provided in page no. 97 of this Annual Report.

2.7 Principal / core skills / expertise / competence of the Board of Directors:

While evaluating the Board as a whole, it was ensured that the existing Board members have relevant core skills/ expertise/competencies as required in the context of its business (es) and sector(s) to function effectively.

Skill	Description
Leadership/ Strategy	Experience of playing leadership roles in large businesses, with competencies around strategy development & implementation, sales & marketing, business administration/operations and Organisations and people management.
Automotive Experience	Strong knowledge and experience in automotive industry and in managing business operations of a sizeable organization in the business of manufacture and sale of automobiles.
Financial	Practical knowledge and experience in Corporate Finance, accounting and reporting and internal financial controls, including strong ability to asses financial impact of decision making and ensure profitable and sustainable growth.
Governance	Board level experience in reputed organisations, with strong understanding and experience in directing the management in the best interests of the Company and its stakeholders and in upholding high standards of governance.
Regulatory	Strong expertise and experience in corporate law and regulatory compliance in India and overseas (including industry specific laws).

The Board is well structured to ensure a high degree of diversity by age, gender, educational qualification, professional background, present activity, sector expertise and special skills (classification).

Board comprises range and balance of skills, experience, knowledge, gender, social-economic backgrounds and independence. This needs to be backed by a diversity of personal attributes, including sound judgement, honesty and courage.

Professional Background & Skills / expertise / competency of Directors:

Name of the Directors	Brief description about the Directors
Mr Venu Srinivasan Chairman and Managing Director	• He is also the Chairman and Managing Director of Sundaram-Clayton Limited, the holding company. He also serves on the board of T V Sundram Iyengar & Sons Private Limited, Tata Sons Private Ltd., (Tata Sons) the holding company of the conglomerate the Tata Group, Cummins India Limited and The India Hotels Company Limited; • He is also the vice chairman of various Tata Trusts; • He also oversees Srinivasan Services Trust (SST), which works in 5000 villages in India towards self-development for village communities covering education, healthcare, infrastructure, economic development, environment and community development; • Implemented Total Quality Management (TQM), a Japanese method of process-driven manufacturing in Indian manufacturing operations; • Strengthened the TQM processes within the Company which facilitated making bikes for BMW Motorrad through a strategic partnership; • He is the recipient of Deming Distinguished Service Award, granted to individuals who have made outstanding contributions in the dissemination and promotion of Total Quality Management; • He was conferred with "Goodwill Envoy for Public Diplomacy" and distinguished civilian honour "Order of Diplomatic Service Merit" (Heung-In Medal) by the Republic of Korea; • He was conferred the Padma Bhushan Award, the third Highest civilian award in India, in January 2020; • He has extensive experience in Automotive Sector over a period of four decades and has established a robust Governance Model under his leadership and management.

Name of the directors	Brief description about the Directors
Mr Sudarshan Venu, Joint Managing Director	• He is also a non-executive director in Sundaram-Clayton Limited, the holding company and in TVS Credit Services Limited, the subsidiary company engaged in NBFC activities. Very resourceful in his approach and implementation of strategies and turnaround of exports in a positive manner; • Made efforts on multiple fronts to make the Company's products as a whole, more aspirational; • Plays a key role in profitable exports expansion, in the e-utility and Artificial Intelligence foray by the Company; • Always strives for excellence in both quality and cost along with customer satisfaction and take advantage of emerging opportunities and catch new waves of wealth creation; • He involves himself in all spheres of management and his expertise in strategic planning, business administration and digital platform have developed the Company in its growth at a faster rate.
Dr. Lakshmi Venu, Director	• Involved in all spheres of management of Sundaram-Clayton Limited, the holding company as its Joint Managing Director and handles wider responsibilities for exploring new business opportunities; • She is also the Deputy Managing Director of TAFE Motors and Tractors Limited; • Played a key role in establishment of overseas manufacturing facility for Sundaram Holding USA Inc, the subsidiary company in the United States of America; • She was recognised as "Corporate India's fastest rising women leader" by Economic Times in 2017; • She has a rich experience in business strategy, product design and in-depth knowledge of automotive business.
Mr H Lakshmanan, Director	• Rich and long experience in all segments of the business, and helps in smooth running of management; • Pioneer in establishing the basic priorities, ethical values, policies, attitudes and culture for the Company; • Plays a key role as the most trusted mentor of the Board; • With over six decades of experience mostly devoted to human resource development, he plays an important role in inter personnel relationship with workers' union, employees representatives and has the unique distinction of performing exemplary work on industrial relations of companies; • He is committed to fulfill Director's obligations and fiduciary responsibilities; these include participation in Board and committee meetings and providing moral oversight and people management.
Mr K N Radhakrishnan, Director & CEO	• Has wide exposure about the industry and in-depth involvement with excellent attitude towards teamwork; • The preparedness and ability to deliver diverse targets on time during transition from BS-IV to BS-VI, helped the Indonesian subsidiary of the Company in achieving break even during the current year; • Solution orientation in audit findings and its implementations is one of his key qualities; • Significantly contributes to good governance and performance of the Company; • He has a vast experience in automotive industry and having successfully handled all activities of the Company including sales & marketing, business administration/ operations.

Name of the directors	Brief description about the Directors
Mr T Kannan, Independent Director	• He has a wide range of experience in textile industry and is presently Chairman and Managing Director of VTM Limited; • He has held the positions as Chairman of CII, Southern Region and of Textiles Committee, Mumbai, The Cotton Textile Export Promotion Council, Mumbai and The South India Mills' Association; • He is also a leading Educationalist, presently serving as the President of Thiagarajar College, Madurai and Chairman & Correspondent of Thiagarajar College of Engineering, Madurai; • He is a member of Syndicate Anna University, Chennai, Board of Governors of IIM, Indore and Board of Governors of National Institute of Technology, Trichy; • He is the Thakkar of Arulmigu Meenakshi Sundareswarar Thirukoil, Madurai; • He is the recipient of Perunthalaivar Kamarajar Award conferred by the Government of Tamil Nadu for promotion of Education and Social Service; • He has vast experience in financial management, Corporate Finance, business administration, regulatory and governance matters.
Mr C R Dua, Independent Director	• He is the Chairman of Dua Associates, a law firm engaged in providing strategic advice and direction towards growth and development of various corporates; • His experience covers a broad range of areas relating to Corporate, Finance, Securities, Infrastructure and aspects of Public Policy and Administration, Governance and Ethics; • He has a broad range of legal and regulatory experience to monitor corporate governance practices both in India and abroad.
Mr Prince Asirvatham, Independent Director	• Mr Prince had played a key role in design and implementation of Unilever group's global risk assurance process, in restructuring treasury operations in India and in leading the merger of the largest F&B operation in India; • He founded his current practice "Checks and Balances" in India in 2003 to promote good governance through mentoring independent directors and aspiring senior corporate managers; • He has in-depth experience in financial matters, mergers and acquisitions.
Mr Rajesh Narasimhan, Director	• Mr Narasimhan is an Innovative and highly adaptable leader with over three decades of experience in both start-ups and mature organizations across multiple industries including Information Technology, Consumer Durables & Consumer Electronics. He has held several senior management and executive positions at Hewlett Packard, CSC / Covansys and the TVS group and brings extensive global experience in General Management, Technology and Executive Leadership, Digital & Business transformation and Talent & leadership development; • While heading several multi - billion $ businesses at Hewlett Packard, Mr Narasimhan successfully led critical business transformations for them both globally and in the Asia Pacific & Japan region and also advised several Fortune 500 clients in the Automotive, Consumer Goods, Financial Services, Manufacturing and Telecom industries around their business transformation through digital and technology innovation leveraging Automation, Cloud, Cyber-security, Data Analytics and Management, Mobility & Social; • He has vast experience in Digital & Business transformation in the areas of automotive and fintech industries that have direct relevance to Company.

Name of the directors	Brief description about the Directors
Mr Hemant Krishan Singh, Independent Director	• Mr Singh is a distinguished former career diplomat with extensive experience in geo-strategic and geo-economic issues as well as multilateral institutions which underpin international law and commerce; • He has been India's longest serving Ambassador to Japan (2006- 2010), Ambassador to Indonesia and Timor Leste (2003- 2006), Ambassador to Colombia, Ecuador and Costa Rica (1999-2002), and India's Deputy Permanent Representative to the UN in Geneva (1995- 1999). He has held several significant assignments during his career, dealing with the United States, West Europe and the European Union and India's immediate neighbours. • Ambassador Singh has contributed to the forging of the India-Japan strategic and global partnership, the intensification of India's relations with Indonesia and ASEAN, the evolution of India's revitalised Look East Policy and the shaping of India's policy towards key neighbours and strategic partners; • Since 2016, Mr Singh is the Director General of the Delhi Policy Group, a leading independent and non-partisan think tank; • He has the wide exposure in global economy and best practices to address the challenges and risks in international business.
Mrs Lalita D Gupte, Independent Director	• Mrs. Gupte was the Chairperson of ICICI Lombard General Insurance Company Limited. She was responsible for setting up the International business of ICICI Bank since 2001; • She has held various leadership positions in areas of Corporate and Retail Banking, Strategy, Resources, and International Banking and other areas in ICICI Bank Limited; • She has vast experience in banking and financial services having held key positions over several decades.
Mr R Gopalan, Independent Director	• He has served as a Member, Public Enterprises Selection Board (PESB) under the control of the Prime Minister of India. This body selects CMDs, MDs and Directors of Central Public Sector Enterprises; • Was handling matters relating to Capital Markets, Infrastructure Finance, G-20, World Bank (WB), International Monetary Fund (IMF), Asian Development Bank (ADB), Budget preparation, Public Private Partnership (PPP), Directorate of Currency and other related matters pertaining to the economy; • Brought about a number of changes in the functioning of the Capital Markets and initiated new policy measures in infrastructure development; • He has vast experience in Corporate Laws, Business Administration, Corporate Finance and Regulatory matters.

2.8 Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel:

The Company has in place a Code of Business Conduct and Ethics for Members of the Board and Senior Management Personnel (the Code) approved by the Board.

The Company's Code of Conduct embodies its values and expectations to which its corporate standards and employee policies are aligned.

The Code has been communicated to Directors and the Senior Management Personnel. An updated version of Code of Conduct, which is available on Company's website, is always under review and amended by the Board from time to time.

The Code has also been displayed on the Company's website in the link as provided in page no. 97 of this Annual Report.

All the Members of the Board and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March 2020. The Annual Report contains a declaration to this effect signed by the Director & CEO.

2.9 Appointment / Re-appointment of Directors:

In terms of Regulation 36(3) of the Listing Regulations, a brief resume of director proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other Directors are provided in the Notice convening AGM of the Company.

2.10 Committees of the Board:

The Board has, in order to make a focused attention on business and for better governance and accountability, constituted the following mandatory committees viz., Audit Committee, Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and non-mandatory Committee, viz., Administrative Committee.

The terms of reference of these Committees are determined by the Board and their performance are being reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committee, informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent Board meetings.

3. Audit Committee

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

3.1 Brief description of terms of reference:

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

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

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

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

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

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

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

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

g. Scrutinizing the inter-corporate loans and investments;

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

i. Evaluating internal financial controls and risk management systems;

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

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

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

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

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

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

p. Reviewing the functioning of the Whistle Blower Mechanism;

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

r. reviewing the utilisation of loans and / or advances from / investments / by the holding company in the subsidiary exceeding ₹ 100 Cr or 10% of the asset size of the subsidiary, whichever is lower.

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

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

3.2 Composition, name of the Chairman and Members:

Board at its meeting held on 22nd July 2019 appointed Mr R Gopalan, one of the NE-ID of the Company as a member of the Committee consequent to demise of Mr R Ramakrishnan, NE-ID of the Company. The composition of the Committee is in accordance with the requirements of the Regulation 18 of the Listing Regulations read with Section 177 of the Act, 2013.

Mr T Kannan, the then Chairman of the Committee was present at the last AGM held on 22nd July 2019 to answer the Shareholders' queries.

The Board at its meeting held on 4th February 2020 appointed Mr R Gopalan, as Chairman of the Committee in the place of Mr T Kannan, who continues to be a member of the Committee.

Mr K S Srinivasan, Company Secretary acts as Secretary of the Committee.

As at 31st March 2020, the Committee consists of the following NE-IDs viz., M/s R Gopalan, T Kannan, C R Dua, and Prince Asirvatham.

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

Date of the Meetings	Members present (M/s)			
	TK	CRD	PA	RG
30.04.2019	✓	✓	✓	NA
22.07.2019	✓	✓	✓	NA
17.10.2019	✓	✓	LOA	✓
04.02.2020	LOA	✓	✓	✓
10.03.2020	LOA	✓	✓	✓

✓ - Attended the meeting LOA - Leave of absence
NA- Not applicable

Mr R Ramakrishnan, ID attended one meeting held on 30th April 2019.

[TK - Mr T Kannan, CRD - Mr C R Dua, PA - Mr Prince Asirvatham, RG - Mr R Gopalan]

4. Subsidiary companies

The Company has three wholly owned subsidiaries viz., Sundaram Auto Components Limited, TVS Housing Limited and TVS Motor Services Limited. It also has other subsidiaries viz., TVS Credit Services Limited and its six subsidiaries viz., Harita Collection Services Pvt Ltd, Harita ARC Pvt. Ltd, TVS Micro Finance Pvt. Ltd, TVS Commodity Solutions Pvt. Ltd, TVS Two-wheeler Mall Pvt. Ltd and TVS Housing Finance Pvt. Ltd.

The Foreign subsidiaries are PT. TVS Motor Company Indonesia, TVS Motor (Singapore) Pte. Limited, TVS Motor Company (Europe) B.V., and Sundaram Holding USA Inc. and its four subsidiaries viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram-Clayton (USA) LLC and Premier Land Holding LLC.

The Audit Committee reviews the financial statements and in particular the investments made by the said unlisted subsidiaries. The minutes of the board meetings of the said unlisted subsidiaries are periodically placed before the Board, wherever applicable.

The Committee is periodically informed about all significant transactions and arrangements entered into by all these unlisted subsidiaries.

Material Subsidiaries Policy

The Board has duly formulated a policy for determining 'material subsidiaries'. As per the amended Listing Regulations, material subsidiary means a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

For the year 2020-21, the Company's Indian subsidiaries viz., Sundaram Auto Components Limited and TVS Credit Services Limited and Foreign subsidiaries viz., TVS Motor (Singapore) Pte Limited and Sundaram Holding USA Inc., are covered within the revised definition of "unlisted material subsidiary" in terms of the Regulation 16(1)(c) of the Listing Regulations.

For the purpose of complying with the requirement of Regulation 24 of the Listing Regulations, the Company has nominated one of the NE-ID of the Company on the Board of TVS Credit Services Limited, whose income / net worth exceeds 20% of the consolidated income or net worth.

The Company has ensured that all the material subsidiaries incorporated in India have obtained secretarial audit report from a Company Secretary in Practice and annexed with its annual report.

The Board at its meeting held on 4th February 2020, amended the Material Subsidiary Policy to incorporate certain clauses so as to maintain consistency and incorporate statutory amendments from time to time to be reflected in the policy to make it upto date and more comprehensive.

Copy of the said policy is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

5. Disclosures

5.1 Materially significant related party transactions:

All transactions entered into with related parties (RPTs), as defined under the Act, 2013 and the Listing Regulations during the financial year 2019-20 were in the ordinary course of business and at arm's length and do not attract the provisions of Section 188 of the Act, 2013 and the rules made thereunder.

There were no materially significant transactions with the related parties during the year, which were in conflict of interest, and hence no approval of the Company was required in terms of the Listing Regulations.

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

Details of material related party transactions are enclosed as part of accounts for the year ended 31st March 2020.

Related Party Transaction Policy

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

In terms of Regulation 23 of the Listing Regulations, all RPTs for the succeeding financial year, with clear threshold limit, are regularly placed before the Audit Committee meeting convened during last quarter of the financial year for its approval and recommendation to the Board for its approval, wherever required. RPTs entered during the financial year are reviewed at the same meeting for any upward revision in the threshold limit.

It was also ensured that none of RPTs involving payments with respect to brand usage or royalty during the financial year, exceeded five percent of the annual consolidated turnover of the Company as per the previous audited financial statements of the Company.

As per the Act, 2013, any unforeseen RPT involving amount not exceeding ₹ 1 Cr per transaction entered into by a director or officer of the Company without obtaining prior approval of the Audit Committee and such transaction being RPTs can be ratified by the Audit Committee within three months from the date of such transaction.

In terms of Regulation 23 of the Listing Regulations, the Board at its meeting held on 4th February 2020 had also reviewed the policy and amended the RPT Policy to maintain consistency and statutory amendments to be reflected in the policies and to make it upto date and more comprehensive.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

5.2 Disclosure of accounting treatment:

Pursuant to the notification, issued by the Ministry of Corporate Affairs dated February 16, 2015 relating to the Companies (Indian Accounting Standards) Rules, 2015, the Company has adopted "IND AS" with effect from 1st April 2016. Accordingly, the financial statements for the year 2019-20 have been prepared in compliance with the said Rules.

5.3 Risk Management:

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

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

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

Risk Management Committee:

As at 31st March 2020, the Committee consists of the following directors / officials viz., M/s T Kannan, Hemant Krishan Singh and Lalita D Gupte, NE-IDs and M/s Sudarshan Venu, JMD, K N Radhakrishnan, Director & CEO and K Gopala Desikan, Chief Financial Officer.

The composition of the Committee is in accordance with the requirements of Regulation 21 of the Listing Regulations. Mr T Kannan, is the Chairman and Mr K S Srinivasan, Company Secretary acts as the Secretary of the Committee.

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

Date of the Meetings	Members present (M/s)					
	TK	SV	KNR	HKS	LDG	KGD
30.04.2019	✓	LOA	✓	NA	NA	NA
17.10.2019	✓	LOA	✓	✓	LOA	✓

✓ - Attended the meeting LOA - Leave of absence
NA- Not applicable

Mr R Ramakrishnan, ID attended one meeting held on 30th April 2019.

[TK - Mr T Kannan, SV - Mr Sudarshan Venu, KNR - Mr K N Radhakrishnan, HKS - Mr Hemant Krishan Singh, LDG - Mrs Lalita D Gupte, KGD - Mr K Gopala Desikan]

Scope:

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

(b) Overseeing / identifying / assessing of all risks that the Organization faces such as strategic, financial, credit, marketing, liquidity, security, property, IT, legal, regulatory, reputational; and

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

Role:

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

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

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

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

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

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

(g) To check if Cyber security cover has been adopted by Information systems department; and

(h) Such other items as may be prescribed by regulatory or by the Board, from time to time.

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by Senior Management Personnel:

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

5.6 CEO and CFO Certification:

The Director and CEO and Chief Financial Officer of the Company have certified to the Board on financial and other matters in accordance with Regulation 33 of the Listing Regulations for the financial year ended 31st March 2020.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prevention of Insider Trading:

In compliance with SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, the Company has a comprehensive Code of Conduct for Prevention of Insider Trading and the same is being strictly adhered to by the Designated persons as defined under this Code.

The Board at its meeting held on 4th February 2020, amended both the Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPSI) and the Code of Conduct to regulate, monitor and report trading by insiders to maintain consistency and statutory amendments to be reflected in the policies and to make it upto date and more comprehensive.

The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the shares of the Company.

The Company follows closure of trading window from the end of every quarter till 48 hours after the declaration of financial results. The Company has been advising the Designated Persons covered by the Code not to trade in Company's securities during the closure of trading window period.

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

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

5.10 Amendment to Whistle Blower Policy:

The Board at its meeting held on 4th February 2020 made certain amendments to the Whistle Blower Policy for protecting whistle blower who made in good faith and express guidance on procedure to be undertaken by the investigators for carrying out investigation on complaints.

Copy of the said Policy is available on the Company's website in the link as provided in page no. 97 of this Annual Report.

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

The Board at its meeting held on 4th February 2020 appointed Mr C R Dua, as Chairman of the committee in the place of Mr T Kannan, who continues to be a member of the Committee, considering the diverse functions of the Committee. Mr K S Srinivasan, Company Secretary acts as the Secretary of the Committee.

Mr T Kannan, the then Chairman of the Committee was present at the last AGM held on 22nd July 2019 to answer the shareholders queries.

As at 31st March 2020, NRC consists of M/s C R Dua and T Kannan, NE-IDs and H Lakshmanan, NE-ID.

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

Date of the Meetings	Members present (M/s)		
	CRD	TK	HL
30.04.2019	✓	✓	✓
22.07.2019	✓	✓	✓
17.10.2019	✓	✓	✓
04.02.2020	✓	LOA	✓

✓ - Attended the meeting LOA - Leave of absence

[CRD - Mr C R Dua, TK - Mr T Kannan, HL - Mr H Lakshmanan]

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

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

6.4 The role / scope of NRC is as follows:

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

6.5 Evaluation Criteria:

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

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

NRC prescribed a peer evaluation methodology by way of set of questionnaire to evaluate the performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole, and the Board carried out the performance evaluation as per the methodology.

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

The performance of SMP was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements.

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

6.6 Remuneration Policy:

The Nomination and Remuneration Policy has been placed on the website of the Company in the link as provided in page no. 97 of this Annual Report. The salient features of the policy are as follows:

NRC formulates policy to ensure that -

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

6.7 Remuneration to Directors:

Executive Directors:

The remuneration payable to CMD, JMD and the Director & CEO is fixed by the Board and are within the limits approved by the shareholders in terms of the relevant provisions of the Act, 2013.

Particulars of remuneration paid/payable to Executive Directors for the financial year 2019-20:

(₹ In Cr)

Name of the Directors	Salary & Perquisites	Commission	Total
CMD	3.17	15.48	18.65
JMD	3.47	11.33	14.80
Director & CEO	4.39	3.00	7.39

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

The above remuneration to CMD is notwithstanding his holding similar position, in the holding company, viz., Sundaram-Clayton Limited (SCL) and drawing remuneration, as approved by its shareholders, from time to time, provided that the total remuneration drawn by him from the Company and SCL does not exceed the higher maximum limit admissible, from any one of these two companies.

The Directors are paid commission within the permissible limits approved by the Members and determined by the Board every year depending upon the performance of the Company.

The board also ensured that the aggregate annual remuneration to both CMD and JMD, directors being related to Promoters did not exceed 5 per cent of the net profits of the Company in compliance with Regulation 17 of the Listing Regulations.

Non-Executive Directors:

Sitting fees

₹ 20,000/- each is paid to the NE-NIDs & NE-IDs for every meeting of the Board and / or Committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.

Commission

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

The Committee, at its meeting held on 17th October 2019, recommended the payment of commission to NE-IDs within the permissible limit, in terms of the provisions of Sections 197 / 198 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 of the Act, 2013 and as approved by the shareholders at the general meeting held on 11th August 2017.

For the year 2019-20, a commission of ₹ 20 lakhs to all NE-IDs; additionally, ₹ 5 lakhs to those NE-IDs serving as a Member of the Audit Committee and ₹ 3 lakhs and ₹ 2 lakhs each to those NE-IDs serving as a Member of the Risk Management Committee and other Committees respectively was paid. The amount of commission for every financial year will be decided by the Board, based on the performance of the Company, subject to the limit of 1% of net profits of the Company, in aggregate, as calculated pursuant to Section 198 of the Act, 2013. The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and adequately compensates for the time and contribution made by NE-IDs.

In terms of the amended Listing Regulations, it has also been ensured that the remuneration payable to one NE-ID does not exceed 50% of the total annual remuneration payable to all NE-IDs of the Company.

Mr Rajesh Narasimhan, the NE-NID of the Company holds the position as Chief Executive Officer of TVS Motor (Singapore) Pte Limited, the subsidiary company effective 1st January 2018. During the year 2019-20, he was paid a remuneration of SGD 1,028,587.

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

6.8 Particulars of sitting fees / commission paid to the NE-IDs / NE-NIDs during the financial year 2019-20 are as follows:

(₹ in lakhs)

Name of the Directors (M/s)	Sitting Fees	Commission	Total
H Lakshmanan	2.60	–	2.60
Dr. Lakshmi Venu	0.60	–	0.60
T Kannan	2.40	30.00	32.40
C R Dua	3.60	29.00	32.60
R Ramakrishnan$	0.80	8.07	8.87
Prince Asirvatham	2.00	27.00	29.00
H K Singh	1.60	25.00	26.60
Rajesh Narasimhan	0.80	–	0.80
Lalita D Gupte	1.20	25.00	26.20
R Gopalan*	1.60	23.01	24.61

$ paid for the period from 1st April 2019 to 7th July 2019.

* part of the period from 30th April 2019 to 31st March 2020.

6.9 Details of shareholdings of NEDs in the Company as on 31st March 2020:

Name of the Directors (M/s)	No. of equity shares held
T Kannan	5,000
H Lakshmanan	55,870
C R Dua	–
Prince Asirvatham	1,000
H K Singh	–
Dr. Lakshmi Venu	–
Rajesh Narasimhan	–
Lalita D Gupte	–
R Gopalan	–

7. Stakeholders' Relationship Committee (SRC):

7.1 Board at its meeting held on 22nd July 2019 appointed Mr C R Dua, NE-ID as a member of the Committee consequent to demise of Mr R Ramakrishnan, ID of the Company.

Mr Venu Srinivasan, member of the Committee representing the Chairman of the Committee was present at the last AGM held on 22nd July 2019 to answer shareholders queries.

The Board at its meeting held on 17th October 2019 appointed M/s H K Singh and Lalita D Gupte as members of the Committee.

The Board at its meeting held on 4th February 2020 appointed Mr H K Singh, as Chairman of the committee in the place of Mr C R Dua, who continues to be a member of the Committee. Mr K S Srinivasan, Company Secretary acts as the Secretary of the Committee.

As at 31st March 2020, the Committee consists of the following Executive Directors viz., M/s Venu Srinivasan, CMD, Sudarshan Venu, JMD and other NE-IDs viz., M/s H K Singh, C R Dua and Lalita D Gupte.

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

Date of the Meetings	Members present (M/s)				
	VS	SV	HKS	CRD	LDG
30.04.2019	✓	✓	NA	NA	NA
22.07.2019	✓	✓	NA	✓	NA
17.10.2019	✓	✓	✓	✓	LOA
04.02.2020	✓	✓	✓	✓	✓

✓ - Attended the meeting LOA - Leave of absence
NA- Not applicable

Mr R Ramakrishnan, NE-ID attended one meeting held on 30th April 2019.

[VS - Mr Venu Srinivasan, SV - Mr Sudarshan Venu, HKS - Mr H K Singh, CRD - Mr C R Dua, LDG - Mrs Lalita D Gupte]

7.3 As required by the Listing Regulations, Mr K S Srinivasan, Company Secretary is the Compliance Officer of the Company, who oversees the redressal of investor grievances.

For any clarification / complaint, the shareholders may contact the Company Secretary.

7.4 SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. SRC also looks into various aspects of interests:

- The transfer / transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new / duplicate certificates and related activities.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

The Company, in order to expedite the process of share transfers delegated the power of share transfers to an officer of the Share Transfer Agent (STA). The Company, as a matter of policy, disposes of investors' complaints within a span of seven days.

7.5 Complaints received and redressed during the year 2019-20:

Nature of complaints	No. of complaints received and redressed
Non-receipt of share certificates	2
Non-receipt of bonus / duplicate share certificates	7
Non receipt of demand draft *in lieu* of unclaimed dividend warrant	3
Others	2
Total	14

7.6 All the queries and complaints received during the financial year ended 31st March 2020, were duly redressed and no queries pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time period and no request for dematerializing the share certificates was pending as on 31st March, 2020.

7.7 Reconciliation of Share Capital Audit:

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

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

8. Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee consists of three Directors viz., M/s Venu Srinivasan, H Lakshmanan and Prince Asirvatham. Mr Venu Srinivasan is the Chairman of the Committee.

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

During the year, the Committee met on 30th April 2019 and all the members were present at the meeting.

9. Administrative Committee:

The Administrative Committee consist of three directors viz., M/s Venu Srinivasan, CMD, T Kannan, NE-ID and H Lakshmanan NE-NID. Mr Venu Srinivasan, is the Chairman of the Committee.

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

Date of the Meetings	Members present (M/s)		
	VS	TK	HL
30.04.2019	✓	✓	✓
14.08.2019	✓	LOA	✓
10.03.2020	✓	LOA	✓

✓ - Attended the meeting LOA - Leave of absence

[VS - Mr Venu Srinivasan, TK- Mr T Kannan, HL - Mr H Lakshmanan]

10. General body meeting:

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

Year	Venue of the meeting	Date	Time
2016-17	The Music Academy, New No.168, (Old No.306) T.T.K. Road, Royapettah, Chennai 600 014	11-08-2017	10.00 AM
2017-18		07-08-2018	10.35 AM
2018-19		22-07-2019	10.00 AM

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2016-17 to 2018-19 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2016-17	(i) Renewing the approval for payment of commission to Non-executive Independent directors, from 1st April 2018. (ii) Appointment of Mr Rajesh Narasimhan, as an Independent Director.	11.08.2017
2017-18	Re-appointment of Mr H Lakshmanan as director being above 75 years of age who retires by rotation.	07.08.2018
2018-19	NIL	22.07.2019

10.3 Postal Ballot:

The Board sought the consent of shareholders of the Company by way of special resolution through Postal Ballot as per the notice issued to the shareholders on 4th February 2020 for:

- Re-appointment of Mr Venu Srinivasan, CMD for a further period of 5 years effective 24th April 2020

The special resolution was passed by the shareholders of the Company with requisite majority.

The result of the Postal Ballot is given below.

No. /% of votes cast in favour		No. / % of votes cast against	
40,75,09,861	98.38%	67,20,895	1.62%

10.4 Person who conducted the Postal Ballot exercise:

Mr K Sriram, Practising Company Secretary, Chennai was appointed to act as the scrutinizer for conducting the Postal Ballot and e-Voting.

10.5 Procedure for Postal Ballot:

1. The Board of Directors, vide resolution dated 4th February 2020, had appointed Mr K Sriram, (CP 2215) Practising Company Secretary as the scrutinizer.
2. The despatch of the Postal Ballot Notice dated 4th February 2020 together with Explanatory Statement was completed on 13th February 2020 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members/list of beneficiaries as on 7th February 2020.

3. The said notice of Postal Ballot was sent on 13th February 2020 in electronic mode to the Members, whose e-mail IDs were registered with the Company or the Depository Participants.
4. The voting under the Postal Ballot was kept open from Monday, 17th February, 2020 at 9.00 A.M. (IST) to Tuesday, 17th March 2020, at 5.00 P.M. (IST). (either physically or electronically).
5. The Postal Ballot forms were kept under the safe custody of the Scrutinizer.
6. All Postal Ballot forms received by the scrutinizer up to 5.00 p.m. on 17th March 2020 have been considered for scrutiny.

10.6 None of the subjects placed before the shareholders in the last / ensuing AGM required/ requires approval by Postal Ballot. However, in terms of the Regulation 44 of the Listing Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company facilitated its members to exercise their right to vote through Remote e-Voting and through Ballot Paper at the meeting for all the items at the AGM held on 22nd July 2019.

11. Means of communication to shareholders

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

During the quarterly results, Director & CEO and CFO, make presentations to institutional investors, analysts and other investors. The presentations are made available on the Company's website.

11.1 Quarterly results:

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

11.2 Newspapers wherein results are normally published:

The results are normally published in English Newspapers viz., The Hindu, Business Line, The Times of India, Economic Times, Business Standard, The New Indian Express and Regional Newspaper viz., Dinamani.

11.3 Website:

The Company has in place a website www.tvsmotor.com. This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of the Listing Regulations. The Company ensures that the contents of this website are periodically updated.

11.4 Press Release & Investor/ Analysts meet:

In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

12. General shareholder information

12.1 Annual General Meeting:

Day, Date and time	:	Wednesday, 29th July 2020, 10.00 A.M. through Video Conferencing / Other Audio Visual Means

12.2	Financial year	:	1st April to 31st March
	Financial calendar	:	2020-21
	Financial reporting for the quarter ending	:	Financial calendar
	30th June 2020	:	Before 14th August 2020
	30th September 2020	:	Before 14th November 2020
	31st December 2020	:	Before 14th February 2021
	31st March 2021	:	Before 30th May 2021

12.3 Particulars of dividend payment:

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

Dividend distribution policy

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

The Dividend Distribution Policy is available on the company's website in the link as provided in page no. 97 of this Annual Report.

12.4 Listing on Stock Exchanges:

Name & Address of the Stock Exchanges	Stock Code / Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	532343
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. India Tel. : 91 22 2659 8100 Fax : 91 22 2659 8120	TVSMOTOR
ISIN allotted by Depositories (Company ID Number)	INE 494B01023

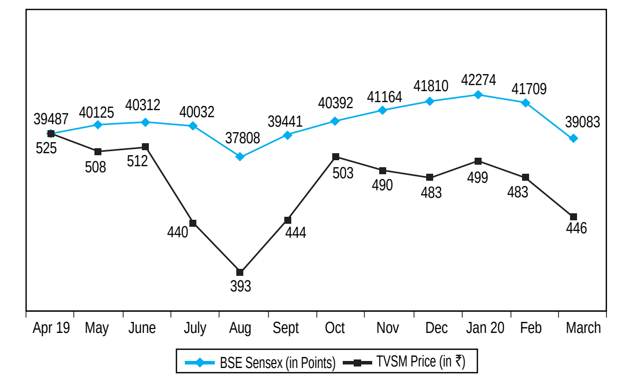
(Note: Annual listing fees and custodial charges for the year 2019-20 were duly paid to the above Stock Exchanges and Depositories)

12.5 Market Price Data: (in ₹)

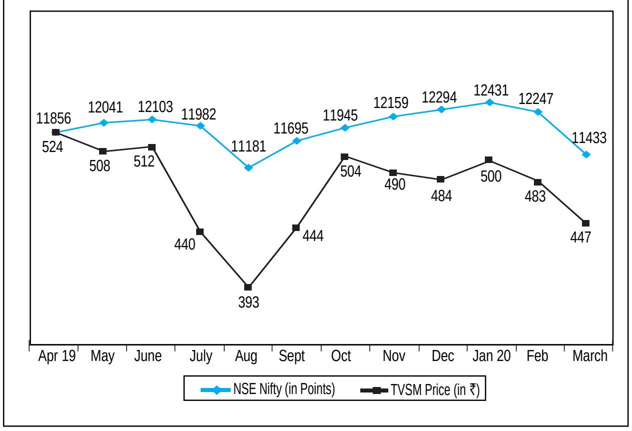
Month	NSE		BSE	
	High price	Low price	High price	Low price
April 2019	523.85	471.00	524.80	471.30
May 2019	507.50	452.00	507.75	452.15
June 2019	511.75	426.05	511.70	426.05
July 2019	440.00	338.25	439.90	340.30
August 2019	393.05	344.10	393.05	344.15
September 2019	444.00	345.05	443.50	346.40
October 2019	504.00	380.70	503.00	380.60
November 2019	490.00	438.70	489.80	439.25
December 2019	483.50	430.50	483.05	430.20
January 2020	499.50	438.50	499.45	438.80
February 2020	483.00	409.45	482.95	409.75
March 2020	446.70	287.00	446.25	287.35

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

SHARE PRICE MOVEMENT - BSE



SHARE PRICE MOVEMENT - NSE



12.7 Share Transfer Agents and Share Transfer System:

a. SCL, the holding company, which has been registered with SEBI as Share Transfer Agents in Category II, has been appointed as the STA with a view to rendering prompt and efficient service to the investors and in compliance with Regulation 7 of the Listing Regulations. The shareholders have also been advised about this appointment of STA to handle share registry work pertaining to both physical and electronic segments of the Company effective 1st October 2004.

b. All matters connected with the share transfer, dividends and other matters are being handled by STA located at the address mentioned in this report.

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

d. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors are processed by STA within 7 days. Other miscellaneous correspondence relating to change of addresses, mandates etc., is processed by STA within 15 days.

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

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

g. The Company, as required under Regulation 6(2)(d) of the Listing Regulations, has designated the following e-mail IDs, namely icsta@scl.co.in/contactus@tvsmotor.com in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

h. A certificate signed by the Compliance Officer of STA and the Company Secretary towards maintenance of share transfer facility by STA in compliance with Regulation 7(3) of the Listing Regulations have been obtained and the same have been submitted to the Stock Exchanges.

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

12.8 Shareholding pattern of the Company as on 31st March 2020

Category of Shareholder	No. of shares held	%
Promoter and Promoter Group		
Bodies Corporate	27,26,82,786	57.40
Total (A)	**27,26,82,786**	**57.40**
Public Shareholding		
Mutual Funds	7,81,79,683	16.45
Banks / Financial Institutions	8,87,782	0.19
Insurance Companies	2,16,29,067	4.55
Foreign Institutional Investors	5,40,27,943	11.37
Total Institutions (B)	**15,47,24,475**	**32.56**
Bodies Corporate	29,13,240	0.61
Individuals holding nominal capital in excess of ₹ 2 lakhs	24,15,751	0.51
Individuals holding nominal capital upto ₹ 2 lakhs	3,41,78,054	7.20
NRI Repatriable	7,57,081	0.16
NRI Non- Repatriable	6,19,970	0.13
Foreign National (IND)	1,400	–
Directors & their relatives	27,29,596	0.57
Clearing members	20,66,449	0.44
IEPF	13,00,280	0.27
LLP	53,133	0.01
Trusts	6,44,899	0.14
Total Non-Institutions (C)	**4,76,79,853**	**10.04**
Total Public Shareholding D = (B+C)	**20,24,04,328**	**42.60**
Grand Total (A+D)	**47,50,87,114**	**100.00**

12.9 Distribution of Shareholding as on 31st March 2020:

Shareholding (Range)	No. of members	%	No. of shares	%
Upto 5000	1,34,737	99.30	2,82,31,421	5.94
5001-10000	556	0.41	40,51,328	0.85
10001-20000	178	0.13	25,96,362	0.54
20001-50000	77	0.06	24,49,970	0.52
50001-100000	35	0.03	26,39,464	0.56
100001 & above	94	0.07	43,51,18,569	91.59
Total	**1,35,677**	**100.00**	**47,50,87,114**	**100.00**

12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 27,26,82,786 Equity Shares of ₹ 1/- each is in dematerialized form. Out of 20,24,04,328 Equity Shares of ₹ 1/- each held by persons other than promoters 19,92,92,504 Equity Shares have been dematerialized as on 31st March 2020 accounting for 98.46%.

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

12.12 Other Disclosures

a) Pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations and the same have been reported in the notes to the accounts.

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

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

d) Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals and wherever required suitable price changes in two-wheeler and three-wheeler are done based on market conditions.

The Company has not entered into any commodity derivatives with any of the bankers and hence the disclosure of exposure in commodity risks faced by the Company is not required, as directed in the SEBI Circular dated 15th November 2018.

12.13 Plant Locations:

Hosur : Post Box No. 4, Harita
Hosur - 635 109, Tamilnadu
Tel. : 04344-276780
Fax : 04344-277423
Email: knr@tvsmotor.com

Mysuru : Post Box No.1
Byathahalli Village, Kadakola Post,
Mysore - 571 311, Karnataka.
Tel. : 0821 - 2596561
Fax : 0821 - 2596550 / 2596551
Email: knr@tvsmotor.com

Himachal Pradesh :Village & Post Office Bhatian,
Bharatgarh Road, Tehsil Nalagarh,
District Solan,
Himachal Pradesh - 174 101
Tel. : 01795 - 220493
Fax : 01795 - 220496
Email: knr@tvsmotor.com

12.14 Address for investor correspondence:

(i)	For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company	: Sundaram-Clayton Limited Share Transfer Agent (STA) Unit: TVS Motor Company Limited "Jayalakshmi Estates", I Floor, 29, Haddows Road, Chennai - 600 006.
(ii)	For non-receipt of annual report	: Email: sclshares@gmail.com / arockiaraj@scl.co.in
(iii)	For investors' grievance & general correspondence	: Email: kss@scl.co.in icsta@scl.co.in

12.15 List of Credit Ratings:

The Company is maintaining the existing credit rating viz., CARE AA+ for long term borrowings and CARE A1+ for short term borrowings.

12.16 Certificate from Practicing Company Secretary:

The Company has received a certificate from the Secretarial Auditor of the Company stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

12.17 Fees paid to Statutory Auditor on a consolidated basis:

During the year, the Company has paid ₹ 180 lakhs to the Statutory Auditors for all services received by the listed entity and its subsidiaries, on a consolidated basis.

12.18 Sexual Harassment at workplace:

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

12.19 Disclosure on compliance with the issue of Debt securities for incremental borrowings by Large Corporates:

As on 31st March 2019, Company has been considered as a "Large Corporate" (LC) and is required to raise not less than 25% of its incremental borrowings, during the financial year, by way of issuance of debt securities. This was made mandatory effective FY 2022 and till such period the Company is required to explain the reasons for not complying with.

During the year, the Company has availed long term credit facilities only at the fag end of the financial year to meet its strategic investment requirement. Hence, the Company has not opted to meet the borrowings through issue of debt securities.

13. Non-mandatory disclosures

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

13.1 The Board:

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

13.2 Shareholder rights:

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

13.3 Audit qualifications:

The financial statements of the Company are unmodified.

13.4 Reporting of internal auditor:

The internal auditor is regularly reporting his observations directly to the audit committee.

14. Request to shareholders

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

14.1 Demat of Shares:

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

14.2 Registration of Electronic Clearing Service (ECS) mandate:

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

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

14.3 Transfer of shares in physical mode:

SEBI has amended relevant provisions of the Listing Regulations to disallow listed companies from accepting request for transfer of securities which are held in physical form with effect from April 1,2019.

The shareholders, who continue to hold shares in physical form even after this date, will not be able to lodge the shares with the Company for further transfer. Therefore, such shareholders will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form will be accepted by the Company.

14.4 Consolidation of multiple folios:

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

14.5 Registration of nominations:

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

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

14.6 Updation of address:

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

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

14.7 SMS Alerts:

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

14.8 Timely encashment of dividends:

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

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

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority Accordingly a sum of ₹ 57.53 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2019-20.

Shareholders, who have not encashed their dividend warrants, in respect of 1st Interim dividend declared for the year ended 31st March, 2014 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

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

Particulars of unclaimed dividend of the Company

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2012- 2013 2nd Interim	30.04.2013	30.05.2013	30.05.2020
2013-2014 1st Interim	25.10.2013	24.11.2013	24.11.2020
2013-2014 2nd Interim	29.04.2014	29.05.2014	29.05.2021
2014-2015 1st Interim	03.02.2015	05.03.2015	05.03.2022
2014-2015 2nd Interim	29.04.2015	29.05.2015	29.05.2022
2015-2016 1st Interim	29.01.2016	28.02.2016	28.02.2023
2015-2016 2nd Interim	12.03.2016	11.04.2016	11.04.2023
2016-2017 1st Interim	27.10.2016	26.11.2016	26.11.2023
2016-2017 2nd Interim	06.03.2017	05.04.2017	05.04.2024
2017-2018 1st Interim	01.11.2017	01.12.2017	01.12.2024
2017-2018 2nd Interim	26.02.2018	28.03.2018	28.03.2025
2018-2019 1st Interim	23.10.2018	23.11.2018	23.11.2025
2018-2019 2nd Interim	11.03.2019	10.04.2019	10.04.2026
2019-2020 1st Interim	04.02.2020	05.03.2020	05.03.2027
2019-2020 2nd Interim	10.03.2020	09.04.2020	09.04.2027

15. TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) AUTHORITY

As per Section 124(6) of the Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended from time to time, all the shares in respect of which dividend has remained unpaid/ unclaimed for seven consecutive years or more are required to be transferred to a Demat Account opened in the name of IEPF Authority with Punjab National Bank by the Ministry of Corporate Affairs.

During the year, the Company has sent individual notices to all the shareholders whose dividends are lying unpaid / unclaimed against their name for seven consecutive years or more and also advertised in the Newspapers seeking action from the shareholders. The list of such shareholders were also displayed on the website of the Company.

In compliance with the aforesaid provisions, the Company has transferred 73,888 shares on 10th May 2019, 26,534 shares on 18th July 2019 and 67,274 shares on 8th May 2020 to IEPF account bearing Demat account no 10656671 and DPID IN300708 which is opened with Punjab National Bank.

In case the dividends are not claimed within the due date(s) mentioned above, necessary steps will be initiated by the Company to transfer shares held by the members to IEPF. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF. As required under the said provisions, all subsequent corporate benefits that accrues in relation to the above shares will also be credited to the said IEPF Account.

In the event of transfer of shares and the unclaimed dividends to IEPF, shareholders are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF-5, as per the following procedures:

1. Download the Form IEPF - 5 from the website of IEPF (http://www.iepf.gov.in) for filling the claim for refund of shares and dividends.
2. Read the instructions provided on the website / instructions kit along with the e-form carefully before filling the form.
3. After filling/completing the form save it on your computer and submit the duly completed form by

following the instructions given in the upload link on the website.

4. On successful uploading, the acknowledgment will be generated indicating the SRN. This SRN is to be used for future tracking of the form.
5. Printout of the duly completed IEPF - 5 and the acknowledgment issued after uploading the form will have to be submitted together with an Indemnity Bond in original along with the other documents as mentioned in the Form IEPF-5 to the Nodal Officer of the Company in an envelope marked "Claim for refund from IEPF Authority".

In the process, general information about the Company which have to be provided are as under.

(a) Corporate Identification Number (CIN) of Company:- L35921TN1992PLC022845

(b) Name of the company:-TVS Motor Company Limited

(c) Address of registered office of the Company: "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

(d) email ID of the company:- contactus@tvsmotor.com

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the Company shall provide/host the required details of unclaimed dividend amount referred in relevant sections of the Act, 2013 on its website and also in the Ministry of Corporate Affairs website in the relevant form every year.

Disclosure in respect of equity shares transferred in the Company's unclaimed suspense account:

Pursuant to the requirement of Regulation 34(3) and Schedule V Part F of the Listing Regulations, the following table provides details in respect of the equity shares lying in the suspense account. The Company has already sent three reminders to the shareholders for claiming those shares at their latest available address(es) with the Company or Depository, as the case may be.

All the corporate benefits in terms of securities accruing on those shares like bonus shares, split etc would also be credited to unclaimed suspense account of the Company. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

Details	No. of shareholders	No. of shares
Shares in the Unclaimed suspense account as on 1st April 2019.	206	1,57,425
Less: No. of shares Transferred to the Shareholders on request during the year	8	3,724
Less: No. of Shares transferred to IEPF A/c during the year	24	22,603
No. of shares in the Unclaimed suspense account as on 31st March 2020	174	1,31,098

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

To,

The shareholders of TVS Motor Company Limited,
Chennai

On the basis of the written declarations received from members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31st March 2020.

Chennai
28th May 2020

K N RADHAKRISHNAN
Director & CEO

AUDITORS' CERTIFICATE ON COMPLIANCE OF THE PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE

To,

The shareholders of TVS Motor Company Limited,
Chennai

We have examined the compliance of conditions of Corporate Governance by TVS Motor Company Limited, Chennai - 600 006 ('the Company') for the year ended 31st March 2020 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations].

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No.: 109208 W

S. VENKATARAMAN
Partner
Membership Number: 023116
UDIN: 20023116AAAAHR6642

Chennai
28th May 2020

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,

The Board of Directors
TVS Motor Company Limited
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2020 and to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the Company's affairs and are in compliance with applicable Indian Accounting Standards, Laws and Regulations.

(3) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

(4) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

(5) We have indicated to the Auditors and the Audit Committee:

a) significant changes, if any, in internal control over financial reporting during the year;

b) significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and

c) that there were no instances of significant fraud of which we have become aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

K N Radhakrishnan
Director & CEO

K Gopala Desikan
Chief Financial Officer

Chennai
28th May 2020

LINKS TO COMPANY'S POLICIES

1. **TERMS OF APPOINTMENT OF IDS**
https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Terms-of-Appointment-of-IDs-Apr2020.pdf

2. **BUSINESS RESPONSIBILITY REPORT**
https://www.tvsmotor.com/-/media/Feature/Investors/Financial%20Reports/Files/TVSM-Business-Responsibility-Report-2019-20.pdf

3. **POLICY ON VIGIL MECHANISM / WHISTLE BLOWER POLICY**
https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Whistle-Blower-Policy-Apr2020.pdf

4. **ANNUAL RETURN**
https://www.tvsmotor.com/-/media/Feature/Investors/Financial%20Reports/Files/TVSM-Annual-Return-2019-20.pdf

5. **CSR POLICY**
https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Corporate-Social-Responsibility-Policy-Apr2020.pdf

6. **DIRECTORS FAMILIARIZATION PROGRAM**
http://tvsmotor.com/-/media/Feature//Investors/Communication/Files/TVSMFamilirisationProgrampdf.pdf

7. **CODE OF BUSINESS CONDUCT AND ETHICS**
http://tvsmotor.com/-/media/Feature//Investors/Communication/Files/CodeofBusinessConductandEthicspdf.pdf

8. **MATERIAL SUBSIDIARIES POLICY**
http://tvsmotor.com/-/media/Feature//Investors/Communication/Files/Material-Subsidiary-Policy-Apr2020.pdf

9. **RELATED PARTY TRANSACTION POLICY**
http://tvsmotor.com/-/media/Feature//Investors/Communication/Files/Related-Party-Transactions-Policy-Apr2020.pdf

10. **NOMINATION AND REMUNERATION POLICY**
http://tvsmotor.com/-/media/Feature//Investors/Communication/Files/Nomination-and-Remuneration-Policy-Apr2020.pdf

11. **DIVIDEND DISTRIBUTION POLICY**
https://www.tvsmotor.com/-/media/Feature/Investors/Communication/Files/Dividend-Policy-Apr2020.pdf

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Members
TVS Motor Company Limited,
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

We hereby certify that, in our opinion, none of the Directors on the Board of TVS MOTOR COMPANY LIMITED ('the Company') as on 31st March 2020, as listed below, have been debarred or disqualified from being appointed or continuing as directors of companies, by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

Sl. No.	Name of the Directors (M/s.)	Nature of Directorship	Director Identification Number (DIN)
1.	Venu Srinivasan	Chairman and Managing Director	00051523
2.	Sudarshan Venu	Joint Managing Director	03601690
3.	H Lakshmanan	Non-Executive, Non-Independent Director	00057973
4.	Dr. Lakshmi Venu		02702020
5.	T Kannan	Non-Executive, Independent Director	00040674
6.	C R Dua		00036080
7.	Prince Asirvatham		00193260
8.	Hemant Krishan Singh		06467315
9.	Rajesh Narasimhan	Non-Executive, Non-Independent Director	07824276
10.	K N Radhakrishnan	Director and Chief Executive Officer	02599393
11.	Lalita D Gupte	Non-Executive, Independent Director	00043559
12.	R Gopalan		01624555

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

1. Our verification of the information relating to the directors available in the official website of the Ministry of Corporate Affairs; and
2. Our verification of the disclosures / declarations / confirmations provided by the said directors to the Company and other relevant information, explanation and representations provided by the Company, its officers and agents.

We wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company. Our responsibility is to express an opinion on this, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the Corporate Governance processes followed by the management of the Company.

For S Krishnamurthy & Co.,
Company Secretaries,

K Sriram,
Partner
Membership No. F 6312
Certificate of Practice No. 2215
UDIN: F006312B000290783

Chennai
28th May 2020

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai – 600 006.

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by TVS MOTOR COMPANY LIMITED ('the Company') during the financial year from 1st April 2019 to 31st March 2020 ('the year'/ 'audit period'/ 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) Our verification of the books, papers, minute books, registers and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March 2020 but before the issue of this audit report;

(ii) Compliance certificates confirming compliance with all laws applicable to the Company, given by the key managerial personnel of the Company and taken on record by the Board of Directors; and

(iii) Representations made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2020, the Company:

(i) has complied with the statutory provisions listed hereunder; and

(ii) has Board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as Annexure – A.

1. Compliance with specific statutory provisions

   We further report that:

   1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

   (i) The Companies Act, 2013, and the rules made thereunder ('the Companies Act').

   (ii) The Securities Contracts (Regulation) Act, 1956, and the rules made thereunder.

   (iii) The Depositories Act, 1996, and the regulations and bye-laws framed thereunder.

   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder, to the extent of Overseas Direct Investment and External Commercial Borrowings ('FEMA').

   (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):

      (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

      (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR').

   (vi) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) ('Agreements').

   (vii) Secretarial Standards issued by The Institute of Company Secretaries of India ('Secretarial Standards').

   1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2020, but before the issue of this report, we hereby report that, to the best of our knowledge and belief, and based on the records, information, explanations and representations furnished to us:

(a) The Company has complied with the applicable provisions / clauses of the Acts and Rules, mentioned in paragraph 1.1 (i), (ii) and (iii) above.

(b) The Company has generally complied with the applicable provisions of FEMA, SEBI Regulations and Agreements mentioned in paragraph 1.1 (v) and (vi) above.

(c) The Company has generally complied with the applicable provisions of Secretarial Standards on Meetings of the Board of Directors (SS-1) (to the extent applicable to Board meetings) and Secretarial Standards on General Meetings (SS-2) (to the extent applicable to General meetings and Postal ballot) mentioned under paragraph 1.1 (vii) above. The Secretarial Standards on Dividend (SS-3) and Report of the Board of directors (SS-4), being non-mandatory have not been adopted by the Company.

(d) The Company has complied with the applicable provisions of FEMA mentioned under paragraph 1.1 (iv) above.

1.3. We are informed that, during/ in respect of the year,

The Company was not required to comply with the following laws/ rules/ regulations and consequently was not required to maintain any books, papers, Minute books or other records or file any forms/ returns under:

(i) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Foreign Direct Investment;

(ii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013, and dealing with clients;

(iii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(v) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(vi) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and

(vii) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws under paragraph 1.2 did not arise.

2. Board processes:

We further report that:

2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Companies Act, 2013, and SEBI LODR.

2.2 As on 31st March 2020, the Board has:

(i) 3 (three) Executive Directors;

(ii) 3 (three) Non-Executive Non-Independent Directors (including 1 (one) Non-Independent Woman Director); and

(iii) 6 (six) Independent Directors (including 1 (one) Independent Woman Director).

2.3 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the applicable provisions of the Companies Act, 2013, and SEBI LODR:

(i) Appointment of Mr. R Gopalan (DIN: 01624555), as a Non-Executive Independent Director not liable to retire by rotation, for a term of 5 (five) consecutive years with effect from 30th April 2019, which was approved by the members at the 27th Annual General Meeting (AGM) held on 22nd July 2019.

(ii) Cessation of Mr. R Ramakrishnan (DIN: 00809342) as a Director, on 7th July 2019.

(iii) Re-appointment of Mr. T Kannan (DIN: 00040674), Mr. C R Dua (DIN: 00036080), Mr. Prince Asirvatham (DIN: 00193260), and Mr. Hemant Krishan Singh (DIN: 06467315), as Independent directors not liable to retire by rotation, for a second term of 5 (five) consecutive years, with effect from 14th July 2019.

(iv) Re-appointment of Mr. Sudarshan Venu (DIN: 03601690), and Mr. Rajesh Narasimhan (DIN: 07824276), as Directors, upon retirement by rotation, at the 27th AGM held on 22nd July 2019.

(v) Appointment of Mrs. Lalita Dileep Gupte (DIN: 00043559), who was appointed as an Additional Director (Non-Executive, Independent), as a Non-Executive Independent Director not liable to retire by rotation, for a term of 5 (five) consecutive years, with effect from 23rd October 2018, at the 27th AGM held on 22nd July 2019.

(vi) Appointment of Mr. K N Radhakrishnan (DIN: 02599393), (who was appointed as an Additional Director in the rank of Whole-time Director, for a period of 5 (five) years, with effect from 23rd October 2018, which was approved by the shareholders through postal ballot process on 5th March 2019), as a Director liable to retire by rotation, to hold office as Director and Chief Executive Officer in the rank of Wholetime Director, at the 27th AGM held on 22nd July 2019.

2.4 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings, other than 1 (one) meeting which was called at a shorter notice.

2.5 Notice of Board meetings were sent atleast 7 (seven) days in advance, except in respect of 1 (one) meeting, at which meeting atleast 1 (one) Independent Director was present.

2.6 Agenda and detailed notes on agenda were sent to the directors atleast 7 (seven) days before the Board meetings (expect in respect of the meeting held at a shorter notice) with the exception of the following items, which were either circulated separately or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and

(ii) Additional subjects/ information/ presentations and supplementary notes.

2.7 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.8 We are informed that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the Minutes.

3. Compliance mechanism

We further report that:

There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. Specific events / actions

We further report that:

The specific events and actions during the year, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and standards were: Further investments in subsidiaries (Indian / Foreign), as disclosed in the audited financial statement for the financial year ended 31st March 2020.

For S Krishnamurthy & Co
Company Secretaries
K. SRIRAM

Partner
Membership No: F6312
Certificate of Practice No: 2215
UDIN: F006312B000290761

Chennai
28th May 2020

Annexure – A to Secretarial Audit Report of even date

To,

The Members of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam, Chennai – 600 006.

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2020 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the relevant provisions of corporate and other applicable laws, rules, regulations, guidelines and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
4. While forming an opinion on compliance and issuing this report, we have:
   (a) considered compliance related action taken by the Company after 31st March 2020, but before the issue of this report.
   (b) considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law.
   (c) taken an overall view, based on the compliance procedures and practices followed by the Company.
   (d) considered the Notifications / Circulars / Guidelines issued by the Ministry of Corporate Affairs/ SEBI / Depositories / Stock Exchanges, in respect of relaxation of various compliance time-lines in respect of the compliance events stated therein.
5. We have not verified the correctness and appropriateness of the financial statements (including attachments and annexures thereto), financial records and books of accounts of the Company.
6. We have obtained and relied on the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required, and where the relevant documents were not available for verification.
7. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co
Company Secretaries
K. SRIRAM

Partner
Membership No: F6312
Certificate of Practice No: 2215
UDIN: F006312B000290761

Chennai
28th May 2020

TVS

TVS iQUBE ELECTRIC

CHARGE.LIFE


TVS
Scooty Pep+
Scooty Zest 110
TVS Jupiter
TVS NTORQ 125
TVS Apache RR 310
TVS Radeon
Apache Series RTR
TVS Victor
Star City+
TVS Sport

STANDALONE FINANCIAL STATEMENTS OF
TVS MOTOR COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the members of TVS Motor Company Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited the standalone financial statements of TVS Motor Company Limited ("the Company"), which comprise the standalone balance sheet as at 31st March 2020, the Statement of Profit and Loss(including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the stand-alone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Key Audit Matter	Principal Audit Procedures
1. Overseas Equity Investments - Equity Investments in overseas subsidiaries account for a significant percentage of the Company's total equity investments. To assess annually whether there are indications of impairment requires significant management judgment in determining the recoverable amount of these equity investments.	Management has obtained a valuation of the equity investment in the overseas subsidiary from a valuer, that is based on projected annual cash flows of the overseas subsidiary. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the equity investment are adequately supported and consistent with the information currently available. WACC - Weighted Average Cost of Capital
2. Evaluation of Uncertain Tax positions The Company has material uncertain tax positions, including matters under dispute, which involves significant judgment to determine the possible outcome of these disputes.	We obtained details of demands relating to direct tax and indirect tax, for the year ended 31st March 2020. We considered legal precedence and other rulings as well as obtained external opinions in evaluating management's position on these uncertain tax positions.

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the standalone financial statements.

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit of the branches have been received from the branches not visited by us;

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts.

   (d) In our opinion, the aforesaid stand-alone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (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 financial statements - Refer Note No. 41(a) to the standalone financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses- Refer Note No. 31(D);

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

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act;

   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For V. SANKAR AIYAR & CO
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATARAMAN
Partner
Membership No.: 023116
UDIN: 20023116AAAAHR6642

Place: Chennai
Date : 28th May 2020

Annexure A to Independent Auditors' Report - 31st March 2020
(Referred to in our report of even date)

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

b) The company has a regular program of physically verifying all the fixed assets at its plants/ offices in a phased manner over a period of 2 years, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies as compared to book records were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Company

(ii) The inventories have been physically verified by the management during the year. In our opinion the frequency of the physical verification is reasonable, the discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of accounts.

(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 clauses (iii) (a),(b) &(c) of Para 3 of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) The Central Government has prescribed the maintenance of cost records under Section 148(1) of the Act in respect of certain products manufactured by the Company. 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 Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.

(vii) a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs duty and Cess and other material statutory dues as applicable to the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance Income Tax, Goods and Service Tax, Customs duty and Cess were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and the records of the Company, the dues of Income-Tax, Customs Duty, Wealth Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Excise Duty and Cess which have not been deposited on account of any dispute are as follows:

Name of the Statute / (Nature of dues)	Period of dues	Rs. in Crores	Forum where dispute is pending
Central Excise Act, 1944 (Cenvat/Excise Duty)	1998-2017	24.44	Central Excise and Service Tax Appellate Tribunal, Chennai
	2011-2016	7.55	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
Finance Act, 1994 (Service Tax)	2002-2016	1.49	Central Excise and Service Tax Appellate Tribunal. Chennai / Bangalore
Customs Act, 1962 (Customs Duty)	1999-2001	1.36	Hon'ble High Court of Judicature, Chennai
Sales Tax / VAT Laws (Sales Tax)	1998-2016	1.03	Assessing officer
	2004-2005	0.04	Joint Commissioner (Appeals)
	1998-2010	0.33	Tribunals
Wealth Tax Act, 1957	2007-2009	0.98	ITAT, Chennai

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Banks/Financial Institutions/ Government. The company has not raised any monies against issue of debentures.

(ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, to the best of our knowledge and belief and as per the information and explanations given to us by the Management, and the representations obtained from the management, no material fraud by the Company and no fraud on the company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable

(xiii) In our opinion and according to the information and explanations given to us, based on verification of the records and approvals of the Audit Committee, the Company is in compliance with Section 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under para 3 of clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For V. SANKAR AIYAR & CO
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATARAMAN
Partner
Membership No.: 023116
UDIN: 20023116AAAAHR6642

Place: Chennai
Date : 28th May 2020

Annexure - B to the Independent Auditors' Report - 31st March 2020 (Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Motor Company Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

2. 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting

(the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. 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

7. 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. SANKAR AIYAR & CO
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATARAMAN
Partner
Membership No.: 023116
UDIN: 20023116AAAAHR6642

Place: Chennai
Date : 28th May 2020

Balance Sheet as at 31st March 2020

Rupees in crores

	Notes	As at 31-03-2020	As at 31-03-2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,619.73	2,526.29
Capital work-in-progress	2	126.56	109.14
Other intangible assets	2	176.73	53.02
Intangible assets under development		158.87	148.09
Right-of-use asset	3	103.48	–
Financial assets			
i. Investments	4	2,605.88	2,300.67
ii. Other financial assets	5	249.66	0.14
Non-Current tax assets (Net)		10.71	16.78
Other non-current assets	6	80.11	60.32
		6,131.73	5,214.45
Current assets			
Inventories	7	1,038.93	1,175.94
Financial assets			
i. Trade receivables	8	1,281.36	1,414.14
ii. Cash and cash equivalents	9	414.30	39.13
iii. Bank balances other than (ii) above	10	4.87	4.74
iv. Other financial assets	11	18.00	14.47
Current tax assets (Net)		0.62	22.94
Other current assets	12	471.35	483.55
		3,229.43	3,154.91
Total assets		9,361.16	8,369.36
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	47.51	47.51
Other equity	14	3,570.58	3,299.81
		3,618.09	3,347.32
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	15	904.63	709.12
ii. Lease liabilities		85.79	–
Provisions	16	83.40	58.61
Deferred tax liabilities (Net)	17	158.05	212.63
		1,231.87	980.36
Current liabilities			
Financial liabilities			
i. Borrowings	18	1,070.00	668.82
ii. Lease liabilities		23.89	–
iii. Trade payables	19		
a. Total outstanding dues of micro and small enterprises		116.60	74.57
b. Total outstanding dues of other than (iii) (a) above		2,769.79	2,849.33
iv. Other financial liabilities	20	149.85	94.37
Provisions	16	92.85	59.65
Other current liabilities	21	288.22	294.94
		4,511.20	4,041.68
Total liabilities		5,743.07	5,022.04
Total equity and liabilities		9,361.16	8,369.36
Significant accounting policies	1		
See accompanying notes to the financial statements			

VENU SRINIVASAN *Chairman & Managing Director*	SUDARSHAN VENU *Joint Managing Director*	H. LAKSHMANAN *Director*	As per our report annexed For V. Sankar Aiyar & Co. *Chartered Accountants* *Firm Regn. No.: 109208W*
K.N.RADHAKRISHNAN *Director & Chief Executive Officer*	K. GOPALA DESIKAN *Chief Financial Officer*	K.S. SRINIVASAN *Company Secretary*	S. VENKATARAMAN *Partner* *Membership No.: 023116*

Place : Chennai
Date : 28th May 2020

Statement of Profit and Loss for the year ended 31st March 2020

Rupees in crores

		Notes	Year ended 31-03-2020	Year ended 31-03-2019
I	Revenue from operations	22	16,423.34	18,209.92
II	Other income	23	32.10	7.54
III	Total income (I + II)		16,455.44	18,217.46
IV	Expenses:			
	Cost of material consumed	24	11,854.80	13,672.80
	Purchase of stock-in-trade	24	259.20	244.84
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	21.93	(75.37)
	Employee benefits expense	25	938.41	922.63
	Finance costs	26	102.19	80.56
	Depreciation and amortisation expense	27	489.03	399.27
	Other expenses	28	2,003.14	2,011.77
	Total expenses		15,668.70	17,256.50
V	Profit before exceptional items and tax (III - IV)		786.74	960.96
VI	Exceptional items		(32.33)	–
VII	Profit before tax (V + VI)		754.41	960.96
VIII	Tax expense	29		
	i. Current tax		233.90	276.76
	ii. Deferred tax		(71.74)	14.06
IX	Profit for the year (VII - VIII)		592.25	670.14
X	Other comprehensive income			
	A. Items that will not be reclassified to profit or loss:			
	Remeasurements of post employment benefit obligations		(45.30)	8.73
	Change in fair value of equity instruments		(38.42)	(10.12)
	Income tax relating to these items		15.27	(2.18)
	B. Items that will be reclassified to profit or loss:			
	Fair value changes on cash flow hedges		(66.53)	0.48
	Income tax relating to these items		16.75	(0.17)
	Other comprehensive income for the year, net of tax (X)		(118.23)	(3.26)
XI	Total comprehensive income for the year - (IX + X)		474.02	666.88
XII	Earnings per equity share (Face value of Re.1/- each)			
	Basic & Diluted earnings per share (in rupees)	37	12.47	14.11
	See accompanying notes to the financial statements			

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Statement of changes in Equity

a Equity Share Capital

Rupees in crores

As at 01-04-2018	47.51
Changes in equity share capital	–
As at 31-03-2019	47.51
Changes in equity share capital	–
As at 31-03-2020	47.51

b Other Equity

Particulars	Reserves & Surplus			Other Reserves		Total
	General reserve	Capital reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Hedging reserve	
Balance as at 01-04-2018	865.64	6.43	1,874.74	88.04	(1.94)	2,832.91
Add : Profit for the year 2018-19			670.14			670.14
Other comprehensive income for the year 2018-19			5.55	(9.12)		(3.57)
Less : Reclassification to profit or loss, net of tax					(1.94)	(1.94)
Less : Change in fair value of hedging instruments, net of tax					1.63	1.63
Less : Distribution to shareholders :						
2018-19 First Interim dividend paid			99.77			99.77
2018-19 Second Interim dividend paid			66.51			66.51
Less : Dividend Tax			33.70			33.70
Balance as at 31-03-2019	865.64	6.43	2,350.45	78.92	(1.63)	3,299.81
Add : Profit for the year 2019-20			592.25			592.25
Other comprehensive income for the year 2019-20			(33.91)	(34.54)		(68.45)
Less : Reclassification to profit or loss, net of tax					(1.63)	(1.63)
Add : Adjustment as per Ind AS 116, net of tax (Retrospective application with cumulative effect)			(3.22)			(3.22)
Less : Change in fair value of hedging instruments, net of tax					51.41	51.41
Less : Distribution to shareholders :						
2019-20 First Interim dividend paid			99.77			99.77
2019-20 Second Interim dividend paid			66.51			66.51
Less : Dividend Tax			33.75			33.75
Balance as at 31-03-2020	865.64	6.43	2,705.54	44.38	(51.41)	3,570.58

Nature and purpose of Other Reserves

1. General reserve is available for distribution to share holders.
2. Capital reserve

i. On shares forfeited (₹ 55,200)	–
ii. On surplus arising out of amalgamation	6.43
	6.43

3. Hedge Reserve - Refer Note No. 31(D)

VENU SRINIVASAN
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Director

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Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Cash Flow Statement

Rupees in crores

			Year ended 31-03-2020		Year ended 31-03-2019
A. Cash flow from operating activities					
Net profit before tax			754.41		960.96
Add: Depreciation and amortisation for the year		489.03		399.27	
(Profit) / Loss on sale of fixed assets		(2.27)		1.91	
Net (profit)/loss on sale of investments		(0.03)		–	
Unrealised exchange (gain) / loss		(33.95)		7.30	
(Gain) on lease preclosure		(0.31)		–	
Dividend income		(3.37)		(3.28)	
Interest income		(25.58)		(3.29)	
Finance cost		102.19		80.56	
Provisions		5.94		10.07	
			531.65		492.54
Operating profit before working capital changes			1,286.06		1,453.50
Adjustments for:					
Trade receivables		171.44		(453.12)	
Inventories		137.01		(211.55)	
Other current assets		11.05		29.24	
Other financial assets		(3.53)		(0.23)	
Trade payables		(42.22)		437.99	
Other financial liabilities (excluding current maturity of non-current borrowings)		0.94		1.54	
Other current liabilities		(6.72)		16.40	
Other non - current assets		24.59		54.02	
			292.56		(125.71)
Cash generated from operations			1,578.62		1,327.79
Direct taxes paid			(185.00)		(230.00)
Net cash from operating activities	(A)		1,393.62		1,097.79
B. Cash flow from investing activities					
Purchase of property, plant and equipment		(526.25)		(593.90)	
Purchase of intangible assets		(178.44)		(24.43)	
Sale of fixed assets		22.76		9.71	
Payments for capital work-in-progress		(17.42)		(24.90)	
Payments for intangibles under development		(10.78)		(95.34)	
Adjustment for capital advances		(16.56)		(4.58)	
Share application money paid		(249.53)		–	
Investments in subsidiaries and associates		(340.90)		(246.21)	
Purchase of investments		(6.46)		(29.69)	
Sale / disposal of investments		5.78		0.49	
Interest received		25.58		3.29	
Dividends received		3.37		3.28	
			(1,288.85)		(1,002.28)
Net cash from / (used in) investing activities	(B)		(1,288.85)		(1,002.28)

Cash Flow Statement – *(continued)*

Rupees in crores

			Year ended 31-03-2020		Year ended 31-03-2019
C. Cash flow from financing activities					
Borrowings:					
Non-current borrowings availed / (repaid)		187.54		273.31	
Current borrowings availed / (repaid)		401.29		93.85	
Other bank balances		(0.12)		(0.35)	
Finance cost paid		(100.34)		(85.70)	
Repayment of lease liabilities		(17.83)		–	
Dividend and dividend tax paid		(200.03)		(199.98)	
			270.51		81.13
Net cash from / (used in) financing activities	(C)		270.51		81.13
Total	(A)+(B)+(C)		375.28		176.64
Cash and cash equivalents at the beginning of the year			39.02		(137.62)
Cash and cash equivalents at the end of the year			414.30		39.02
D. Net increase / (decrease) in cash and cash equivalents			375.28		176.64

Note : The above statement of cash flow is prepared using indirect method.

Change in liability arising from financing activities:

Particulars	As at 01-04-2019	Cash flow	Foreign exchange movement	Amortisation	As at 31-03-2020
Non-current borrowings (Including current maturities)	731.18	187.54	39.06	(5.87)	951.91
Current borrowings	668.71	401.29	–	–	1,070.00

Non-cash financing & investing activities:

	2019-20	2018-19
Acquisition of right of use asset	68.00	–

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
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Chartered Accountants
Firm Regn. No.: 109208W

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

a) Brief description of the Company

TVS Motor Company Limited ('the Company') is a public limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600 006, Tamil Nadu, India.

The Company manufactures two wheelers, three wheelers, parts and accessories thereof. The Company has manufacturing plants located at Hosur in Tamil Nadu, Mysore in Karnataka and Nalagarh in Himachal Pradesh.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant Estimates and judgements

The areas involving critical estimates or judgements are:

i) Estimation of fair value of unlisted securities - (Refer Note 30)

ii) Defined benefit obligation - (Refer Note 33)

iii) Estimation of useful life of Property, Plant and Equipment - (Refer Note 1(f) and 1(g))

iv) Estimation and evaluation of provisions and contingencies relating to tax litigations - (Refer Note 41(a)).

e) Revenue recognition

The Company has adopted Ind AS 115 from 1st April, 2018 and opted for modified retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1st April, 2018, and subsequent contracts with customers from that date.

Performance obligation:

The revenue is recognized on fulfilment of performance obligation.

Sale of products:

The Company earns revenue primarily from sale of automotive vehicles, parts and accessories.

Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

The Company's contracts with customers do not provide for any right to returns, refunds or similar obligations. The Company's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision. (Refer Note 38).

Revenue is recognised when the performance obligations are satisfied and the control of the product is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time the Company has a right to payment for the asset, customer has possession and legal title to the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset or the Company has objective evidence that all criteria for acceptance have been satisfied.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Sale of services:

The Company also earns revenue from providing IT services and Royalty on usage of Company's technical knowhow.

In respect of IT service, the revenue is recognised on a time proportion basis as the customer simultaneously receives and consumes the benefits as the obligations are performed. Payment for the services provided are received as per the credit terms agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

In respect of Royalty, the performance obligation is, to provide the right-to-use the Company's technical knowhow by the customers, for which usage-based royalty is charged. Payment for the services provided is received as per the credit terms as agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

Significant judgements:

There are no significant judgements made by the Company in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract.

f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Goods and Services Tax to the extent credit of the tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

g) Depreciation and amortization

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

ii) Keeping in mind the rigorous and periodic maintenance programme followed by the Company, the estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is given below:

Description	Years
Factory building and other buildings	5 to 61
Plant and machinery	5 to 21
Electrical equipment	15
Furniture and fixtures	10
Computers and information systems	3 to 4
Material handling equipment	5
Mobile phone	2
Vehicles	6

iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for low volume models are depreciated at 11.31 per cent.

iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

v) On tangible fixed assets added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

vi) Depreciation in respect of tangible assets costing less than ₹ 5,000/- is provided at 100%.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

h) Intangible assets

Expenses incurred during research phase are expensed in the year in which they are incurred. Expenses incurred during development phase are recognized as intangible assets under development and capitalized as intangible assets on completion of the development phase and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for, the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

j) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e.,in Indian rupee (INR) and all values are rounded off to nearest crores except otherwise indicated.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

i) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

ii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

iii) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

k) Hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 30. Movements in the hedging reserve in shareholders' equity are shown in Note 31. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

i) Cost of raw materials, components, stores and spares are ascertained on a moving average basis.

ii) Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

m) Employee benefits

i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees, pension plan for its eligible senior managers; and

b) Defined contribution plans such as provident fund.

Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the Government Bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

n) Taxes on income

Tax expense comprises of current and deferred taxes.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to Income Taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Company is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

o) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in statement of profit and loss on completion of export obligation as approved by the Regulatory Authorities.

p) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

r) Leases

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

the Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

u) Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the Company measures a financial asset at its fair value plus transaction cost (in the case of a financial asset not a fair value through profit or loss) that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

- Amortised Cost:
  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair Value through profit or loss:
  Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries/associate) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately.

Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 31 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

iv) Derecognition of financial assets

A financial asset is derecognised only when:

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

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

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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

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

v) Income recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

v) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

x) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value										
as at 01-04-2019	166.06	758.69	3,706.70	76.77	27.61	133.48	4,869.31	86.61	97.71	184.32
Additions	7.54	59.13	415.41	6.25	9.25	28.67	526.25	9.92	168.52	178.44
Sub-total	173.60	817.82	4,122.11	83.02	36.86	162.15	5,395.56	96.53	266.23	362.76
Sales / deletion	0.07	0.14	65.43	0.99	1.43	8.20	76.26	0.46	–	0.46
Total	173.53	817.68	4,056.68	82.03	35.43	153.95	5,319.30	96.07	266.23	362.30
Depreciation / Amortisation										
Upto 31-03-2019	–	180.73	2,030.03	35.59	14.17	82.50	2,343.02	71.33	59.97	131.30
For the year	–	31.62	339.30	12.01	4.38	25.01	412.32	13.54	41.19	54.73
Sub-total	–	212.35	2,369.33	47.60	18.55	107.51	2,755.34	84.87	101.16	186.03
Withdrawn on assets sold / deleted	–	0.14	45.43	0.74	1.42	8.04	55.77	0.46	–	0.46
Total	–	212.21	2,323.90	46.86	17.13	99.47	2,699.57	84.41	101.16	185.57
Carrying value										
As at 31-03-2020	173.53	605.47	1,732.78	35.17	18.30	54.48	2,619.73	11.66	165.07	176.73

Capital work-in-progress (at cost) as at 31-03-2020	
(a) Building	28.79
(b) Plant & equipment	97.77
Total	126.56

a) Cost of buildings includes ₹ 24.85 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of ₹ 0.51 crores, whose ownership is transferrable at the end of the lease term.

c) Borrowing cost capitalised during the year ₹ 12.38 crores.

Notes to the Financial Statements - *(continued)*

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - *(continued)*

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Development	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2018	162.17	656.63	3,381.76	58.12	20.30	105.62	4,384.60	71.55	89.28	160.83
Additions	3.89	109.65	418.96	19.48	8.67	33.25	593.90	16.00	8.43	24.43
Sub-total	166.06	766.28	3,800.72	77.60	28.97	138.87	4,978.50	87.55	97.71	185.26
Sales / deletion	–	7.59	94.02	0.83	1.36	5.39	109.19	0.94	–	0.94
Total	166.06	758.69	3,706.70	76.77	27.61	133.48	4,869.31	86.61	97.71	184.32
Depreciation / Amortisation										
Upto 31-03-2018	–	161.32	1,800.89	25.85	12.54	68.54	2,069.14	60.73	43.69	104.42
For the year	–	26.95	312.42	9.88	2.99	19.21	371.45	11.54	16.28	27.82
Sub-total	–	188.27	2,113.31	35.73	15.53	87.75	2,440.59	72.27	59.97	132.24
Withdrawn on assets sold / deleted	–	7.54	83.28	0.14	1.36	5.25	97.57	0.94	–	0.94
Total	–	180.73	2,030.03	35.59	14.17	82.50	2,343.02	71.33	59.97	131.30
Carrying value As at 31-03-2019	166.06	577.96	1,676.67	41.18	13.44	50.98	2,526.29	15.28	37.74	53.02

Capital work-in-progress (at cost) as at 31-03-2019

(a) Building	20.71
(b) Plant & equipment	88.43
Total	109.14

a) Cost of buildings includes ₹ 6.71 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of ₹ 0.51 crores, whose ownership is transferrable at the end of the lease term.

c) Borrowing cost capitalised during the year ₹ 5.86 crores.

3 RIGHT OF USE ASSET

Rupees in crores

S.No.	Particulars	Land	Building	Other assets	Total
1	Opening on transition to Ind AS 116 - Leases as on 01-04-2019	2.60	41.19	14.29	58.08
2	Additions during the year	–	66.73	1.27	68.00
3	Amortisation for the year	(0.09)	(13.89)	(8.00)	(21.98)
4	Deletions (Preclosures)	–	(0.62)	–	(0.62)
5	Closing net balance as on 31.03.2020	2.51	93.41	7.56	103.48

The Company has taken land, warehouses and sales offices across the country on leases for lease period ranging from 6-99 years. Company also has other assets on leases, the lease term here ranges for about 5 years.

Wherever the lease includes extension option and it is certain, the same is considered for computing the lease term. In rest of the cases, the term is limited to initial lease period. Lease term includes non-cancellable period and expected lease period. Payment made towards short term leases during the year was ₹ 36.78 Cr.

Notes to the Financial Statements - *(continued)*

Rupees in crores

4 NON CURRENT INVESTMENTS

Sl No.	Particulars	Subsidiary/ associate	No. of shares / units As at 31-03-2020	No. of shares / units As at 31-03-2019	Face Value	Currency	Rupees in crores As at 31-03-2020	Rupees in crores As at 31-03-2019
1	2	3	4	5	6	7	8	9
(a)	**Investment in Equity Instruments Fair valued through OCI:**							
	Quoted :							
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	32.56	70.80
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	0.67	1.47
	Unquoted :							
(iii)	Green Infra BTV Limited, New Delhi		32,50,000	32,50,000	10.00	INR	1.39	1.29
(iv)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	9.62	10.52
(v)	Green Infra Wind Power Projects Limited, New Delhi		1,11,600	1,11,600	10.00	INR	0.06	0.06
(vi)	Green Infra Wind Power Generation Limited, New Delhi		2,16,000	2,16,000	10.00	INR	0.13	0.13
(vii)	Condivision Solutions Pvt. Limited, Bengaluru		6,760	6,760	10.00	INR	–	2.00
(viii)	Mulanur Renewable Energy Pvt. Limited, Chennai		15,000	15,000	10.00	INR	0.02	0.02
(ix)	Atria Wind Power Bijapur 1 Limited, Bengaluru		90,610	1,01,217	10.00	INR	1.72	1.93
(x)	Altizon Systems Private Limited, Pune		10	–	10.00	INR	0.01	–
(b)	**Investment in Equity Instruments valued at Cost (Unquoted):**							
(i)	Sundaram Auto Components Limited, Chennai [1]	Subsidiary	4,21,74,000	3,59,25,000	10.00	INR	313.21	253.22
(ii)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	100.00	EUR	1.80	1.80
(iii)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	11,85,28,579	9,14,80,287	1.00	SGD	364.80	225.86
(iv)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	80,97,000	75,97,000	97,400.00	IDR	352.54	316.75
(v)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	0.05	0.05
(vi)	TVS Motor Services Limited, Chennai [1]	Subsidiary	5,36,33,814	86,33,814	10.00	INR	52.68	7.68
(vii)	TVS Credit Services Limited, Chennai[2]	Subsidiary	15,54,69,528	1,83,29,753	10.00	INR	1,261.01	173.53
(viii)	Emerald Haven Realty Limited, Chennai	Associate	11,12,19,512	11,12,19,512	10.00	INR	111.22	111.22
(ix)	Ultraviolette Automotive Private Limited, Bengaluru	Associate	14,850	14,850	10.00	INR	11.00	11.00
(x)	Tagbox Solutions Private Limited, Bengaluru	Associate	45,710	–	1.00	INR	1.19	–
	Total value of Equity Instruments (a) + (b)						**2,515.68**	**1,189.33**
(c)	**Investments in Preference Shares (Unquoted): (Valued at Amortised Cost)**							
(i)	TVS Motor Services Limited, Chennai[2]	Subsidiary	–	61,30,10,000	10.00	INR	–	1,042.48
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	0.0001	USD	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi		82	82	10.00	INR	1.00	1.00
(iv)	TVS Lanka (Private) Limited, Colombo		37,00,00,000	37,00,00,000	1.00	LKR	15.92	14.75
(v)	Ultraviolette Automotive Private Limited, Bengaluru	Associate	990	–	50,545.00	INR	5.00	–
(vi)	Tagbox Solutions Private Limited, Bengaluru	Associate	3,83,983	–	16.00	INR	9.99	–
	Total value of Preference shares (c)						**43.61**	**1,069.93**
(d)	**Other non-current Investments (Unquoted):**							
	Investments fair valued through OCI:							
(i)	Autotech Fund I, L.P. USA					USD	21.01	17.85
	Pension Funds / Government Securities (Valued at Amortised Cost):							
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	6.25	5.92
(iii)	Life Insurance Corporation Pension Policy, Mumbai					INR	19.33	17.64
	Total value of other non-current investments (d)						**46.59**	**41.41**
	Total (a) + (b) + (c) + (d)						**2,605.88**	**2,300.67**
	Aggregate amount of quoted investments and market value thereof						33.23	72.27
	Aggregate amount of unquoted investments						2,572.65	2,228.40
	Total						2,605.88	2,300.67

[1] Pursuant to the order of the National Company Law Tribunal, Chennai (NCLT, Chennai), the automobile trading division of Sundaram Auto Components (SACL), a wholly owned subsidiary, was demerged and merged with TVS Motor Services Ltd (TVS MS), a wholly owned subsidiary of the company with effect from 1st April 2018. As per the Scheme of Arrangement approved by the NCLT, Chennai, TVS MS allotted 36,33,814 equity shares of Rs.10 each to the Company as consideration for the transfer of the automobile trading division of SACL on 27th February 2019. Accordingly, the carrying cost of the existing 3,59,25,000 equity shares held by the Company in SACL has been allocated as the cost of the 36,33,814 equity shares allotted by TVS MS, in the same proportion as the net book value of the assets transferred by SACL to TVS MS bears to the net worth of SACL immediately before the demerger.

[2] Pursuant to Order of the NCLT, Chennai dated 16.4.2019, TVS Motor Services Limited, a wholly owned subsidiary of the Company has transferred its holding of 13,36,51,475 equity shares of Rs. 10/- each in its subsidiary ,viz., TVS Credit Services Limited (TVS CS), to the Company *in lieu* of redemption of 61,30,10,000 Non-Cumulative Redeemable Preference Shares of Rs. 10/- each and thereby TVS CS became a direct subsidiary to the Company effective 6th June 2019.

All Investments are fully paid up.

Notes to the Financial Statements – *(continued)*

Rupees in crores

		As at 31-03-2020	As at 31-03-2019
5	FINANCIAL ASSETS - OTHERS (NON CURRENT)		
	Other bank balances (bank deposit)	0.13	0.14
	Share application money paid (pending allotment)	249.53	–
		249.66	0.14
6	OTHER NON-CURRENT ASSETS		
	Capital advances	58.46	41.90
	Advances other than capital advances:		
	Prepaid lease rent	–	2.60
	Deposits made	21.65	15.82
		80.11	60.32
7	INVENTORIES		
	Raw materials and components	531.14	623.61
	Goods-in-transit - Raw materials and components	77.30	99.23
	Work-in-progress	43.76	92.51
	Finished goods	271.38	244.96
	Stock-in-trade	73.45	73.05
	Stores and spares	41.90	42.58
		1,038.93	1,175.94
8	TRADE RECEIVABLES		
	Secured, considered good	18.29	18.90
	Unsecured, considered good *	1,280.50	1,406.87
		1,298.79	1,425.77
	Less: Loss allowance	17.43	11.63
		1,281.36	1,414.14
	* Balances include balance with related parties [Refer Note 34(c)(i)]		
9	CASH AND CASH EQUIVALENTS		
	Balances with banks	163.75	38.76
	Cash on hand	0.27	0.37
	Cash equivalents:		
	Deposits with maturity of less than three month from the date of deposit.	250.28	–
		414.30	39.13
	Cash and cash equivalents for the purpose of cash flow statement		
	Cash and cash equivalents as shown above	414.30	39.13
	Less : Over drafts utilised	–	(0.11)
	[Grouped under financial liabilities - borrowings (Refer Note 18)]		
		414.30	39.02
10	OTHER BANK BALANCES		
	Earmarked balances with banks (for unpaid dividend)	4.87	4.74
		4.87	4.74
11	FINANCIAL ASSETS - OTHERS (CURRENT)		
	Unsecured, considered good :		
	Employee advances	12.04	8.12
	Security deposits	5.56	4.65
	Claims receivable	0.40	1.70
		18.00	14.47

Notes to the Financial Statements – *(continued)*

Rupees in crores

	As at 31-03-2020	As at 31-03-2019
12 OTHER CURRENT ASSETS		
GST/VAT/IT/Excise receivable	304.22	386.57
Prepaid expense	25.32	22.35
Vendor advance*	76.71	19.51
Trade deposits	0.61	0.95
Export incentive receivable	64.49	53.03
Employee benefit assets (Refer Note 33)	–	1.14
	471.35	483.55

* Balances include balance with related parties [Refer Note 34(c)(i)].

13 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Authorised:				
Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up:				
Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

(c) (i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

(e) Shareholders holding more than five percent at the end of the year (other than (d))

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of shares held	% of holding	Number of shares held	% of holding
ICICI Prudential Mutual Fund	Equity	3,75,05,402	7.89	3,11,44,102	6.56
Jwalamukhi Investment Holdings	Equity	2,66,90,025	5.62	2,34,89,942	4.94

Notes to the Financial Statements – *(continued)*

14 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2020	As at 31-03-2019
General reserve	865.64	865.64
Capital reserve	6.43	6.43
Retained earnings	2,705.54	2,350.45
Other Reserves	(7.03)	77.29
	3,570.58	3,299.81

15 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Description	Frequency	No. of instal-ments due	Maturity	As at 31-03-2020	As at 31-03-2019
Secured:					
ECB Loan from Bank I	Quarterly	4	Feb 2023	225.98	206.09
Term loan from Bank	Quarterly	9	Jun 2024	199.56	-
FCNRB Loan from Bank	End of Tenure	1	Jul 2021	75.67	69.16
State owned corporation	Yearly	5	2022-31	160.89	157.08
Unsecured:					
ECB Loan from Bank - II	Half Yearly	6	Sep 2023	151.33	138.31
Sales Tax Deferral					
Phase-1	Yearly	2	2021-22	12.66	18.99
Phase-2	Yearly	8	2027-28	125.82	141.55
Total Borrowings				951.91	731.18
Less : Current maturities of long-term borrowings				47.28	22.06
Total Long-term Borrowings				904.63	709.12

Details of securities created:

(i) ECB loan from Bank I - Exclusive charge over assets procured out of proceeds of the loan.

(ii) Term Loan from Bank - Exclusive charge on specific plant and equipment.

(iii) FCNRB Loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.

(iv) Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

Amount payable in each instalments:

Description	Currency	Amount*	Rate of Interest
ECB Loan from Bank - I	USD	4 Quarterly instalments of 7.5 mn between May 2022 and February 2023	3 Month USD LIBOR plus Margin
Term Loan from Bank	INR	9 quarterly unequated instalments beginning from 30th June 2022	1 Year MCLR plus Margin
FCNRB Loan from Bank	USD	10 Mn at the end of term	3 Month USD LIBOR plus Margin
ECB Loan from Bank - II	USD	6 Half yearly instalments of 3.33 mn between March 2021 and September 2023	3 Month USD LIBOR plus Margin
Sales tax deferral Phase-1	INR	6.33 crores per annum	Nil
Sales tax deferral Phase-2	INR	15.73 crores per annum	Nil
State owned corporation	INR	10.00, 67.23, 75.40, 4.45 and 9.24 crores (five instalments between 2022 and 2031)	0.10%

* undiscounted cash outflows

Notes to the Financial Statements – *(continued)*

Rupees in crores

16 PROVISIONS

Particulars	As at 31-03-2020		As at 31-03-2019	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
(a) Pension	45.19	50.64	27.45	39.09
(b) Leave salary	4.26	32.76	3.05	19.52
(c) Gratuity	5.36	–	–	–
Others:				
(a) Warranty	38.04	–	29.15	–
	92.85	83.40	59.65	58.61

17 DEFERRED TAX LIABILITIES (NET)

Particulars		As at 31-03-2020	As at 31-03-2019
The balance comprises temporary differences attributable to:			
Depreciation		238.14	318.23
Total deferred tax liability	(A)	238.14	318.23
Deferred tax asset consists of:			
- tax on employee benefit expenses		29.13	36.78
- tax on warranty provision		11.29	12.64
- tax on others		39.67	5.27
- unused tax credits (MAT credit entitlement)		–	50.91
Total deferred tax assets	(B)	80.09	105.60
Net deferred tax liability	(A)-(B)	158.05	212.63

Movement in deferred tax:

Particulars	Depreciation	Others	Total
As at 01-04-2018			148.17
Charged / (credited):			
- to profit or loss	18.56	(4.50)	14.06
- to other comprehensive income	–	2.35	2.35
- to utilisation of tax credits (MAT credit entitlement)	–	48.05	48.05
As at 31-03-2019			212.63
Charged / (credited):			
- to profit or loss	(80.09)	8.35	(71.74)
- to other comprehensive income	–	(32.02)	(32.02)
- towards IND AS116 initial adoption	–	(1.73)	(1.73)
- to utilisation of tax credits (MAT credit entitlement)	–	50.91	50.91
As at 31-03-2020			158.05

Notes to the Financial Statements – *(continued)*

Rupees in crores

18 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2020	As at 31-03-2019
Borrowings repayable on demand from banks		
Secured	240.00	120.00
Unsecured#	600.00	250.11
Short term loans from banks (Unsecured)	230.00	298.71
	1,070.00	668.82
# Includes overdraft utilisation	–	0.11
Total overdraft utilisation	–	0.11

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

19 TRADE PAYABLES

Dues to Micro and Small Enterprises **	116.60	74.57
Dues to enterprises other than Micro and Small Enterprises#	2,769.79	2,849.33
	2,886.39	2,923.90

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Balances include balances due to related parties [Refer Note 34(c)(ii)].

20 OTHER FINANCIAL LIABILITIES

Current Maturities of long term borrowings	47.28	22.06
Interest accrued but not due on loans	4.26	2.41
Trade deposits received	27.91	27.44
Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.87	4.74
Payables against capital goods	23.59	23.25
Hedge liability (Net)	41.94	14.47
	149.85	94.37

21 OTHER CURRENT LIABILITIES

Statutory dues	107.28	142.83
Employee related	75.44	89.83
Advance received from customers	99.03	57.83
Money held under trust	6.47	4.45
	288.22	294.94

Notes to the Financial Statements – *(continued)*

Rupees in crores

		Year ended 31-03-2020	Year ended 31-03-2019
22 REVENUE FROM OPERATIONS			
Sale of products		16,034.48	17,879.12
Sale of services		39.15	33.39
Other operating revenue#		349.71	297.41
		16,423.34	18,209.92

Includes Government Grants of ₹ 186.57 crores (Last year ₹ 176.60 crores)

		Year ended 31-03-2020	Year ended 31-03-2019
23 OTHER INCOME			
Dividend income			
(i) From subsidiaries		2.11	2.34
(ii) From other investments designated as Fair Value through OCI		1.26	0.94
Interest income		25.58	3.29
Profit on sale of investments (Net)		0.03	–
Profit on sale of fixed assets (Net)		2.27	–
Other non-operating income		0.85	0.97
		32.10	7.54
24 MATERIAL COST			
Cost of Material consumed:			
Opening stock of raw materials and components		623.61	470.19
Add: Purchases		11,762.33	13,826.22
		12,385.94	14,296.41
Less: Closing stock of raw materials and components		531.14	623.61
		11,854.80	13,672.80
Purchases of stock-in-trade:			
Spare parts		136.53	152.75
Engine oil		122.67	92.09
		259.20	244.84
Changes in inventories of finished goods, work-in-progress and stock-in-trade:			
Opening stock:			
Work-in-progress		92.51	68.00
Stock-in-trade		73.05	57.40
Finished goods		244.96	209.75
	(A)	410.52	335.15
Closing stock:			
Work-in-progress		43.76	92.51
Stock-in-trade		73.45	73.05
Finished goods		271.38	244.96
	(B)	388.59	410.52
	(A) - (B)	21.93	(75.37)
25 EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus		814.91	798.56
Contribution to provident and other funds		51.77	49.57
Staff welfare expenses		71.73	74.50
		938.41	922.63

Notes to the Financial Statements – *(continued)*

Rupees in crores

		Year ended 31-03-2020	Year ended 31-03-2019
26	**FINANCE COSTS**		
	Interest	92.82	80.87
	Interest on lease liabilities	9.27	–
	Exchange differences	0.10	(0.31)
		102.19	80.56
27	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Depreciation on property plant and equipment	412.32	371.45
	Depreciation on right of use asset	21.98	–
	Amortisation on intangible assets	54.73	27.82
		489.03	399.27
28	**OTHER EXPENSES**		
	(a) Consumption of stores, spares and tools	51.50	71.03
	(b) Power and fuel	90.30	110.08
	(c) Repairs - buildings	10.94	11.21
	(d) Repairs - plant and equipment	58.41	54.64
	(e) Insurance	15.67	15.16
	(f) Rates and taxes (excluding taxes on income)	3.57	6.03
	(g) Audit fees#	1.54	0.90
	(h) Cost audit fees	0.06	0.05
	(i) Packing and freight charges	379.54	391.60
	(j) Advertisement and publicity	420.54	391.84
	(k) Other marketing expenses	356.98	359.56
	(l) Loss on sale of fixed assets (Net)	–	1.91
	(m) Foreign exchange loss (Net)	–	21.75
	(n) Corporate Social Responsibility expenditure*	16.66	13.25
	(o) Contributions to electoral trust / bond	6.00	9.00
	(p) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	591.43	553.76
		2,003.14	2,011.77

Refer Note No. 40 for details on audit fees.

* Refer Note No. 45 for details on Corporate Social Responsibility expenditure.

			Year ended 31-03-2020	Year ended 31-03-2019
29	**TAX EXPENSE AND RECONCILIATION**			
	(a) Tax expense			
	Current tax:			
	Current tax on profits for the year		225.23	276.46
	Adjustments for current tax of prior periods		8.67	0.30
		(A)	233.90	276.76
	Deferred tax:			
	Decrease / (increase) in deferred tax assets		6.62	(4.50)
	(Decrease) / increase in deferred tax liabilities		(78.36)	18.56
		(B)	(71.74)	14.06
		(A + B)	162.16	290.82

Notes to the Financial Statements – *(continued)*

Rupees in crores

	Year ended 31-03-2020	Year ended 31-03-2019
29 TAX EXPENSE AND RECONCILIATION - *(continued)*		
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	754.41	960.96
Tax at the Indian tax rate of 34.944%	263.62	335.80
Additional deduction towards Research & Development expenses	(48.97)	(40.39)
Capital receipts	(1.97)	(8.30)
Exempted income	(0.84)	(1.00)
Partially allowed deductions	15.65	4.99
Restatement of Deferred Tax Liability	(74.00)	–
Others	–	(0.58)
Tax relating to earlier years	8.67	0.30
Income tax expense	162.16	290.82

30 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2020			As at 31-03-2019		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	46.18	–	–	88.22	–
- Preference shares	–	–	43.61	1,042.48	–	27.45
- Other non-current investments	–	21.01	–	–	17.85	–
- Debt Instruments	–	–	25.58	–	–	23.56
Trade receivables	–	–	1,281.36	–	–	1,414.14
Cash and cash equivalents	–	–	414.30	–	–	39.13
Other bank balances (bank deposit)	–	–	0.13	–	–	0.14
Earmarked balances with bank	–	–	4.87	–	–	4.74
Other financial assets	–	–	18.00	–	–	14.47
	–	67.19	1,787.85	1,042.48	106.07	1,523.63
Financial liabilities						
Borrowings	–	–	2,021.91	–	–	1,400.00
Trade payables	–	–	2,886.39	–	–	2,923.90
Lease liability	–	–	109.68	–	–	–
Derivative financial liability	–	41.94	–	–	14.47	–
Other financial liability	–	–	60.63	–	–	57.84
	–	41.94	5,078.61	–	14.47	4,381.74

* FVTPL - Fair Valued Through Profit and Loss FVOCI - Fair Valued Through Other Comprehensive Income

Notes to the Financial Statements – *(continued)*

Rupees in crores

30 FAIR VALUE MEASUREMENTS - *(continued)*

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVOCI	4	33.23	21.01	12.95	67.19
		33.23	21.01	12.95	67.19
Financial liabilities					
Derivatives	20	–	41.94	–	41.94
		–	41.94	–	41.94

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	4	–	–	43.61	43.61
Debt instruments	4	–	–	25.58	25.58
		–	–	69.19	69.19
Financial liabilities					
Borrowings	15, 18, 20	–	–	2,021.91	2,021.91
				2,021.91	2,021.91

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	4	–	–	1,042.48	1,042.48
Financial Investments at FVOCI	4	72.27	17.85	15.95	106.07
		72.27	17.85	1,058.43	1,148.55
Financial liabilities					
Derivatives	20	–	14.47	–	14.47
		–	14.47	–	14.47

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	4	–	–	27.45	27.45
Debt instruments	4	–	–	23.56	23.56
		–	–	51.01	51.01
Financial liabilities					
Borrowings	15, 18, 20	–	–	1,400.00	1,400.00
		–	–	1,400.00	1,400.00

Notes to the Financial Statements – *(continued)*

30 FAIR VALUE MEASUREMENTS – *(continued)*

Rupees in crores

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the end of the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among the three levels.

The company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principal only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
As at 01-04-2018	1,042.48	18.94	1,061.42
Additions / (Deletions)		(3.10)	(3.10)
Gains/(losses) recognised in profit or loss			–
Gains/(losses) recognised in other comprehensive income	–	0.11	0.11
As at 31-03-2019	1,042.48	15.95	1,058.43
Additions / (Deletions)	(1,042.48)	(0.23)	(1,042.71)
Gains/(losses) recognised in profit or loss	–	0.03	0.03
Gains/(losses) recognised in other comprehensive income	–	(2.80)	(2.80)
As at 31-03-2020	–	12.95	12.95

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-03-2020	31-03-2019		31-03-2020	31-03-2019	
Preference shares	–	1,042.48	a) Earnings growth rate	–	20-30%	If the growth rate increases by 5% and the reduction in discount rate by 50 bps, the value of preference shares will increase by 2% and vice versa.
			b) Risk adjusted discount rate	–	20.10%	
Unquoted Equity shares	12.95	15.95	a) Earnings growth rate	1-3%	1-3%	Not significant
			b) Risk adjusted discount rate	8%	8%	

Notes to the Financial Statements – *(continued)*

30 FAIR VALUE MEASUREMENTS – *(continued)*

Rupees in crores

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31-03-2020		As at 31-03-2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	43.61	43.61	27.45	27.45
Debt instruments	25.58	25.58	23.56	23.56
	69.19	69.19	51.01	51.01
Financial liabilities				
Borrowings	2,021.91	2,021.91	1,400.00	1,400.00
	2,021.91	2,021.91	1,400.00	1,400.00

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

31 FINANCE RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below) . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Notes to the Financial Statements – *(continued)*

31 FINANCE RISK MANAGEMENT - *(continued)*

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk (continued)	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings.
	c. Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings [other than soft loans given by Govt. Authorities]	The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk	(i) Foreign exchange	The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
	a. Export trade receivables and Import payables	The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
	b. Foreign currency denominated borrowings	The Company has hedged its borrowings by covering the principal repayments.
	(ii) Interest rate - Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Notes to the Financial Statements – *(continued)*

31 FINANCE RISK MANAGEMENT - *(continued)*

(A) Credit risk

Basis of recognition of expected credit loss provision

<table>
<tr><th>Rating</th><th>Category</th><th>Description of category</th><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>1</td><td>High Quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>2</td><td>Quality assets, low credit risk</td><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.</td></tr>
<tr><td>3</td><td>Standard Assets, moderate credit risk</td><td>Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.</td></tr>
<tr><td>4</td><td>Substandard Assets, relatively high credit risk</td><td>Assets where there has been a significant increase in credit risk since initial recognition.</td><td rowspan="2" colspan="2">Life time expected credit losses</td></tr>
<tr><td>5</td><td>Low quality assets, very high credit risk</td><td>Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.</td></tr>
<tr><td>6</td><td>Doubtful assets, credit impaired</td><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.</td><td colspan="3">Asset is written off</td></tr>
</table>

Notes to the Financial Statements – *(continued)*

Rupees in crores

31 FINANCE RISK MANAGEMENT - *(continued)*

As at 31-03-2020

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	69.19	0%	–	69.19
	1	Other financial assets	18.00	0%	–	18.00

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,242.97	55.82	1,298.79
Expected loss rate	–	31%	–
Expected credit losses	–	17.43	17.43
Carrying amount of trade receivables	1,242.97	38.39	1,281.36

As at 31-03-2019

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	51.01	0%	–	51.01
	1	Other financial assets	14.47	0%	–	14.47

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,398.58	27.19	1,425.77
Expected loss rate	–	43%	–
Expected credit losses	–	11.63	11.63
Carrying amount of trade receivables	1,398.58	15.56	1,414.14

Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 01-04-2018	9.58
Changes in loss allowance	2.05
Loss allowance on 31-03-2019	11.63
Changes in loss allowance	5.80
Loss allowance on 31-03-2020	17.43

Notes to the Financial Statements – *(continued)*

Rupees in crores

31 FINANCE RISK MANAGEMENT - *(continued)*

(B) Liquidity risk

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31-03-2020	As at 31-03-2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	651.00	875.01
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity ranging 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2020

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,070.00	22.06	25.22	890.23	19.84	2,027.35
Lease liabilities	7.30	6.84	9.75	89.28	33.19	146.36
Trade payables	2,886.39					2,886.39
Other financial liabilities	60.63					60.63
Derivatives	41.94					41.94

As at 31-03-2019

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	513.55	177.34	–	633.62	75.49	1,400.00
Trade payables	2,923.90					2,923.90
Other financial liabilities	57.84					57.84
Derivatives	14.47					14.47

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Financial Statements – *(continued)*

Rupees in crores

31 FINANCE RISK MANAGEMENT - *(continued)*

(C) Market risk

(i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Particulars	As at 31-03-2020		As at 31-03-2019	
Exposure in foreign currency	USD	EUR	USD	EUR
Financial assets:				
Trade receivables	570.30	26.25	419.95	23.47
Derivative assets:				
Foreign exchange forward contracts				
Sell foreign currency	(1,195.95)	(56.57)	(442.15)	(97.64)
Financial liabilities:				
Foreign currency loan	452.98		413.56	
Trade payables	108.02	0.03	194.96	6.69
Derivative liabilities:				
Foreign exchange forward contracts				
Buy foreign currency	–	–	–	–
Principal swap				
Buy foreign currency	(452.98)		(413.56)	

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
USD sensitivity				
INR / USD increases by 10%	36.29	15.53	(93.89)	(1.97)
INR / USD decreases by 10%	(36.29)	(15.53)	93.89	1.97
EURO sensitivity				
INR / EURO increases by 10%	2.06	1.16	(4.44)	(6.73)
INR / EURO decreases by 10%	(2.06)	(1.16)	4.44	6.73

* Holding all other variables constant

(ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally, for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

Particulars	As at 31-03-2020	As at 31-03-2019
Variable rate borrowings	452.98	413.67
Fixed rate borrowings	1,574.37	986.33

The amounts disclosed in the table are the contractual undiscounted cash flows.

Sensitivity	Impact on profit after tax	
	As at 31-03-2020	As at 31-03-2019
Increase in interest rates by 100 bps	(3.56)	(2.85)
Decrease in interest rates by 100 bps	3.56	2.85

Notes to the Financial Statements – *(continued)*

Rupees in crores

31 FINANCE RISK MANAGEMENT - *(continued)*

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2020

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument since inception of hedge	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	1,273.77	–	1,226.82	–	Apr-20 to Mar-21	46.95	(46.95)
Foreign currency loan					Jul-21 to Sep-23		
• Principal swap	–	426.90	–	452.98	–	26.09	(26.09)
• Interest rate swap	–	426.90	–	24.21	–	24.21	(24.21)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument since inception of hedge	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	564.82	–	577.32	–	Apr-19 to Jun-19	(12.50)	12.50
Foreign currency loan					Jul-21 to Sep-23		
• Principal swap	–	403.56	–	413.56	–	10.00	(10.00)
• Interest rate swap	–	403.56	–	7.79	–	7.79	(7.79)

(ii) Disclosure of effects of hedge accounting on financial performance:

for the year ended 31-03-2020:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(51.41)	–	(1.63)	Revenue

for the year ended 31-03-2019:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(1.63)	–	(1.94)	Revenue

Notes to the Financial Statements – *(continued)*

Rupees in crores

32 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet). The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
Net debt	1,607.61	1,360.87
Total equity	3,618.09	3,347.32
Net debt to equity ratio	44.43%	40.66%

The Company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by interest

The Company's strategy is to maintain an optimum interest coverage ratio The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
EBIT	856.60	1,041.52
Interest	102.19	80.56
Interest coverage ratio (Times)	8.38	12.93

(b) Dividends

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
(i) Equity shares Interim dividends for the year ended 31-03-2020 of Rs. 3.50 (31-03-2019 of Rs. 3.50) per fully paid share	200.03	199.98
(ii) Dividends not recognised at the end of the reporting period	–	–

Notes to the Financial Statements – *(continued)*

Rupees in crores

33 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

Particulars	Funded plan			Unfunded plans	
	Gratuity			Pension	Leave salary
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Present value of obligation
As at 01-04-2018	94.69	(92.13)	2.56	65.59	23.23
Current service cost	16.20	–	16.20	0.90	–
Interest expense / (income)	7.40	(7.27)	0.13	4.90	1.70
Total amount recognised in profit or loss	23.60	(7.27)	16.33	5.80	1.70
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	2.40	2.40	–	–
(Gain) / loss from change in financial assumptions	(3.94)	–	(3.94)	(0.94)	(0.89)
Experience (gains) / losses	(8.07)	–	(8.07)	0.52	2.19
Total amount recognised in other comprehensive income	(12.01)	2.40	(9.61)	(0.42)	1.30
Employer contributions	–	(10.42)	(10.42)	–	–
Benefit payments	(9.49)	9.49	–	(4.43)	(3.66)
As at 31-03-2019	96.79	(97.93)	(1.14)	66.54	22.57
Current service cost	17.42	–	17.42	–	–
Interest expense/(income)	7.55	(7.03)	0.52	5.10	1.89
Total amount recognised in profit or loss	24.97	(7.03)	17.94	5.10	1.89
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	(1.33)	(1.33)	–	–
(Gain)/loss from change in financial assumptions	10.00	–	10.00	14.65	2.19
Experience (gains) / losses	(5.73)	–	(5.73)	10.00	15.52
Total amount recognised in other comprehensive income	4.27	(1.33)	2.94	24.65	17.71
Employer contributions	–	(14.38)	(14.38)	–	–
Benefit payments	(7.59)	7.59	–	(0.46)	(5.15)
As at 31–03–2020	118.44	(113.08)	5.36	95.83	37.02

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss .

Notes to the Financial Statements – *(continued)*

33 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

The significant actuarial assumptions were as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
Discount rate (Gratuity)	6.6%	7.7%
Discount rate (Leave salary)	6.6%	7.6%
Discount rate (Pension)	5.6%	7.0%
Salary growth rate	5.5%	5.5%
Pre-retirement mortality rate	IALM (2006-08) Ultimate	
Post retirement mortality rate	LIC Ann (1996-98)	
Attrition rate (For Leave salary & Gratuity)	3.0%	3.0%
Attrition rate (For Pension)	0.0%	0.0%

Assumptions regarding future mortality for pension are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	0.50%	0.50%	113.18	92.74	124.11	101.16
Salary growth rate	0.50%	0.50%	124.15	101.23	113.10	92.64
Mortality	5.00%	5.00%	118.45	96.81	118.41	96.76

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	1.00%	1.00%	85.05	59.19	108.88	75.38
Salary growth rate	1.00%	1.00%	109.38	75.81	84.52	58.76
Mortality	5.00%	5.00%	95.00	66.03	96.68	67.08

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	0.50%	0.50%	35.56	21.78	38.58	23.43
Salary growth rate	0.50%	0.50%	38.59	23.45	35.54	21.76
Mortality	5.00%	5.00%	37.02	22.58	37.01	22.57

Notes to the Financial Statements – *(continued)*

33 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of ₹ 16.83 crores (previous year ₹ 15.06 crores) has been recognised in the Statement of Profit and Loss.

On 28th February 2019 Supreme Court (SC) gave a judgement on components/allowances paid to employees that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. There are numerous interpretative issues relating to the components needs to be considered for the above calculation. The company is in the process of evaluating the method of computation of its PF contribution and would record any further effect in its financial statements, on receiving further clarification on the subject.

Notes to the Financial Statements – *(continued)*

34 RELATED PARTY DISCLOSURE

(a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:

Sundaram Auto Components Limited, Chennai
TVS Housing Limited, Chennai
TVS Motor Services Limited, Chennai
TVS Credit Services Limited, Chennai
Harita Collection Services Private Limited, Chennai
Harita ARC Services Private Limited, Chennai
TVS Micro Finance Private Limited, Chennai
TVS Commodity Financial Solutions Private Limited, Chennai
TVS Two Wheeler Mall Private Limited, Chennai
TVS Housing Finance Private Limited, Chennai
TVS Motor (Singapore) Pte. Limited, Singapore
TVS Motor Company (Europe) B.V, Amsterdam
PT. TVS Motor Company Indonesia, Jakarta
Sundaram Holding USA Inc, USA
Green Hills Land Holding LLC, USA
Component Equipment Leasing LLC, USA
Sundaram-Clayton USA LLC, USA (Formerly known as Workspace Project LLC)
Premier Land Holding LLC, USA

Associate companies:

Emerald Haven Realty Limited, Chennai
Ultraviolette Automotive Private Limited, Bengaluru
Tagbox Solutions Private Limited, Bengaluru

(ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai
Southern Roadways Private Limited, Madurai
Sundaram Industries Private Limited, Madurai
Lucas-TVS Limited, Chennai
Lucas Indian Service Limited, Chennai
TVS Auto Assist (India) Limited, Chennai
TVS Lanka Private Limited, Colombo
Autosense Private Limited, Chennai

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

Brakes India Private Limited, Chennai
TVS Srichakra Limited, Madurai
Wheels India Limited, Chennai
Sundram Fasteners Limited, Chennai
India Nippon Electricals Limited, Chennai
Sundaram Brake Linings Limited, Chennai
TVS Auto Bangladesh Limited, Dhaka
TVS Supply Chain Solutions Limited (Formerly known as TVS Logistics Services Limited), Chennai

Notes to the Financial Statements – *(continued)*

34 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company: - *(continued)*

Harita Techserv Private Limited, Chennai
Predictronics Corporation, USA
Tagbox PTE Ltd, Singapore

Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

TVS Upasana Limited, Chennai
TVS Dynamic Global Freight Services Limited, Chennai

Enterprises in which directors are interested:

TVS Organics Private Limited, Chennai
Designo Lifestyle Solutions Private Limited, Bengaluru
Dua Associates, Delhi
Dua Consulting Private Limited, Delhi
McCann-Erickson (India) Private Limited, Delhi
Lakshmi Energy and Environment Design Private Limited, Coimbatore

Key Management personnel:

Executive Directors:

Mr. Venu Srinivasan, Chairman & Managing Director
Mr. Sudarshan Venu, Joint Managing Director
Mr. K.N.Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. T. Kannan
Mr. C.R. Dua
Mr. Prince Asirvatham
Mr. R Gopalan
Mr. Hemant Krishan Singh
Ms. Lalita D. Gupte

Non-Independent Directors:

Mr. H.Lakshmanan
Dr. Lakshmi Venu
Mr. Rajesh Narasimhan

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.38	0.42
- holding company (Sundaram-Clayton Limited, Chennai)	361.19	515.91
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	345.55	462.83
PT.TVS Motor Company Indonesia, Jakarta	0.08	0.35

Notes to the Financial Statements – *(continued)*

34 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.26	0.30
Sundaram Industries Private Limited, Madurai	0.03	0.05
Lucas-TVS Limited, Chennai	174.15	169.69
Lucas Indian Service Limited, Chennai	7.54	7.16
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	32.04	27.40
TVS Srichakra Limited, Madurai	473.35	527.76
Wheels India Limited, Chennai	14.77	14.89
Sundram Fasteners Limited, Chennai	59.28	65.40
India Nippon Electricals Limited, Chennai	296.15	332.74
Sundaram Brake Linings Limited, Chennai	10.78	13.90
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Upasana Limited, Chennai	16.41	22.42
- enterprises in which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	1.17	1.44
- enterprises in which directors are interested		
TVS Organics Private Limited, Chennai	0.87	1.25
(ii) Sale of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	367.49	67.31
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	–	0.28
PT. TVS Motor Company Indonesia, Jakarta	176.76	110.15
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	213.54	234.63
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	588.29	686.67
(iii) Purchase of assets		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	1.53	–
- associate of ultimate holding company (TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited))	–	3.94
- associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
India Nippon Electricals Limited, Chennai	0.44	–
- enterprises in which directors are interested		
Designo Lifestyle Solutions Private Limited, Bengaluru	0.03	–
Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.07	–
(iv) Sale of assets		
- subsidiary company (TVS Credit Services Limited, Chennai)	–	0.06

Notes to the Financial Statements – *(continued)*

34 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
(v) Rendering of services (including interest and reimbursements received)		
- holding company (Sundaram-Clayton Limited, Chennai)	2.21	2.16
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	1.16	1.00
PT. TVS Motor Company Indonesia, Jakarta	0.55	0.55
TVS Credit Services Limited, Chennai	6.85	8.25
- fellow subsidiaries		
Southern Roadways Private Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	0.01	–
Lucas Indian Service Limited, Chennai	0.01	–
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	0.01	–
TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	0.89	0.63
Wheels India Limited, Chennai	0.01	0.01
India Nippon Electricals Limited, Chennai	0.14	–
TVS Srichakra Limited, Madurai	0.01	–
Sundram Fasteners Limited, Chennai	0.10	0.05
Sundaram Brake Linings Limited, Chennai	0.01	–
- Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:		
TVS Upasana Limited, Chennai	0.14	–
(vi) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.13	–
- holding company (Sundaram-Clayton Limited, Chennai)	48.82	42.12
- subsidiary company		
TVS Credit Services Limited, Chennai	44.33	11.78
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.44	1.47
Southern Roadways Private Limited, Madurai	2.29	2.72
TVS Auto Assist (India) Limited, Chennai	2.71	4.99
Autosense Private Limited, Chennai	–	3.05
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	82.69	110.08
Wheels India Limited, Chennai	0.01	–
Harita Techserv Private Limited, Chennai	2.63	2.84
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	119.28	77.81
- enterprises in which directors are interested		
Dua Associates, Delhi	0.06	0.96
Dua Consulting Private Limited, Delhi	4.79	4.97
McCann-Erickson (India) Private Limited, Delhi	4.10	5.43

Notes to the Financial Statements – *(continued)*

34 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
(vii) Investments made during the year		
- subsidiary companies		
TVS Motor (Singapore) Pte. Limited, Singapore	138.94	72.37
PT. TVS Motor Company Indonesia, Jakarta	35.79	47.85
Sundaram Auto Components Limited, Chennai	59.99	–
TVS Motor Services Limited, Chennai	45.00	–
TVS Credit Services Limited, Chennai*	1,087.48	120.00
- fellow subsidiary company (TVS Lanka Private Limited)	–	14.75
- associate / joint venture		
Ultraviolette Automotive Private Limited, Bengaluru	5.00	6.00
Tagbox Solutions Private Limited	11.18	–
* Includes transfer of shares of Rs. 1042.48 Cr from TVS MS pursuant to NCLT's order. (Refer Note No.4(2)).		
(viii) Share application money pending allotment		
- subsidiary company		
TVS Motor (Singapore) Pte Limited, Singapore	249.53	–
(ix) Trade advance given		
- subsidiary company (TVS Motor (Singapore) Pte Limited, Singapore)	–	2.26
- associate company (Ultraviolette Automotive Private Limited, Bengaluru)	2.00	–
(x) Remuneration to key management personnel:		
Short-term employee benefits	40.61	47.28
Post-employment benefits	0.22	0.13
(xi) Dividend received from:		
- subsidiary company (Sundaram Auto Components Limited, Chennai)	2.11	2.34
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	–	0.42
(xii) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	95.44	95.44
(xiii) Obligation arising out of agreements facilitating credit / payment to service provider		
- subsidiary companies		
PT. TVS Motor Company Indonesia, Jakarta	98.45	110.72
TVS Motor (Singapore) Pte. Limited, Singapore	302.66	–
TVS Credit Services Limited, Chennai	–	12.50
(c) Balances with related parties:		
(i) Trade receivables / Other current assets		
- ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	79.50	37.28
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	3.29	–
TVS Motor (Singapore) Pte Limited, Singapore	–	2.26
PT. TVS Motor Company Indonesia, Jakarta	141.10	84.74
TVS Credit Services Limited, Chennai	5.89	7.05
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	11.29	25.62
- associate company		
Ultraviolette Automotive Private Limited, Bengaluru	2.00	–
Emerald Haven Realty Limited, Chennai	2.65	1.44

Notes to the Financial Statements – *(continued)*

34 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

		As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
	- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Auto Bangladesh Limited, Dhaka	92.33	66.45
(ii)	Trade payables		
	- holding company (Sundaram-Clayton Limited, Chennai)	20.95	20.20
	- subsidiary companies		
	Sundaram Auto Components Limited, Chennai	–	11.74
	TVS Motor (Singapore) Pte Limited, Singapore	2.75	–
	- fellow subsidiaries		
	Lucas-TVS Limited, Chennai	24.81	28.57
	Lucas Indian Service Limited, Chennai	1.34	1.11
	Southern Roadways Private Limited, Madurai	0.16	0.16
	Sundaram Industries Private Limited, Madurai	0.01	0.01
	TVS Auto Assist (India) Limited, Chennai	–	0.58
	TVS Electronics Limited, Chennai	0.05	0.04
	- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	Brakes India Private Limited, Chennai	6.63	6.45
	TVS Srichakra Limited, Madurai	55.97	71.55
	Wheels India Limited, Chennai	1.53	2.78
	Harita Techserv Private Limited, Chennai	0.37	0.52
	India Nippon Electricals Limited, Chennai	54.56	51.65
	Sundaram Brake Linings Limited, Chennai	1.29	2.61
	Sundram Fasteners Limited, Chennai	8.20	11.21
	TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	5.11	10.15
	- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Dynamic Global Freight Services Limited, Chennai	8.65	9.20
	TVS Upasana Limited, Chennai	2.05	3.23
	- enterprises in which directors are interested		
	Dua Consulting Private Limited, Delhi	–	0.14
	TVS Organics Private Limited, Chennai	0.01	0.03
	Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.21	0.22
	- enterprise in which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	0.21	0.13
(iii)	Guarantees issued	401.11	123.22

Notes to the Financial Statements – *(continued)*

Rupees in crores

35 REVENUE FROM CONTRACTS WITH CUSTOMERS

A Disaggregated revenue:

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under:

Sl. No.	Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
(a)	**Type of goods or service**		
(i)	Two wheelers	12,843.05	14,763.31
(ii)	Three wheelers	1,532.21	1,394.84
(iii)	Parts and accessories	1,659.22	1,720.97
(iv)	IT Services	22.38	16.72
(v)	Royalty	16.77	16.67
		16,073.63	17,912.51
(b)	**Geographical markets**		
(i)	Domestic	11,521.17	13,592.95
(ii)	Exports	4,552.46	4,319.56
		16,073.63	17,912.51

B The operations of the Company relate to only one segment viz., automotive vehicle and parts. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required.

C Reconciliation of contracts with customers:

Movement of contract liabilities for the reporting period given below:

Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
Contract Liabilities at the beginning of the period 01-04-2019	57.83	53.14
Add / (Less):		
Consideration received during the year as advance	99.03	57.83
Revenue recognized from contract liability	(57.83)	(53.14)
Contract Liabilities at the end of the period 31-03-2020	99.03	57.83

Payment is received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met, the same is recognized as revenue.

D Transaction price allocated to the remaining performance obligations:

The Company's contracts with customers are short term (i.e., the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price:

Sl. No.	Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
(i)	Contract price	16,773.14	18,585.82
(ii)	Adjustments :		
	Incentive schemes	369.89	262.95
	Transport cost	329.62	410.36
(iii)	Revenue from operations as per Statement of Profit and Loss	16,073.63	17,912.51

Notes to the Financial Statements – *(continued)*

Rupees in crores

36 LEASES - TRANSITION RELATED

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.

The Company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.

The Company has treated the leases with remaining lease term of less than 12 months as 'short term leases'.

The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.

The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1st April 2019, the company has adopted Ind AS 116 'Leases' and applied the Standard to its leases retrospectively and has recognised the effect of the cumulative adjustment (net of taxes) of ₹ 3.22 Crores in the opening balance of retained earnings, on the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.

The adoption of the Standard has resulted in recognising 'Right-of-Use Asset' of ₹ 55.48 Crores and a corresponding 'Lease Liability' of ₹ 60.43 Crores as at the date of initial application.

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
37 EARNINGS PER SHARE		
Profit after tax	592.25	670.14
Number of equity shares	47,50,87,114	47,50,87,114
Face value of the share (in rupees)	1.00	1.00
Weighted average number of equity shares	47,50,87,114	47,50,87,114
Basic and diluted earnings per share for continued operations (in rupees)	12.47	14.11
Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
Basic and diluted earnings per share for continued and discontinued operations (in rupees)	12.47	14.11
38 WARRANTY PROVISION (CURRENT)		
Opening balance	29.15	24.40
Add: Provision for the year (net)	38.04	29.15
	67.19	53.55
Less: Payments / debits (net)	29.15	24.40
Closing balance	38.04	29.15

Notes to the Financial Statements – *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
39 DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006.		
Trade payable pertaining to dues to Micro and Small enterprises (all are within agreed credit period and not due for payment) (Refer Note No. 19)	116.60	74.57
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
(ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil
40 PAYMENT TO AUDITORS COMPRISES		
As statutory auditors	0.85	0.72
Taxation matters	0.20	0.15
Certification matters	0.10	0.03
Other Services	0.39	–
	1.54	0.90
Miscellaneous expenses include travel and stay expenses of auditors	0.10	0.13
	1.64	1.03
41 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	52.99	57.57
(ii) Service tax	1.96	1.96
(iii) Customs	1.36	1.36
(iv) Sales tax	2.00	2.38
(v) Income tax	42.60	40.53
(vi) Others	–	2.62
The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities.		
The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
(b) Other money for which the company is contingently liable:		
(i) On bills discounted with banks	52.65	181.89
(ii) On factoring arrangements	2.09	0.98

Notes to the Financial Statements – *(continued)*

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
	Rupees in crores	

41 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR – *(continued)*

	31-03-2020	31-03-2019
(c) Commitments:		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	209.83	222.33
(ii) On Investments	9.79	–
(d) Other commitments:		
On import of capital goods under Export Promotion Capital Goods Scheme	–	14.92

42 EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT

(claimed under Income Tax Act, 1961)

	31-03-2020	31-03-2019
R&D Expenditure eligible for weighted deduction - claimed U/s.35 (2AB)		
(a) Revenue Expenditure	210.90	178.78
(b) Capital Expenditure	88.33	48.58
R&D Expenditure not eligible for weighted deduction - claimed U/s.35		
(a) Revenue Expenditure	27.35	32.12
(b) Capital Expenditure		
(i) Land and Building	8.52	1.24
(ii) Others	–	46.76
	335.10	307.48

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2020	Amount outstanding as at 31-03-2019
(a)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [4,21,74,000 (last year-3,59,25,000) Equity shares of ₹10/- each fully paid up]		313.21	253.22
		Maximum amount held at any time			
		During the year	313.21		
		During the previous year	255.90		
		TVS Housing Limited, Chennai [50,000 (last year - 50,000) Equity shares of ₹10/- each fully paid up]		0.05	0.05
		Maximum amount held at any time			
		During the year	0.05		
		During the previous year	0.05		
		TVS Motor Services Limited, Chennai [5,36,33,814 (last year -86,33,814) Equity shares of ₹ 10/- each fully paid up]		52.68	7.68
		Maximum amount held at any time			
		During the year	52.68		
		During the previous year	7.68		

Notes to the Financial Statements – *(continued)*

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - *(continued)*

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2020	Amount outstanding as at 31-03-2019
(a) (i)	Investments by the company In subsidiary companies	TVS Motor Services Limited, Chennai [Nil (last year - 61,30,10,000) Preference shares of ₹ 10/- each fully paid up]		–	1,042.48
		Maximum amount held at any time			
		During the year	1,042.48		
		During the previous year	1,042.48		
		TVS Credit Services Limited, Chennai [15,54,69,528 (last year - 1,83,29,753) Equity shares of ₹ 10/- each fully paid up]		1,261.01	173.53
		Maximum amount held at any time			
		During the year	1,261.01		
		During the previous year	173.53		
		TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year- 2,25,301) Ordinary shares of Euro 100/- each fully paid up]		1.80	1.80
		Maximum amount held at any time			
		During the year	1.80		
		During the previous year	1.80		
		TVS Motor (Singapore) Pte. Limited, Singapore [11,85,28,579 (last year 9,14,80,287) Ordinary shares of Singapore $ 1/- each fully paid up]		614.33*	225.86
		Maximum amount held at any time			
		During the year	614.33*		
		During the previous year	225.86		
		* (Includes share application money pending allotment)			
		PT. TVS Motor Company Indonesia, Jakarta [80,97,000 Equity shares (last year - 75,97,000) of Indonesian Rp.97,400/- each fully paid up]		352.54	316.75
		Maximum amount held at any time			
		During the year	352.54		
		During the previous year	316.75		

Notes to the Financial Statements – *(continued)*

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - *(continued)*

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2020	Amount outstanding as at 31-03-2019
(ii)	In associate companies	Emerald Haven Realty Limited, Chennai, [11,12,19,512 (last year - 11,12,19,512) Equity shares of ₹ 10/- each fully paid up]		111.22	111.22
		Maximum amount held at any time			
		During the year	111.22		
		During the previous year	111.22		
		Ultraviolette Automotive Private Limited, Bengaluru [14,850 (last year 14,850) Equity shares of ₹ 10/- each fully paid up]		11.00	11.00
		Maximum amount held at any time			
		During the year	11.00		
		During the previous year	11.00		
		Ultraviolette Automotive Private Limited, Bengaluru [990 (last year Nil) Preference shares of ₹ 50,545/- each fully paid up]		5.00	–
		Maximum amount held at any time			
		During the year	5.00		
		During the previous year	–		
		Tagbox Solutions Private Limited, Bengaluru [45,710 (last year Nil) Equity shares of ₹ 1/- each fully paid]		1.19	–
		Maximum amount held at any time			
		During the year	1.19		
		During the previous year	–		
		Tagbox Solutions Private Limited, Bengaluru [3,83,983 (last year Nil) Preference shares of ₹ 16/- each fully paid]		9.99	–
		Maximum amount held at any time			
		During the year	9.99		
		During the previous year	–		
(b)	Investments by the holding company	Sundaram-Clayton Limited, Chennai holds 27,26,82,786 (last year 27,26,82,786) Equity shares of ₹ 1/- each fully paid up		13.63	13.63
		Maximum amount held at any time			
		During the year	13.63		
		During the previous year	13.63		

Notes to the Financial Statements – *(continued)*

43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS - *(continued)*

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2020	Amount outstanding as at 31-03-2019
(c)	Loans and advances to associate companies	Ultraviolette Automotive Private Limited, Bengaluru Maximum amount held at any time During the year During the previous year	 2.00 –	2.00	–

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
44 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEES GIVEN		
(Disclosure as per Section 186 of the Companies Act, 2013)		
(a) Investments made - Refer Note No.4		
(b) Guarantee issued towards credit facility / business purpose on behalf of :		
(i) Domestic subsidiary	–	12.50
(ii) Overseas subsidiaries	401.11	110.72

45 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is Rs. 15.85 crores (last year Rs. 13.09 crores)

(b) Amount spent during the year:

Sl. No.	Particulars	In cash	Yet to be paid in cash	Year ended 31-03-2020	Year ended 31-03-2019
1	Construction / acquisition of any asset	–	–	–	–
2	Other than the above	23.66	10.00	33.66*	13.25

* included in other expenses Rs. 16.66 crores & exceptional item Rs.17.00 crores

46 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year Rs.12.38 crores (last year - Rs.5.86 crores)

47 MATERIAL CHANGES AND COMMITMENTS

The Manufacturing facilities and all offices of the Company were closed on March 23, 2020 following the nationwide lockdown due to CoVID-19. The Company has since obtained required permissions and restarted its manufacturing facilities and all offices partially. Based on assessment of the impact of CoVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

The Company has considered the possible effects of CoVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the company, as at the date of approval of the financial results, has used external and internal sources of information / indicators to estimate the future performance of the Company. Based on current estimates the Company expects the carrying amount of these assets to be recovered.

48 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020


TVS
TVS Jupiter Classic
TVS Jupiter ETFi


TVS
TVS Sport
TVS Radeon
StaR city+

CONSOLIDATED FINANCIAL STATEMENTS OF

TVS MOTOR COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the members of TVS Motor Company Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of TVS Motor Company Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"),and its associates, which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated statement of Profit and Loss,(including Other Comprehensive Income) and the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates as at March 31, 2020, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Principal Audit Procedures
Carrying Value of Goodwill The group has recognised a goodwill on consolidation of Rs.186.11 crores in its Consolidated Financial Statements in the year ended 31st March 2018, pursuant to a business combination in the said accounting year. The goodwill has to be tested for impairment annually, which requires significant judgment on the part of the management in identifying and valuing the relevant Cash Generating Unit that contains goodwill.	Management has obtained a valuation of the Cash Generating Unit wherein valuers have arrived at a fair value, based on weighted average of the Discounted Cash Flow Method and Comparable Companies" Multiples Method. We gained an understanding of the key assumptions used to forecast the cash flows and the discount rates applied (WACC) as well as the Comparable Companies considered in arriving at the fair value. We consider that the management conclusions concerning the absence of impairment in the goodwill are adequately supported and consistent with the information currently available.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the shareholders but does not include the consolidated financial statements and our auditor's report thereon. The Directors' Report to the shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risk of material misstatement of consolidated financial statements , whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusions, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charges with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current periods and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements / Consolidated financial statements of nine subsidiaries, whose financial statements reflect total assets of Rs.2338.45 crores as at 31st March 2020, total revenues of Rs.2415.29 crores and net cash flows amounting to Rs.604.42 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 0.67 crores for the year ended 31st March 2020, as considered in the consolidated financial statements, in respect of one associate. These financial statements/consolidated financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and Associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

The subsidiaries located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries. The Parent's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to Ind AS. We have audited those conversion adjustments made by the parent's Management. Our opinion insofar as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Parent and audited by us.

We did not audit the financial statement / financial information of one subsidiary included in the consolidated financial statement, whose financial statement / financial information reflect total assets of Rs. 1.32 crores as at 31st March 2020, total revenues of Rs. 1.27 crores and net cash flows of Rs. (0.56) crores for the year ended on that date, as considered in the consolidated financial statement. The consolidated financial statements also include the Group's share of net loss of Rs. 1.50 crores for the year ended 31st March 2020, as considered in the consolidated financial statements, in respect of Three associates, whose financial statements / financial information have not been audited by us. This financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to this associates, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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

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

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. (The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and its associate companies, incorporated in India, none of the directors of the Group companies, its associate companies incorporated in India is disqualified as on 31st March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.

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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates - Refer Note 45(a) to the consolidated financial statements.

ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India.

For V. SANKAR AIYAR & CO
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATARAMAN
Partner
Membership No.: 023116
UDIN: 20023116AAAAHR6642

Place: Chennai
Date : 28th May 2020

Balance Sheet as at 31st March 2020

Rupees in crores

	Notes	As at 31-03-2020	As at 31-03-2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	3,066.54	2,978.81
Capital work-in-progress	2	847.14	603.92
Investment properties	3	137.70	137.70
Goodwill		2.20	2.20
Goodwill on consolidation		186.11	186.11
Other intangible assets	2	183.00	61.98
Intangible assets under development		158.87	140.59
Right of use asset	4	235.14	–
Financial assets			
i. Investments	5	210.70	309.80
ii. Loans (receivable from financing activity)	6	4,148.49	3,624.80
iii. Other Financial Assets	7	36.64	16.52
Investments accounted using equity method	8	160.21	129.93
Non-current tax assets (Net)		28.34	28.06
Other non-current assets	9	132.09	144.40
		9,533.17	8,364.82
Current assets			
Inventories	10	1,188.47	1,291.57
Financial assets			
i. Trade receivables	11	1,454.36	1,546.07
ii. Loans (receivable from financing activity)	6	5,306.84	4,599.83
iii. Cash and cash equivalents	12	1,079.69	163.04
iv. Bank balances other than (iii) above	13	27.88	43.27
v. Other financial assets	14	93.19	101.50
Current tax assets (Net)		2.43	21.53
Other current assets	15	593.98	564.86
		9,746.84	8,331.67
Total assets		19,280.01	16,696.49
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	47.51	47.51
Other equity	17	3,234.59	3,122.66
Equity attributable to owners		3,282.10	3,170.17
Non-controlling interest		320.94	245.77
		3,603.04	3,415.94
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	18	5,221.23	4,909.16
ii. Lease Liabilities		194.28	–
iii. Others		9.84	–
Provisions	19	122.22	89.64
Deferred tax liabilities (Net)	20	87.12	96.96
		5,634.69	5,095.76
Current liabilities			
Financial liabilities			
i. Borrowings	21	3,780.70	3,253.81
ii. Lease Liabilities		47.62	–
iii. Trade payables	22		
a. Total outstanding dues of micro and small enterprises		121.49	79.24
b. Total outstanding dues of other than (iii) (a) above		3,065.35	3,080.44
iv. Other financial liabilities	23	2,538.37	1,316.32
Provisions	19	99.77	65.06
Other current liabilities	24	388.98	389.92
		10,042.28	8,184.79
Total liabilities		15,676.97	13,280.55
Total equity and liabilities		19,280.01	16,696.49
Significant accounting policies	1		
See accompanying notes to the financial statements			

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Statement of Profit and Loss for the year ended 31st March 2020

Rupees in crores

		Notes	Year ended 31-03-2020	Year ended 31-03-2019
I	Revenue from operations	25	18,849.31	20,159.99
II	Other income	26	51.83	25.44
III	Total Income (I +II)		18,901.14	20,185.43
IV	Expenses:			
	Cost of material consumed	27	12,050.84	13,788.43
	Purchase of stock in trade	27	259.20	244.84
	Changes in inventories of finished goods, Stock-in -trade and work-in-progress	27	6.73	(78.95)
	Employee benefits expense	28	1,539.35	1,432.15
	Finance costs	29	854.54	663.40
	Depreciation and amortisation expense	30	556.00	441.71
	Other expenses	31	2,720.14	2,612.70
	Total expenses		17,986.80	19,104.28
V	Profit before exceptional items, share of net profit of investment and tax (III - IV)		914.34	1,081.15
VI	Share of net profit / (loss) from associates using equity method		(8.59)	1.70
VII	Profit before exceptional items and tax (V + VI)		905.75	1,082.85
VIII	Exceptional items		(40.33)	–
IX	Profit before tax (VII + VIII)		865.42	1,082.85
X	Tax expense	32		
	i) Current tax		294.65	363.18
	ii) Deferred tax		(76.03)	(5.73)
XI	Profit for the year (IX - X)		646.80	725.40
XII	(Profit) / Loss attributable to non-controlling Interest		(22.18)	(20.73)
XIII	Profit for the year attributable to owners (XI + XII)		624.62	704.67
XIV	Other comprehensive income			
	A. Items that will not be reclassified to profit or loss:			
	Remeasurements of post employment benefit obligations		(50.30)	8.31
	Change in fair value of equity instruments		(38.75)	(10.04)
	Share of other comprehensive income of an associate		(0.10)	(0.13)
	Income tax relating to these items		15.49	(1.65)
	B. Items that will be reclassified to profit or loss:			
	Fair value changes on cash flow hedges		(90.69)	(2.11)
	Foreign currency translation adjustments		31.27	11.14
	Income tax relating to these items		22.99	0.74
	Other comprehensive income for the year, net of tax (XIV)		(110.09)	6.26
XV	Other comprehensive income attributable to non-controlling interest		(2.73)	(0.15)
XVI	Other comprehensive income attributable to owners (XIV - XV)		(107.36)	6.41
XVII	Total comprehensive income attributable to owners (XIII +XVI)		517.26	711.08
XVIII	Earnings per equity share (Face value of Re.1/- each)			
	Basic & Diluted earnings per share (in rupees)	42	13.15	14.83

See accompanying notes to the financial statements

VENU SRINIVASAN *Chairman & Managing Director*	SUDARSHAN VENU *Joint Managing Director*	H. LAKSHMANAN *Director*	As per our report annexed For V. Sankar Aiyar & Co. *Chartered Accountants* *Firm Regn. No.: 109208W*
K.N.RADHAKRISHNAN *Director & Chief Executive Officer*	K. GOPALA DESIKAN *Chief Financial Officer*	K.S. SRINIVASAN *Company Secretary*	S. VENKATARAMAN *Partner* *Membership No.: 023116*

Place : Chennai
Date : 28th May 2020

Statement of Changes in Equity

a Equity Share Capital

Rupees in crores

As at 01-04-2018	47.51
Changes in equity share capital	–
As at 31-03-2019	47.51
Changes in equity share capital	–
As at 31-03-2020	47.51

b Other Equity

Particulars	Reserves & Surplus				Other Reserves			Non Controlling interest	Total
	General reserve	Capital reserve	Statutory reserve	Retained earnings	Equity Instruments Fair Valued through Other Comprehensive Income	Foreign currency translation reserve	Hedging reserve		
Balance as at 01-04-2018	876.24	6.51	17.81	1,674.61	85.08	(28.06)	(2.50)	181.08	2,810.77
Add : Profit for the year 2018-19				704.67				20.73	725.40
Other comprehensive income for the year 2018-19				5.29	(8.53)	11.14		(0.15)	7.75
Share of OCI of an associate, net of tax				(0.12)					(0.12)
Share of associate adjustment as per Ind AS 115 , net of tax (Retrospective application with cumulative effect)				(8.66)					(8.66)
Less: Reclassification to profit or loss, net of tax							(2.50)		(2.50)
Less: Change in fair value of hedging instruments, net of tax							3.87		3.87
Transfer from Retained earnings to Statutory reserve			22.42	(22.42)					–
Transaction in capacity as owners:									
Transactions with non-controlling interest			5.74	(14.73)				44.11	35.12
Less : Distribution to shareholders :									
2018-19 First Interim dividend paid				99.77					99.77
2018-19 Second Interim dividend paid				66.51					66.51
Less : Dividend Tax				34.18					34.18
Balance as at 31-03-2019	876.24	6.51	45.97	2,138.18	76.55	(16.92)	(3.87)	245.77	3,368.43
Add : Profit for the year 2019-20				624.62				22.18	646.80
Other comprehensive income for the year 2019-20				(35.96)	(34.86)	31.27		(2.73)	(42.28)
Share of OCI of an associate, net of tax				(0.10)					(0.10)
Add: Adjustment as per Ind AS 116, net of tax (Retrospective application with cumulative effect)				(5.45)					(5.45)
Less: Fair valuation loss / (gain) of Non Cumulative Redeemable Preference shares and deferred taxes				203.09					203.09
Add : Fair value gain on pension asset				0.04					0.04
Less: Reclassification to profit or loss, net of tax							(3.87)		(3.87)
Less: Change in fair value of hedging instruments, net of tax							71.58		71.58
Transfer from Retained earnings to Statutory reserve			30.10	(30.10)					–
Transaction in capacity as owners:									
Transactions with non-controlling interest			(5.42)	9.05				55.72	59.35
Less : Distribution to shareholders :									
2019-20 First Interim dividend paid				99.77					99.77
2019-20 Second Interim dividend paid				66.51					66.51
Less : Dividend Tax				34.18					34.18
Balance as at 31-03-2020	876.24	6.51	70.65	2,296.73	41.69	14.35	(71.58)	320.94	3,555.53

Nature and purpose of Other Reserves

1. General reserve is available for distribution to shareholders.
2. Capital reserve:
   i. On shares forfeited (₹ 55,200) –
   ii. On surplus arising out of amalgamation 6.51

   6.51
3. Statutory Reserve has been created pursuant to Section 45 - IC of the RBI Act,1934. Owners portion of Statutory Reserve created in subsidiary shown above after becoming subsidiary.
4. Hedging Reserve - Refer Note No. 34(D)

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Cash Flow Statement

			Rupees in crores		
			Year ended 31-03-2020		Year ended 31-03-2019
A. Cash flow from operating activities					
Net profit before tax			865.42		1,082.85
Add: Depreciation and amortisation for the year		556.00		441.71	
(Gain) on lease preclosure		(0.31)		–	
(Profit) / Loss on sale of fixed assets		(2.28)		2.22	
Net (profit)/loss on sale of investments		(0.03)		(1.01)	
Unrealised exchange (gain) / loss		(29.41)		(4.08)	
Net (profit)/ loss from Associate using equity method		8.59		(1.70)	
Dividend income		(1.26)		(0.94)	
Interest income		(26.64)		(4.36)	
Finance cost (excluding relatable to financial enterprise)		154.74		105.58	
Provisions		(28.21)		45.53	
			631.19		582.95
Operating profit before working capital changes			1,496.61		1,665.80
Adjustments for:					
Loans given by a financial enterprise (Net)		(1,177.62)		(2,127.18)	
Trade receivables		130.37		(482.54)	
Inventories		103.10		(235.42)	
Other current assets		(29.12)		49.31	
Other financial assets		(11.81)		(17.31)	
Trade payables		22.46		508.89	
Other financial liabilities (excluding current maturity of non-current borrowings)		(42.00)		18.69	
Other current liabilities		(0.94)		(4.20)	
Other non - current assets		124.20		22.74	
			(881.36)		(2,267.02)
Cash generated from operations			615.25		(601.22)
Direct taxes paid			(241.82)		(316.72)
Net cash from operating activities	(A)		373.43		(917.94)
B. Cash flow from investing activities					
Purchase of property, plant and equipment		(572.55)		(685.92)	
Purchase of intangible assets		(179.93)		(34.72)	
Sale of fixed assets		30.21		9.76	
Payments for capital work-in-progress		(243.22)		(323.53)	
Payments for intangible assets under development		(18.28)		(95.34)	
Payments for capital Advances		(7.11)		20.79	
Purchase of investments		(94.01)		(31.77)	
Purchase of Investments in associate		(38.97)		(6.00)	
Sale of Investments		5.81		1.98	
Contribution from non-controlling Interest		–		35.12	
Interest received		26.64		4.36	
(Purchase) / Sale of investment property		–		0.70	
Dividends received		1.26		0.94	
			(1,090.15)		(1,103.63)
Net cash from / (used in) investing activities	(B)		(1,090.15)		(1,103.63)

Cash Flow Statement – *(continued)*

Rupees in crores

			Year ended 31-03-2020		Year ended 31-03-2019
C. Cash flow from financing activities					
Borrowings:					
Non-current borrowings availed / (repaid)		1,458.99		2,318.34	
Current borrowings availed / (repaid)		512.69		188.98	
Other bank balances		15.39		27.56	
Finance cost paid		(124.33)		(124.65)	
Lease liabilities paid		(43.11)		–	
Dividend and dividend tax paid		(200.46)		(200.46)	
			1,619.17		2,209.77
Net cash from / (used in) financing activities	(C)		1,619.17		2,209.77
Total	(A)+(B)+(C)		902.45		188.20
Cash and cash equivalents at the beginning of the year			138.89		(49.31)
Cash and cash equivalents at the end of the year			1,041.34		138.89
D. Net increase / (decrease) in cash and cash equivalents			902.45		188.20

Note : The above statement of cash flow is prepared using indirect method.

Change in liability arising from financing activities:

Particulars	As at 01-04-2019	Cash flow	Foreign exchange movement	Amortisation	As at 31-03-2020
Non-current borrowings (Including current maturities)	6,044.24	1,458.99	71.49	(5.87)	7,568.85
Current borrowings	3,229.66	512.69	–	–	3,742.35

Non-cash financing and investing activities:

	2019-20	2018-19
Acquisition of right-to-use-assets	180.23	–

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the consolidated financial statements of TVS Motor Company Limited and its subsidiaries and associates.

a) Brief description of the Group

TVS Motor Company Limited (the Company) is a public limited company, incorporated and domiciled in India whose shares are publicly traded. The registered office is located at "Chaitanya", No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India. The Company together with its subsidiaries and associates (collectively referred to as the "Group") operate in a wide range of activities such as manufacturing of automotive vehicles, automotive components, spare parts & accessories thereof, housing development and financial services.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain assets and liabilities (as per the accounting policy below), which have been measured at fair value.

Principles of Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

Associates

Associates are all entities over which the group has significant influence but not control or joint control. (This is generally the case where the group holds between 20% and 50% of the voting rights). Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(k) below.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

The subsidiary companies and associates considered in consolidated financial statements are:

Sl. No	Name of the Company	Country of incorporation	Proportion of ownership (interest / voting power -%)		Reporting date
			2019-20	2018-19	
1	**Subsidiary Companies:**				
a.	Sundaram Auto Components Limited, Chennai	India	100	100	31-03-2020
b.	TVS Housing Limited, Chennai	India	100	100	31-03-2020
c.	TVS Motor Services Limited, Chennai	India	100	100	31-03-2020
d.	TVS Credit Services Limited, Chennai	India	83.95% direct holding and 0.59% by (c)	10.3% direct holding and 75.6% by (c)	31-03-2020
e.	Harita Collection Services Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
f.	Harita ARC Services Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
g.	TVS Micro Finance Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
h.	TVS Commodity Financial Solutions Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
i.	TVS Two Wheeler Mall Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
j.	TVS Housing Finance Private Limited, Chennai	India	100% by (d)	100% by (d)	31-03-2020
k.	TVS Motor (Singapore) Pte. Limited, Singapore	Singapore	100	100	31-03-2020
l.	TVS Motor Company (Europe) B.V. Amsterdam	Netherlands	100	100	31-03-2020
m.	PT. TVS Motor Company Indonesia, Jakarta	Indonesia	49% direct holding, 33% by (k) and 18% by (l)	49% direct holding, 33% by (k) and 18% by (l)	31-03-2020
n.	Sundaram Holding USA Inc., Delaware, USA	USA	74.58% by (a)	74.51% by (a)	31-03-2020
o.	Green Hills Land holding LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2020
p.	Component Equipment Leasing LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2020
q.	Sundaram-Clayton USA LLC, South Carolina, USA (Formerly known as Workspace Project LLC)	USA	100% by (n)	100% by (n)	31-03-2020
r.	Premier Land Holding LLC, South Carolina, USA	USA	100% by (n)	100% by (n)	31-03-2020
2	**Associate Companies:**				
a.	Emerald Haven Realty Limited, Chennai	India	48.80	48.80	31-03-2020
b.	Ultraviolette Automotive Private Limited, Bengaluru	India	25.37	25.33	31-03-2020
c.	Tagbox Solutions Private Limited, Bengaluru	India	23.50	–	31-03-2020
d.	Tagbox Pte Ltd, Singapore	Singapore	24.32	–	31-03-2020
e.	Predictronics Corporation, USA	USA	23.49	–	31-12-2019

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

i) Estimation of fair value of unlisted securities- (Refer Note 33)

ii) Defined benefit obligation - (Refer Note 38)

iii) Estimation of useful life of Property, Plant and Equipment - (Refer Note 1(f) and 1(g))

iv) Estimation and evaluation of provisions and contingencies relating to tax - (Refer Note 45 (a))

v) Estimation of impairment of goodwill - (Refer Note 37)

e) Revenue recognition

The Group has adopted Ind AS 115 from 1st April, 2018 and opted for retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1st April, 2018, and subsequent contracts with customers from that date.

Sale of automotive vehicles, parts and automotive components

Revenue is recognised when the performance obligations are satisfied and the control of the product is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time, the Group has a right to payment for the asset, customer has possession and legal title to the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset or the Group has objective evidence that all criteria for acceptance have been satisfied.

Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

The Group's contracts with customers does not provide for any right to returns, refunds or similar obligations. The Group's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision (Refer Note 43).

Sale of services

The Group also earns revenue from providing IT services and Royalty on usage of Group's technical knowhow.

In respect of IT service, the revenue is recognised on a time proportion basis as the customer simultaneously receives and consumes the benefits as the obligations are performed. Payment for the services provided are received as per the credit terms agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

In respect of Royalty, the performance obligation is, to provide the right-to-use the Group's technical knowhow by the customers, for which usage-based royalty is charged. Payment for the services provided is received as per the credit terms as agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

Revenue from financing

Interest income for loans [other than Purchase of Originally Credit Impaired (POCI)] is recognised using the Effective Interest Rate (EIR) method.

For financial assets that are not "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Income in the nature of overdue interest, and bounce charges are recognized on realization, due to uncertainty of collection.

Significant judgements

There are no significant judgements made by the Group in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract. In case of multiple performance obligations, the Group uses the adjusted market assessment approach to allocate the transaction price between multiple performance obligations. If a discount is granted, the same is adjusted against the transaction price of the contract.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Goods and Services Tax to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

g) Depreciation and amortization

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

ii) Keeping in mind the rigorous and periodic maintenance programme followed by the Group, the estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Group is given below:

Description	Years
Factory building and other buildings	5 to 61
Plant and machinery	4 to 21
Electrical equipment	15
Furniture and fixtures	4 to10
Computers and information systems	3 to 4
Material handling equipment	5
Mobile phone	2
Vehicles	5 to 6

iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for low volume model operations are depreciated at 11.31 per cent.

iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

v) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

vi) Depreciation in respect of tangible assets costing less than ₹ 5,000/- is provided at 100%.

h) Investment properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the group is classified as investment property. Investment Property is measured initially at its cost and including related transaction cost where applicable, borrowing cost. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item is measured reliably.

i) Intangible assets

Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

Other intangible assets

Expenses incurred during research phase are expensed in the year in which they are incurred. Expenses incurred during development phase are recognized as intangible assets under development and capitalized as intangible assets on completion of the development phase and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

j) Loans (receivable from financing activity)

The loans to borrowers are stated at the contract value after netting off un-matured interest income, un-matured upfront income and advance EMIs and adding unamortized portion of upfront expenses wherever applicable, installments appropriated upto the year end and amount written off.

k) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are prepared in INR and all values are rounded off to nearest crore.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

i) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

ii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

iii) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities are translated at the closing rate at the date of that balance sheet

b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

c) all resulting exchange differences are recognised in other comprehensive income.

m) Hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 33. Movements in the hedging reserve in shareholders' equity are shown in Note34.The full fair value of a hedging derivative is classified

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the statement of profit or loss.

n) Inventories

Inventories are valued at the lower of cost and net realisable value.

i) Cost of raw materials, components, stores and spares are ascertained on a moving average basis.

ii) Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

iii) Land held for development/sale by the real estate subsidiary is valued at the lower of cost and net realisable value. Cost includes cost of acquisition and all related costs.

o) Employee benefits

i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

iii) Post-employment obligation:

The Group operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees, pension plan for its eligible senior managers; and

b) Defined contribution plans such as provident fund.

Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the Government Bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund:

The eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The provident fund contributions are made to an irrevocable trust set up by the Company or to the Regional Provident Fund Commissioner. The Group is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

p) Taxes on income

Tax expense comprises of current and deferred taxes.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Deferred Tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, 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 and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to Income Tax levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Group is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Group accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

q) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in statement of profit and loss on completion of export obligation as approved by Regulatory Authorities.

r) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

s) Segment reporting

The Group has identified the operating segments on the basis of individual companies operations as reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Group has identified the following business segments as reportable segments, (on the basis of products and production process) viz., (1) Automotive vehicles and parts, (2) Automotive components, (3) Financial services and (4) Others.

t) Leases

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

the Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

u) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

v) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

w) Investments and Other financial assets

i) Classification

The Group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the Group measures a financial asset at its fair value plus transaction cost (in the case of a financial asset not a fair value through profit or loss) that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

The Group subsequently measures all investments in equity (except of the subsidiaries/associate) at fair value.

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately.

Where the Group elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note34 and Note 35 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

For loans given by financial enterprise the impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Group determines whether there has been a significant increase in credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

iv) Derecognition of financial assets

A financial asset is derecognised only when:

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

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

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

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

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

v) Income recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

x) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

y) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

z) Current and Non-current classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle for all entities within the group other than real estate.

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed and realisation of project into cash and cash equivalents and range from 3 to 7 years. Accordingly, assets and liabilities have been classified into current and non-current based on operating cycle.

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2019	293.55	886.35	4,126.16	104.93	30.77	190.76	5,632.52	107.50	97.71	205.21
Additions	7.54	61.97	429.04	10.96	15.65	47.39	572.55	11.41	168.52	179.93
Foreign exchange translation reserve adjustments	(2.55)	(1.74)	(4.19)	0.18	0.12	(0.15)	(8.33)	–	–	–
Sub-total	298.54	946.58	4,551.01	116.07	46.54	238.00	6,196.74	118.91	266.23	385.14
Sales / deletion	0.07	0.14	65.85	1.15	1.83	8.33	77.37	0.46	–	0.46
Ind AS 116 transition	6.90	–	–	–	–	–	6.90	–	–	–
Total	291.57	946.44	4,485.16	114.92	44.71	229.67	6,112.47	118.45	266.23	384.68
Depreciation / Amortisation										
Upto 31-03-2019	–	219.85	2,246.24	50.22	15.54	121.86	2,653.71	83.26	59.97	143.23
For the year	–	36.83	359.97	14.92	5.14	35.51	452.37	17.72	41.19	58.91
Foreign exchange translation reserve adjustments	–	(1.11)	(2.74)	0.04	0.04	(0.03)	(3.80)	–	–	–
Sub-total	–	255.57	2,603.47	65.18	20.72	157.34	3,102.28	100.98	101.16	202.14
Withdrawn on assets sold / deleted	–	0.14	45.80	0.80	1.46	8.15	56.35	0.46	–	0.46
Total	–	255.43	2,557.67	64.38	19.26	149.19	3,045.93	100.52	101.16	201.68
Carrying value										
As at 31-03-2020	291.57	691.01	1,927.49	50.54	25.45	80.48	3,066.54	17.93	165.07	183.00

Capital work-in-progress (at cost) as at 31-03-2020

(a)	Building	33.98
(b)	Plant & equipment	201.52
(c)	Pre-operative expenses	611.64
Total		847.14

a) Cost of buildings includes ₹ 24.85 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of ₹ 0.51 crores, whose ownership is transferrable at the end of the lease term.

c) Borrowing cost capitalised during the year - ₹ 23.68 crores.

Notes to the Financial Statements - *(continued)*

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - *(continued)*

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value as at 01-04-2018	285.70	763.30	3,743.15	80.80	22.88	150.72	5,046.55	82.15	89.28	171.43
Additions	3.89	129.56	474.77	25.32	9.17	48.08	690.79	26.29	8.43	34.72
Foreign exchange translation reserve adjustments	3.96	1.08	2.56	0.01	0.08	0.24	7.93	–	–	–
Sub-total	293.55	893.94	4,220.48	106.13	32.13	199.04	5,745.27	108.44	97.71	206.15
Sales / deletion	–	7.59	94.32	1.20	1.36	8.28	112.75	0.94	-	0.94
Total	293.55	886.35	4,126.16	104.93	30.77	190.76	5,632.52	107.50	97.71	205.21
Depreciation / Amortisation										
Upto 31-03-2018	–	195.32	1,991.60	37.81	13.48	99.75	2,337.96	69.19	43.69	112.88
For the year	–	31.53	332.60	12.84	3.39	30.06	410.42	15.01	16.28	31.29
Foreign exchange translation reserve adjustments	–	0.54	5.42	–	0.03	0.11	6.10	–	–	–
Sub-total	–	227.39	2,329.62	50.65	16.90	129.92	2,754.48	84.20	59.97	144.17
Withdrawn on assets sold / deleted	–	7.54	83.38	0.43	1.36	8.06	100.77	0.94	–	0.94
Total	–	219.85	2,246.24	50.22	15.54	121.86	2,653.71	83.26	59.97	143.23
Carrying value										
As at 31-03-2019	293.55	666.50	1,879.92	54.71	15.23	68.90	2,978.81	24.24	37.74	61.98

Capital work-in-progress (at cost) as at 31-03-2019

(a)	Building	22.38
(b)	Plant & equipment	232.69
(c)	Pre-operative expenses	348.85
Total		603.92

a) Cost of buildings includes Rs.6.71 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of Rs.0.51 crores, whose ownership is transferrable at the end of the lease term.

c) Borrowing cost capitalised during the year - Rs.17.25 crores.

3 INVESTMENT PROPERTIES

		As at 31-03-2020	As at 31-03-2019
Gross carrying amount		137.70	138.45
Deletions		–	(0.75)
Closing gross carrying amount	(A)	137.70	137.70
Opening accumulated depreciation		–	0.05
Deletions		–	(0.05)
Closing accumulated depreciation	(B)	–	–
Total investment properties	(A) - (B)	137.70	137.70

Notes to the Financial Statements - *(continued)*

4 RIGHT OF USE ASSET

Rupees in crores

S.No.	Particulars	Land	Building	Others	Total
(a)	Opening on transition to Ind AS 116- Leases as on 01-04-2019	18.95	63.38	18.37	100.70
(b)	Additions during the year	–	77.69	102.54	180.23
(c)	Amortisation for the year	(0.33)	(21.08)	(23.31)	(44.72)
(d)	Foreign exchange translation reserve adjustments	–	–	(0.45)	(0.45)
(e)	Deletions (Preclosures)	–	(0.62)	–	(0.62)
(f)	Closing net balance as on 31-03-2020	18.62	119.37	97.15	235.14

The Company has taken land, warehouses and sales offices across the country on lease for lease period ranging from 6-99 years. Company also has other assets on leases, the lease term ranges for about 5 years.

Wherever the lease includes extension option and it is certain, the same is considered for computing the lease term. In rest of the cases, the term is limited to initial lease period. Lease term includes non-cancellable period and expected lease period. Payment towards short term leases made during the year was Rs. 51.01 Cr.

5 NON CURRENT INVESTMENTS

Sl. No.	Particulars	No. of shares / units		Face Value	Currency	Rupees in crores	
		As at 31-03-2020	As at 31-03-2019			As at 31-03-2020	As at 31-03-2019
1	2	3	4	5	6	7	8
(a)	**Investment in Equity Instruments Fair valued through OCI:**						
	Quoted :						
(i)	Suprajit Engineering Limited, Bengaluru	28,92,000	28,92,000	1.00	INR	32.56	70.80
(ii)	Ucal Fuel Systems Limited, Chennai	91,760	91,760	10.00	INR	0.67	1.47
	Unquoted :						
(iii)	Green Infra BTV Limited, New Delhi	32,50,000	32,50,000	10.00	INR	1.39	1.29
(iv)	TVS Lanka (Private) Limited, Colombo	50,00,000	50,00,000	10.00	LKR	9.62	10.52
(v)	Green Infra Wind Power Projects Limited, New Delhi	1,11,600	1,11,600	10.00	INR	0.06	0.06
(vi)	Green Infra Wind Energy Theni Limited, New Delhi	34,34,477	34,34,477	10.00	INR	1.47	1.37
(vii)	Green Infra Wind Power Generation Limited, New Delhi	2,16,000	2,16,000	10.00	INR	0.13	0.13
(viii)	Condivision Solutions Pvt. Limited, Bengaluru	6,760	6,760	10.00	INR	–	2.00
(ix)	Mulanur Renewable Energy Pvt. Limited, Chennai	15,000	15,000	10.00	INR	0.02	0.02
(x)	PHI Research Pvt. Limited, Chennai	3,50,000	3,50,000	10.00	INR	3.01	3.00
(xi)	Atria Wind Power Bijapur 1 Limited, Bengaluru	90,610	1,01,217	10.00	INR	1.72	1.93
(xii)	Atria Wind Power (Chitradurga) P Limited, Bengaluru	80,948	–	100.00	INR	0.38	–
(xiii)	Altizon Systems Private Limited, Pune	10	–	10.00	INR	0.01	–
(xiv)	Altizon Inc, USA	5,30,543	–	0.00001	USD	17.76	–
(xv)	Scienaptic System Inc, USA	21,95,999	–	0.001	USD	49.83	–
	Total value of Equity Instruments (a)					118.63	92.59

Notes to the Financial Statements - *(continued)*

5 NON CURRENT INVESTMENTS - *(continued)*

Sl. No.	Particulars	No. of shares / units As at 31-03-2020	No. of shares / units As at 31-03-2019	Face Value	Currency	Rupees in crores As at 31-03-2020	Rupees in crores As at 31-03-2019
1	2	3	4	5	6	7	8
(b)	**Investments in Preference Shares: (Unquoted) (Valued at Amortised Cost)**						
(i)	Pinnacle Engines Inc., USA (face value 0.01 cent)	24,09,638	24,09,638	0.0001	USD	11.70	11.70
(ii)	Axiom Research Labs Private Limited, Delhi	82	82	10.00	INR	1.00	1.00
(iii)	TVS Lanka (Private) Limited, Colombo	37,00,00,000	37,00,00,000	1.00	LKR	15.92	14.75
(iv)	Ultraviolette Automotive Private Limited, Bengaluru	990	–	50,545.00	INR	5.00	–
(v)	Tagbox Solutions Private Limited, Bengaluru	3,83,983	–	16.00	INR	9.99	–
	Total value of Preference shares (b)					43.61	27.45
(c)	**Other non–current Investments (Unquoted):**						
	Investments fair valued through OCI:						
(i)	Autotech Fund I L.P., USA				USD	21.01	17.85
(ii)	Harita Accessories LLP, Chennai				INR	1.07	0.96
	Pension Funds / Government Securities (Valued at Amortised Cost):						
(iii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai				INR	6.25	5.92
(iv)	Life Insurance Corporation Pension Policy, Mumbai				INR	19.72	18.00
(v)	Investment in Mutual Funds				INR	0.41	0.46
	Debt Instruments:						
(vi)	Investment in 6% Non Cumulative Redeemable Preference shares				INR	–	146.57
	Total value of other non-current investments (c)					48.46	189.76
	Total (a) + (b) + (c)					210.70	309.80
	Aggregate amount of quoted investments and market value thereof					33.23	72.27
	Aggregate amount of unquoted investments					177.47	237.53
	Total					210.70	309.80

All Investments are fully paid up.

Notes to the Financial Statements - *(continued)*

Rupees in crores

6 LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

Particulars	As at 31-03-2020		As at 31-03-2019	
	Current	Non-current	Current	Non-current
Secured:				
Automobile financing				
Considered good	4,210.51	3,739.86	3,896.36	3,041.01
Considered doubtful	224.20	78.68	118.30	101.94
Less: Loss allowance				
Provision for expected credit loss (Refer Note 35)	(46.86)	(88.89)	(82.86)	(16.75)
Unsecured:				
Financing (Others)				
Considered good	800.92	427.02	552.18	481.34
Considered doubtful	32.25	29.63	25.75	22.69
Less: Loss allowance				
Provision for expected credit loss (Refer Note 35)	(14.78)	(37.81)	(31.46)	(5.43)
Unsecured and considered good:				
Trade advance and term loan	104.36	–	124.09	–
Provision for expected credit loss (Refer Note 35)	(3.76)	–	(2.53)	–
	5,306.84	4,148.49	4,599.83	3,624.80

	As at 31-03-2020	As at 31-03-2019
7 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS		
Deposits	11.06	9.73
Loans given to employees	1.82	0.76
Other bank balances (Bank deposits)	0.13	0.15
Derivative financial instruments - receivable	23.63	–
Other financial assets#	–	5.88
	36.64	16.52

Receivable towards recoverable expenses.

	As at 31-03-2020	As at 31-03-2019
8 INVESTMENTS ACCOUNTED USING EQUITY METHOD		
11,12,19,512 Equity shares of Emerald Haven Realty Limited, Chennai	112.81	119.33
14,850 Equity shares of Ultraviolette Automotive Private Limited, Bengaluru	9.93	10.60
24,827 Equity Shares (previous year - Nil) of Predictronics Corporation, USA	21.66	–
45,710 Equity Shares (previous year - Nil) of Tagbox Solutions Private Limited, Bengaluru	1.38	–
243,243 Equity Shares (previous year - Nil) of Tagbox Pte Limited, Singapore	14.43	–
	160.21	129.93
9 OTHER NON-CURRENT ASSETS		
Capital advances	90.30	83.19
Advances other than capital advances:		
Prepaid expenses	3.27	22.14
Deposits made	37.70	18.97
Others	0.82	20.10
	132.09	144.40

Notes to the Financial Statements - *(continued)*

Rupees in crores

	As at 31-03-2020	As at 31-03-2019
10 INVENTORIES		
Raw materials and components	640.65	712.96
Goods-in-transit - Raw materials and components	77.97	101.33
Work-in-progress	52.71	99.05
Finished goods	298.66	258.88
Stock-in-trade	75.31	75.48
Stores and spares	43.17	43.87
	1,188.47	1,291.57
11 TRADE RECEIVABLES		
Secured, considered good	18.29	18.90
Unsecured, considered good*	1,457.76	1,544.45
	1,476.05	1,563.35
Less: Loss allowance	21.69	17.28
	1,454.36	1,546.07

* Balances include balance with related parties [Refer Note 39(c)(i)].

	As at 31-03-2020	As at 31-03-2019
12 CASH AND CASH EQUIVALENTS		
Balances with banks	827.78	130.28
Cash on hand	1.63	32.76
Cash equivalents		
Deposits with maturity of less than three month from the date of deposit.	250.28	–
	1,079.69	163.04
Cash and cash equivalents for the purpose of cash flow statement		
Cash and cash equivalents as shown above	1,079.69	163.04
Less : Over drafts utilised	(38.35)	(24.15)
[Grouped under financial liabilities - Borrowings (Refer Note 21)]		
	1,041.34	138.89
13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Fixed deposits (maturing between 3 to 12 months)	–	38.53
Earmarked balances with banks (for unpaid dividend)	27.88	4.74
	27.88	43.27
14 FINANCIAL ASSETS - OTHERS (CURRENT)		
Unsecured, considered good :		
Employee advances	19.22	14.74
Security deposits	7.32	4.92
Claims receivable	2.18	3.83
Receivable towards sale of fixed assets	62.98	62.98
Derivative financial instruments - receivable	1.49	15.03
	93.19	101.50
15 OTHER CURRENT ASSETS		
IT/GST/VAT/Excise receivable	359.76	414.28
Prepaid expense	36.02	30.00
Vendor advance*	124.89	33.06
Trade deposits	2.66	28.75
Export incentive receivable	64.49	53.03
Others	6.16	4.56
Employee benefit assets (Refer Note 38)	–	1.18
	593.98	564.86

* Balances include balance with related parties [Refer Note 39(c)(i)].

Notes to the Financial Statements - *(continued)*

16 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Authorised: Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up: Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rupees in crores	Number	Rupees in crores
Shares outstanding at the beginning of the year	47,50,87,114	47.51	47,50,87,114	47.51
Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	47,50,87,114	47.51	47,50,87,114	47.51

(c) Rights and preferences attached to equity share:

(i) Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

(e) Shareholders holding more than five percent at the end of the year (other than (d))

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		Number of shares held	% of holding	Number of shares held	% of holding
ICICI Prudential Mutual Fund	Equity	3,75,05,402	7.89	3,11,44,102	6.56
Jwalamukhi Investment Holdings	Equity	2,66,90,025	5.62	2,34,89,942	4.94

17 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2020	As at 31-03-2019
General reserve	876.24	876.24
Capital reserve	6.51	6.51
Statutory reserve	70.65	45.97
Retained earnings	2,296.73	2,138.18
Other Reserves	(15.54)	55.76
	3,234.59	3,122.66

Notes to the Financial Statements - *(continued)*

Rupees in crores

18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Nature	Lenders	As at 31-03-2020	As at 31-03-2019	Status as at 31-03-2020			
				Interest rate	Frequency	No. of instal-ments due	Maturity
Secured Borrowings:							
ECB Loan 1	Bank	63.94	68.76	3 Month USD LIBOR plus Margin	Half Yearly	7	Mar-2023
ECB Loan 2	Bank	225.98	206.09	3 Month USD LIBOR plus Margin	Quarterly	4	Feb-2023
ECB Loan 3	Bank	150.78	–	8.3%	Bullet	1	Aug-2022
ECB Loan 4	Bank	150.78	–	8.3%	Bullet	1	Sep-2022
ECB Loan 5	Bank	188.48	–	8.6%	Bullet	1	May-2022
ECB Loan 6	Bank	188.48	–	8.6%	Bullet	1	Jun-2022
FCNRB Loan	Bank	75.67	69.16	3 Month USD LIBOR plus Margin	End of Tenure	1	Jul-2021
Term Loan	Bank	75.00	100.00	1 Year MCLR plus Margin	Quarterly	12	Jun-2023
Term Loan	Bank	199.56	–	1 Year MCLR plus Margin	Quarterly	9	June 2024
Term Loan	Bank	–	80.60	3 Month USD LIBOR plus Margin	Half Yearly	1	Jul-2019
Term Loan	Bank	99.98	–	8.1%	Quarterly	10	Mar-2023
Term Loan	Bank	75.00	–	8.2%	Quarterly	10	Oct-2022
Term Loan	Bank	199.95	–	8.1%	Quarterly	10	Feb-2023
Term Loan	Bank	33.34	–	8.4%	Half Yearly	4	Jan-2022
Term Loan	Bank	241.62	–	7.3%	Monthly	29	Aug-2022
Term Loan	Bank	166.67	–	7.5%	Monthly	30	Sep-2022
Term Loan	Bank	500.00	–	7.0%	Monthly	36	Mar-2023
Term Loan	Bank	249.95	–	8.4%	Quarterly	12	Feb-2023
Term Loan	Bank	100.00	–	8.3%	Half Yearly	4	Dec-2022
Term Loan	Bank	200.00	–	8.3%	Bullet	1	Oct-2020
Term Loan	Bank	199.93	–	8.4%	Bullet	2	Nov-2022
Term Loan	Bank	299.95	–	8.4%	Quarterly	10	Aug-2022
Term Loan	Bank	44.27	–	6.4%	Quarterly	9	Jun-2022
Term Loan	Bank	249.78	–	8.2%	Quarterly	10	Mar-2023
Term Loan	Bank	–	199.97	8.3%	Bullet	1	Oct-2019
Term Loan	Bank	–	39.67	8.2%	Quarterly	3	Dec-2019
Term Loan	Bank	–	10.08	8.8%	Quarterly	4	Mar-2020
Term Loan	Bank	–	30.31	8.4%	Quarterly	2	Sep-2019
Term Loan	Bank	–	8.38	8.4%	Quarterly	1	Jun-2019
Term Loan	Bank	–	10.00	8.5%	Quarterly	2	Jul-2019
Term Loan	Bank	–	12.50	8.9%	Half Yearly	1	Aug-2019
Term Loan	Bank	–	8.33	8.5%	Quarterly	2	Sep-2019
Term Loan	Bank	–	28.66	8.5%	Monthly	9	Jan-2020
Term Loan	Bank	–	24.99	8.4%	Quarterly	3	Dec-2019
Term Loan	Bank	–	75.58	8.4%	Quarterly	3	Dec-2019
Term Loan	Bank	–	39.99	8.5%	Quarterly	4	Mar-2020
Term Loan	Bank	–	16.67	8.4%	Quarterly	4	Mar-2020

Notes to the Financial Statements - *(continued)*

Rupees in crores

18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - *(continued)*

Nature	Lenders	As at 31-03-2020	As at 31-03-2019	Status as at 31-03-2020			
				Interest rate rate	Frequency	No. of instal-ments due	Maturity
Term Loan	Bank	–	12.50	8.3%	Quarterly	1	Jun-2019
Term Loan	Bank	–	37.50	8.4%	Quarterly	3	Dec-2019
Term Loan	Bank	20.00	60.00	8.4%	Quarterly	6	Aug-2020
Term Loan	Bank	59.96	140.94	8.2%	Quarterly	7	Nov-2020
Term Loan	Bank	49.99	99.98	8.3%	Annual	2	Sep-2020
Term Loan	Bank	63.33	126.67	8.4%	Quarterly	8	Mar-2021
Term Loan	Bank	–	214.43	8.0%	Bullet	1	Nov-2019
Term Loan	Bank	24.99	58.32	8.1%	Quarterly	7	Nov-2020
Term Loan	Bank	112.50	150.00	8.4%	Half Yearly	4	Sep-2021
Term Loan	Bank	125.00	208.32	8.8%	Monthly	30	Sep-2021
Term Loan	Bank	50.00	83.33	8.4%	Quarterly	10	Jun-2021
Term Loan	Bank	100.00	100.00	9.1%	Quarterly	1	May-2021
Term Loan	Bank	74.99	136.00	8.8%	Quarterly	9	Mar-2021
Term Loan	Bank	–	209.69	9.5%	Quarterly	8	Apr-2021
Term Loan	Bank	–	140.00	9.8%	Quarterly	8	May-2021
Term Loan	Bank	139.78	201.34	9.8%	Quarterly	10	Dec-2021
Term Loan	Bank	66.66	150.00	9.4%	Half Yearly	6	Dec-2021
Term Loan	Bank	290.05	456.09	9.5%	Quarterly	11	Dec-2021
Term Loan	Bank	79.93	99.89	9.1%	Quarterly	10	Feb-2022
Term Loan	Bank	477.59	601.06	9.4%	Quarterly	10	Feb-2022
Term Loan	Bank	399.93	499.89	8.8%	Quarterly	10	Feb-2022
Term Loan	Bank	30.00	70.00	8.1%	Quarterly	7	Dec-2020
Term Loan	Others	12.57	62.85				
Term Loan	Bank	301.45	–	3.5%	Half Yearly	9	Dec-2024
Term Loan	State owned corporation–I	2.43	–	0.1%	Yearly	1	Apr-2029
Term Loan (5 tranches)	State owned corporation -II	160.89	157.08	0.1%	Yearly	5	2021-31
Debentures	8% Secured Non Convertible Debenture	45.12	–	8.0%	Bullet	1	Sep-2021
Unsecured Borrowings:		–					
ECB Loan	Bank	151.33	138.31	3 Month USD LIBOR plus Margin	Half Yearly	6	Sep-2023
Sub Debt	Bank	–	12.50	10.1%	Annual	2	Jun-2020
Sub Debt	Bank	24.94	24.92	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.97	50.39	9.5%	Bullet	1	May-2023
Sub Debt	Bank	50.00	50.00	9.3%	Bullet	1	Jul-2023
Sub Debt	Bank	25.00	25.00	9.7%	Bullet	1	Sep-2022
Sub Debt	Bank	49.96	49.94	10.0%	Bullet	1	Apr-2022
Sub Debt	Others	14.50	29.00	8.0%	Annual	2	Jan-2020
Sub Debt	Others	49.96	49.94	11.5%	Bullet	1	Sep-2020
Sub Debt	Others	50.00	50.00	11.0%	Bullet	1	Jul-2021
Sub Debt	Others	49.92	49.88	10.8%	Bullet	1	Sep-2021

Notes to the Financial Statements - *(continued)*

Rupees in crores

18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - *(continued)*

Nature	Lenders	As at 31-03-2020	As at 31-03-2019	Status as at 31-03-2020			
				Interest rate rate	Frequency	No. of instal-ments due	Maturity
Sub Debt	Others	50.00	50.00	10.5%	Bullet	1	May-2022
Sub Debt	Others	98.71	98.41	10.9%	Bullet	1	Aug-2024
Perpetual Debt	Others	99.81	99.79	11.5%	Bullet	1	Nov-2027
Sales Tax Deferral Phase I	Others	12.66	18.99	0.0%	Annual	2	2020-21
Sales Tax Deferral Phase II	Others	125.82	141.55	0.0%	Annual	8	2027-28
		7,568.85	6,044.24				
Less: Current Maturities of long term borrowings		2,347.62	1,135.08				
Total non current financial liabilities (borrowings)		5,221.23	4,909.16				

Details of securities created:

- ECB Loan 1 - Hypothecation of movable fixed assets.
- ECB Loan 2 - Exclusive charge over assets procured out of proceeds of the loan.
- ECB Loan 3-6 availed by a subsidiary is secured against hypothecation of receivables under the financing activity of the Company.
- FCNRB Loan - Exclusive charge over assets procured out of proceeds of the loan.
- Term Loan of ₹ 199.56 Cr from Bank - Exclusive charge on specific plant and equipment.
- Term Loan of ₹ 301.41 Cr in USD from bank obtained by a subsidiary - secured by land and building.
- Term loan received from bank of ₹ 75 crores - charge created on land and building and paripasu charge on plant and machinery.
- Term Loan received from Banks and Other Parties of ₹ 5578.66 crores inclusive of Current and Non Current Dues by a subsidiary (Previous Year: 4436.11 Crores as on 31st March, 2019) is secured against hypothecation of receivables under the financing activity of the Company.
- Loan from State owned corporation - I viz., SIPCOT - First charge on the specific plant and equipment.
- Loan from State owned corporation - II viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.
- Debentures issued by the subsidiary are secured against the immovable property

19 PROVISIONS

Particulars	As at 31-03-2020		As at 31-03-2019	
	Current	Non-current	Current	Non-current
Provision for employee benefits:				
(a) Pension	46.28	75.82	28.54	61.88
(b) Leave salary	10.10	44.30	7.37	27.76
(c) Gratuity	5.36	2.10	–	–
Others:				
(a) Warranty	38.04	–	29.15	–
	99.77	122.22	65.06	89.64

Notes to the Financial Statements - *(continued)*

Rupees in crores

20 DEFERRED TAX LIABILITIES (NET)

Particulars		As at 31-03-2020	As at 31-03-2019
The balance comprises temporary differences attributable to:			
- Depreciation		256.55	333.21
- others		3.89	–
Total deferred tax liability	(A)	260.44	333.21
Deferred tax asset consists of:			
- tax on employee benefit expenses		36.89	44.80
- tax on warranty provision		11.29	12.64
- tax on expected credit losses provision		34.76	35.47
- tax on investment property		14.72	18.24
- tax on finance cost provision		14.47	50.02
- tax on investments		–	5.35
- tax on others		57.66	15.75
- unused tax credits (MAT credit entitlement)		3.52	53.98
Total deferred tax assets	(B)	173.32	236.25
Net deferred tax liability	(A)-(B)	87.12	96.96

Movement in deferred tax :

Particulars	Depreciation	Others	Total
As at 01-04-2018			54.71
Charged / (credited):			
- to profit or loss	20.76	(26.47)	(5.71)
- to other comprehensive income	–	0.91	0.91
- to share of associate adjustment as per Ind AS 115 (Tax on retrospective application with cumulative effect)	–	(0.96)	(0.96)
- utilization of tax credits (MAT credit utilization)	–	48.03	48.03
- unused tax credits (MAT credit entitlement)	–	(0.02)	(0.02)
As at 31-03-2019	–	–	96.96
Charged / (credited):			
- to profit or loss	(76.66)	1.07	(75.59)
- to other comprehensive income	–	(38.48)	(38.48)
- to retained earnings	–	53.76	53.76
- utilization of tax credits (MAT credit utilization)	–	50.91	50.91
- unused tax credits (MAT credit entitlement)	–	(0.44)	(0.44)
As at 31-03-2020			87.12

21 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2020	As at 31-03-2019
Borrowings repayable on demand from banks		
Secured*	2,444.50	2,192.55
Unsecured#	610.00	270.11
Short term loans:		
From banks :		
Secured	–	–
Unsecured	230.00	791.15
From others (Unsecured)	496.20	–
	3,780.70	3,253.81
* Includes overdraft utilisation	38.35	24.04
# Includes overdraft utilisation	–	0.11
	38.35	24.15

Notes to the Financial Statements - *(continued)*

		Rupees in crores	
		As at 31-03-2020	As at 31-03-2019

21 FINANCIAL LIABILITIES - BORROWINGS (CURRENT) - *(continued)*

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Short term borrowings from banks of a subsidiary include :

a) A loan of ₹ 92.79 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.

b) A loan of ₹ 7.36 crores in IDR and ₹ 131.64 crores in USD obtained from another bank secured by subsidiary inventories and trade account receivable.

c) Working capital loan and cash credit of ₹ 1,934.36 crores obtained by a subsidiary company are secured by hypothecation of receivables under the financing activity of the Company.

d) Cash credit of ₹ 38.35 crores obtained by a subsidiary company are secured by hypothecation of receivables and inventories of the Company, both present and future

22 TRADE PAYABLES

Dues to Micro and Small Enterprises **	121.49	79.24
Dues to enterprises other than Micro and Small Enterprises#	3,065.35	3,080.44
	3,186.84	3,159.68

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Balances include balances due to related parties [Refer Note 39(c)(ii)].

23 OTHER FINANCIAL LIABILITIES

Current Maturities of long term borrowings	2,347.62	1,135.08
Interest accrued but not due on loans	47.22	16.72
Interest accrued and due on loans#	0.72	0.81
Trade deposits received	67.34	75.27
Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.87	4.74
Payables against capital goods	23.59	56.33
Hedge liability	41.94	13.89
Collections in respect of de-recognised assets	–	3.56
Others	5.07	9.92
	2,538.37	1,316.32

Subsidiary has made funds available with the bank which has been appropriated subsequently.

24 OTHER CURRENT LIABILITIES

Statutory dues	143.26	181.27
Employee related	102.58	132.10
Advance received from customers	136.67	64.49
Deferred income	–	7.61
Money held under trust	6.47	4.45
	388.98	389.92

Notes to the Financial Statements - *(continued)*

		Year ended 31-03-2020	Year ended 31-03-2019
		Rupees in crores	
25 REVENUE FROM OPERATIONS			
Sale of products		16,467.69	18,230.59
Sale of services		31.82	28.02
Interest income of financial enterprise		1,821.51	1,457.46
Other operating revenue#		528.29	443.92
		18,849.31	20,159.99

Includes Government Grants of ₹ 189.94 crores (Last year ₹ 176.60 crores)

		Year ended 31-03-2020	Year ended 31-03-2019
26 OTHER INCOME			
Dividend income - from investments designated as Fair Valued through OCI		1.26	0.94
Interest income		26.64	4.36
Profit on sale of investments (Net)		0.03	1.01
Profit on sale of fixed assets (Net)		2.28	–
Bad debts recovered		11.57	9.16
Other non-operating income		10.05	9.97
		51.83	25.44
27 MATERIAL COST			
Cost of materials consumed			
Opening stock of raw materials and components		712.96	541.05
Add: Purchases		11,978.53	13,960.34
		12,691.49	14,501.39
Less: Closing stock of raw materials and components		640.65	712.96
		12,050.84	13,788.43
Purchases of stock-in-trade		259.20	244.84
Changes in inventories of finished goods, work-in-progress and stock-in-trade:			
Opening stock:			
Work-in-progress		99.05	74.05
Stock-in-trade		75.48	59.83
Finished goods		258.88	220.58
	(A)	433.41	354.46
Closing stock:			
Work-in-progress		52.71	99.05
Stock-in-trade		75.31	75.48
Finished goods		298.66	258.88
	(B)	426.68	433.41
	(A)-(B)	6.73	(78.95)
28 EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus		1,349.41	1,253.42
Contribution to provident and other funds		84.09	70.98
Staff welfare expenses		105.85	107.75
		1,539.35	1,432.15

Notes to the Financial Statements - *(continued)*

Rupees in crores

		Year ended 31-03-2020	Year ended 31-03-2019
29	**FINANCE COSTS**		
	Interest	650.91	636.18
	Other borrowing cost	165.13	20.96
	Interest on lease liabilities	14.67	–
	Exchange differences	23.83	6.26
		854.54	663.40
30	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Depreciation on property plant and equipment	452.37	410.42
	Depreciation on right of use asset	44.72	–
	Amortisation on intangible assets	58.91	31.29
		556.00	441.71
31	**OTHER EXPENSES**		
	(a) Consumption of stores, spares and tools	55.69	75.51
	(b) Power and fuel	112.75	136.59
	(c) Repairs - buildings	13.57	13.75
	(d) Repairs - plant and equipment	84.80	65.77
	(e) Insurance	19.63	18.14
	(f) Rates and taxes (excluding taxes on income)	8.96	9.06
	(g) Audit fees #	2.80	2.02
	(h) Cost audit fees	0.06	0.05
	(i) Packing and freight charges	410.42	419.91
	(j) Advertisement and publicity	424.31	399.06
	(k) Other marketing expenses	357.69	359.94
	(l) Loss on sale of fixed assets (Net)	–	2.22
	(m) Foreign exchange loss (Net)	8.24	22.90
	(n) Loss allowance for expected credit losses relating to loans	273.73	183.71
	(o) Corporate social responsibility expenditure*	20.96	16.47
	(p) Contributions to electoral trust / bonds	6.00	9.00
	(q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations or ₹ 10 lakh, whichever is higher)	920.53	878.60
		2,720.14	2,612.70

Refer Note 44 for details on audit fees.

* Refer Note 46 for details on Corporate Social Responsibility expenditure.

			Year ended 31-03-2020	Year ended 31-03-2019
32	**TAX EXPENSE AND RECONCILIATION**			
	(a) Tax expense			
	Current tax:			
	Current tax on profits for the year		285.75	362.93
	Adjustments for current tax of prior periods		8.90	0.25
		(A)	294.65	363.18
	Deferred tax:			
	Decrease / (increase) in deferred tax assets		(2.82)	(26.47)
	(Decrease) / increase in deferred tax liabilities		(72.77)	20.76
	Unused tax (credit) [MAT credit entitlement]		(0.40)	–
	Unused MAT (credit) of prior period		(0.04)	(0.02)
		(B)	(76.03)	(5.73)
		(A) + (B)	218.62	357.45

Notes to the Financial Statements - *(continued)*

Rupees in crores

	Year ended 31-03-2020	Year ended 31-03-2019
32 TAX EXPENSE AND RECONCILIATION - *(continued)*		
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	865.42	1,082.85
Tax at the Indian tax rate of 34.944%	302.41	378.39
Additional deduction towards Research & Development expenses	(48.97)	(40.39)
Capital receipts	(1.97)	(8.30)
Exempted income	(0.84)	(1.00)
Partially allowed deductions	15.65	4.99
Restatement of Deferred Tax Liability	(74.00)	–
Others	–	(0.58)
Tax differences due to subsidiary adjustments	17.44	24.09
Tax relating to earlier years	8.90	0.25
	218.62	357.45

33 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2020			As at 31-03-2019		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	118.63	–	–	92.59	–
- Preference shares	–	–	43.61	–	–	27.45
- Other non current investments	0.41	22.08	–	0.46	18.81	–
- Debt Instruments	–	–	25.97	–	–	170.49
Trade receivables	–	–	1,454.36	–	–	1,546.07
Fixed deposit with banks	–	–	0.13	–	–	38.68
Cash and cash equivalents	–	–	1,079.69	–	–	163.04
Earmarked balances with bank	–	–	27.88	–	–	4.74
Derivative financial asset	25.12	–	–	15.03	–	–
Other financial assets	–	–	104.58	–	–	102.84
Total financial assets	25.53	140.71	2,736.22	15.49	111.40	2,053.31
Financial liabilities						
Borrowings	–	–	11,349.55	–	–	9,298.05
Trade payables	–	–	3,186.84	–	–	3,159.68
Derivative financial liability	–	41.94	–	–	13.89	–
Lease liability	–	–	241.90	–	–	–
Other financial liability	–	–	158.65	–	–	167.35
Total financial liabilities	–	41.94	14,936.94	–	13.89	12,625.08

* FVTPL - Fair Valued Through Profit and Loss FVOCI - Fair Valued Through Other Comprehensive Income

Notes to the Financial Statements - *(continued)*

Rupees in crores

33 FAIR VALUE MEASUREMENTS - *(continued)*

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5	0.41	–	–	0.41
Financial Investments at FVOCI	5	33.23	22.08	85.40	140.71
Derivatives	7,14	–	25.12	–	25.12
		33.64	47.20	85.40	166.24
Financial liabilities					
Derivatives	23	–	41.94	–	41.94
		–	41.94	–	41.94

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	5			43.61	43.61
Debt instruments	5			25.97	25.97
		–	–	69.58	69.58
Financial liabilities					
Borrowings	18, 21, 23			11,349.55	11,349.55
		–	–	11,349.55	11,349.55

Notes to the Financial Statements - *(continued)*

33 FAIR VALUE MEASUREMENTS – *(continued)*

Rupees in crores

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5	0.46	–	–	0.46
Financial Investments at FVOCI	5	72.27	18.81	20.32	111.40
Derivatives	14	–	15.03	–	15.03
		72.73	33.84	20.32	126.89
Financial liabilities					
Derivatives	23	–	13.89	–	13.89
		–	13.89	–	13.89

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	5	–	–	27.45	27.45
Debt instruments	5	–	–	170.49	170.49
		–	–	197.94	197.94
Financial liabilities					
Borrowings	18, 21, 23	–	–	9,298.05	9,298.05
		–	–	9,298.05	9,298.05

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the end of the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among three levels.

The Company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principle only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Notes to the Financial Statements - *(continued)*

33 FAIR VALUE MEASUREMENTS - *(continued)*

Rupees in crores

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Equity Shares
As at 01-04-2018	23.20
Additions / (deletions)	(3.07)
Gains / (losses) recognised in profit or loss	–
Gains / (losses) recognised in other comprehensive income	0.19
As at 31-03-2019	20.32
Additions / (deletions)	67.74
Gains / (losses) recognised in profit or loss	0.03
Gains / (losses) recognised in other comprehensive income	(2.69)
As at 31-03-2020	85.40

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended	
	31-03-2020	31-03-2019		31-03-2020	31-03-2019
Unquoted Equity shares*	85.40	20.32	a) Earnings growth rate	1-3%	1-3%
			b) Risk adjusted discount rate	8%	8%

* Sensitivity is not significant.

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31-03-2020		As at 31-03-2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	43.61	43.61	27.45	27.45
Debt instruments	25.97	25.97	170.49	170.49
	69.58	69.58	197.94	197.94
Financial liabilities				
Borrowings	11,349.55	11,349.55	9,298.05	9,298.05
	11,349.55	11,349.55	9,298.05	9,298.05

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.

The fair values for preference shares and other debt instruments were calculated based on cash flows discounted using a current lending rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate, which approximates the carrying value. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes to the Financial Statements - *(continued)*

Rupees in crores

34 FINANCE RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below). In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.
	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings.
	c. Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings [other than soft loans given by Govt. Authorities]	The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk	(i) Foreign exchange	The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

Notes to the Financial Statements - *(continued)*

34 FINANCE RISK MANAGEMENT - *(continued)*

<table>
<tr><th>Risk</th><th>Exposure arising from</th><th>Risk Parameters and Mitigation</th></tr>
<tr><td rowspan="3">Market Risk (continued)</td><td>a. Export trade receivables and Import payables</td><td>The company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.</td></tr>
<tr><td>b. Foreign currency denominated borrowings</td><td>The Company has hedged its borrowings by covering the principal repayments.</td></tr>
<tr><td>(ii) Interest rate
- Foreign currency denominated borrowings</td><td>The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.</td></tr>
</table>

(A) Credit risk

Basis of recognition of expected credit loss provision

<table>
<tr><th>Rating</th><th>Category</th><th>Description of category</th><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>1</td><td>High Quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>2</td><td>Quality assets, low credit risk</td><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and there has been low frequency of defaults in the past.</td></tr>
<tr><td>3</td><td>Standard Assets, moderate credit risk</td><td>Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.</td></tr>
<tr><td>4</td><td>Substandard Assets, relatively high credit risk</td><td>Assets where there has been a significant increase in credit risk since initial recognition.</td><td colspan="2" rowspan="2">Life time expected credit losses</td></tr>
<tr><td>5</td><td>Low quality assets, very high credit risk</td><td>Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.</td></tr>
<tr><td>6</td><td>Doubtful assets, credit impaired</td><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.</td><td colspan="3">Asset is written off</td></tr>
</table>

Notes to the Financial Statements - *(continued)*

Rupees in crores

34 FINANCE RISK MANAGEMENT - *(continued)*

As at 31-03-2020

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	69.58	0%	–	69.58
	1	Other financial assets	91.70	0%	–	91.70

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,420.00	56.05	1,476.05
Expected loss rate	–	39%	–
Expected credit losses	–	21.69	21.69
Carrying amount of trade receivables	1,420.00	34.36	1,454.36

As at 31-03-2019

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	197.94	0%	–	197.94
	1	Other financial assets	86.47	0%	–	86.47

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,536.08	27.27	1,563.35
Expected loss rate	–	63%	–
Expected credit losses	–	17.28	17.28
Carrying amount of trade receivables	1,536.08	9.99	1,546.07

Reconciliation of loss allowance provision - Trade receivables

Loss allowance 01-04-2018	9.67
Changes in loss allowance	7.61
Loss allowance 31-03-2019	17.28
Changes in loss allowance	4.41
Loss allowance 31-03-2020	21.69

Notes to the Financial Statements - *(continued)*

34 FINANCE RISK MANAGEMENT - *(continued)*

Rupees in crores

(B) Liquidity risk

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31-03-2020	As at 31-03-2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	1,043.12	1,539.06
- Expiring beyond one year (bank loans)	–	–

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR except for one subsidiary in USD and have an average maturity ranging from 30 to 180 days.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

As at 31-03-2020

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	2,137.39	696.25	3,338.39	5,060.89	125.44	11,358.36
Lease Liabilities	13.33	12.87	21.58	188.51	58.17	294.46
Trade payables	2,989.22	140.94	56.68	–	–	3,186.84
Other financial liabilities	109.14	17.78	21.89	9.84	–	158.65
Derivatives	41.94	–	–	–	–	41.94

As at 31-03-2019

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1,636.02	561.76	2,765.44	3,361.16	973.67	9,298.05
Trade payables	3,159.68	–	–	–	–	3,159.68
Other financial liabilities	167.35	–	–	–	–	167.35
Derivatives	13.89	–	–	–	–	13.89

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Financial Statements - *(continued)*

34 FINANCE RISK MANAGEMENT - *(continued)*

Rupees in crores

(C) Market risk

(i) Foreign exchange risk

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Particulars	As at 31-03-2020		As at 31-03-2019	
Exposure in foreign currency	USD	EUR	USD	EUR
Financial assets:				
Trade receivables	570.30	26.25	419.95	23.47
Derivative assets:				
Foreign exchange forward contracts				
Sell foreign currency	(1,195.95)	(56.57)	(442.15)	(97.64)
Financial liabilities:				
Foreign currency loan	1,195.44	–	482.32	–
Trade payables	108.33	0.07	201.00	6.76
Derivative liabilities:				
Foreign exchange forward contracts				
Buy foreign currency	(0.31)	(0.04)	–	–
Principal swap				
Buy foreign currency	(1,195.44)	–	(482.32)	–

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
USD sensitivity				
INR / USD increases by 10%	34.65	14.89	(89.67)	30.07
INR / USD decreases by 10%	(34.65)	(14.89)	89.67	(30.07)
EURO sensitivity				
INR / EURO increases by 10%	1.96	1.14	(4.24)	6.64
INR / EURO decreases by 10%	(1.96)	(1.14)	4.24	(6.64)

* Holding all other variables constant

(ii) Interest rate risk

Domestic INR borrowings are based on fixed rate of interest. Normally, for short term borrowings the marginal cost of lending rate of the bank is followed. Whenever, Company resorts to short term borrowing through Commercial Paper the rate of interest is fixed in advance. In respect of foreign currency borrowings for longer period the interest rates are covered through interest rate swaps (IRS).

Particulars	As at 31-03-2020	As at 31-03-2019
Variable rate borrowings	7,809.83	6,791.61
Fixed rate borrowings	3,548.53	2,506.44

The amounts disclosed in the table are the contractual undiscounted cash flows.

Sensitivity	Impact on profit after tax	
	As at 31-03-2020	As at 31-03-2019
Increase in interest rates by 100 bps	(58.57)	(46.18)
Decrease in interest rates by 100 bps	58.57	46.18

Notes to the Financial Statements - *(continued)*

34 FINANCE RISK MANAGEMENT - (continued)

Rupees in crores

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2020

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	1,273.77	1.46	1,226.82	1.45	Apr'20 to Mar'21	46.94	(46.94)
Foreign currency loan					Jul'21 to Sep'23		
• Principal swap	–	1,126.39	–	1,195.44		69.06	(69.06)
• Interest rate swap	–	491.55	–	21.35		21.35	(21.35)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	564.82	–	577.32	–	Apr'19 to Jun'19	(12.50)	12.50
Foreign currency loan					Jul'21 to Sep'23		
• Principal swap	–	403.56	–	413.56		10.00	(10.00)
• Interest rate swap	–	403.56	–	7.79		7.79	(7.79)

(ii) Disclosure of effects of hedge accounting on financial performance:

a. for the year ended 31-03-2020:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(71.58)	–	(3.87)	Revenue

b. for the year ended 31-03-2019:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(3.87)	–	(2.50)	Revenue

Notes to the Financial Statements - *(continued)*

Rupees in crores

35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY

Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

Other financial assets

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

Particulars	As at 31-03-2020	As at 31-03-2019
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	8,406.93	7,773.50
Stage-2 (30-90 Days)	869.84	321.98
Stage-3 (More than 90 Days)	370.66	268.17
Total gross carrying value on reporting date	9,647.43	8,363.65

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under ECL model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the Days Past Due status:

- Stage 1: 30 days past due
- Stage 2: 31-90 days past due
- Stage 3: more than 90 days past due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans.

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model :

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.
- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

Notes to the Financial Statements - *(continued)*

Rupees in crores

35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY - *(continued)*

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'CoVID-19 – Regulatory Package', the Company has offered moratorium upto three months on the payment of instalments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. In respect of accounts overdue but standard under Stage 2 classification at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020. Based on an assessment by the Company, this relaxation has not been deemed to be automatically triggering significant increase in credit risk. The Company continues to recognize interest income during the moratorium period and in the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 3 classification criteria.

The impact of CoVID-19 on the global economy and how governments, businesses and consumers respond is uncertain. This uncertainty is reflected in the Company's assessment of impairment loss allowance on its loans which are subject to a number of management judgements and estimates. In relation to CoVID-19, judgements and assumptions include the extent and duration of the pandemic, the impacts of actions of governments and other authorities, and the responses of businesses and consumers in different industries, along with the associated impact on the global economy. While the methodologies and assumptions applied in the impairment loss allowance calculations remained unchanged from those applied while preparing the financial results for the period ended December 2019, the Company has separately incorporated estimates, assumptions and judgements specific to the impact of the CoVID-19 pandemic and the associated support packages in the measurement of impairment loss allowance. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, Loans to be in default when it is more than 90 days past due. The financial services business considers Loans under default as 'credit impaired'.

Impairment loss

The expected credit loss allowance provision is determined as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31st March 2020	8,406.93	869.84	370.66	9,647.43
Expected Credit Loss	39.22	9.50	143.38	192.10
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of Impairment Provision	8,367.71	860.34	227.28	9,455.33

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross Balance as at 31st March 2019	7,773.51	321.98	268.17	8,363.66
Expected Credit Loss	31.00	3.42	104.61	139.03
Expected Credit Loss Rate	0.40%	1.06%	39.01%	1.66%
Net of Impairment Provision	7,742.51	318.56	163.56	8,224.63

Notes to the Financial Statements - *(continued)*

Rupees in crores

35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY - *(continued)*

Reconciliation of Expected Credit Loss

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at 1st April 2018	19.75	2.08	82.94	104.77
Transfer to Stage 1	(2.14)	1.06	1.08	–
Transfer to Stage 2	0.21	(1.18)	0.98	–
Transfer to Stage 3	1.34	0.63	(1.97)	–
Loans that have derecognised during the period	(4.32)	(0.60)	(25.43)	(30.36)
New Loans originated during the year	22.44	1.47	13.25	37.16
Net Remeasurement of Loss Allowance	(6.28)	(0.02)	33.75	27.45
Balance as at 31st March 2019	30.99	3.42	104.61	139.02
Transfer to Stage 1	(4.92)	3.27	1.66	–
Transfer to Stage 2	0.28	(1.90)	1.61	–
Transfer to Stage 3	0.71	1.33	(2.04)	–
Loan that have derecognised during the period	(6.59)	(0.72)	(25.18)	(32.50)
New Loans originated during the year	25.12	3.91	12.97	42.01
Net Remeasurement of Loss Allowance	(6.37)	0.19	49.75	43.57
Balance as at 31st March 2020	39.22	9.50	143.38	192.10

Concentration of Credit Risk

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

	31st March 2020	31st March 2019
Carrying value		
Concentration by geographical region in India		
South	3,822.70	3,356.79
West	2,091.72	1,999.24
East	1,602.03	1,227.55
North	2130.99	1,780.36
Total Loans as at reporting period	9,647.44	8,363.94

36 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
Net debt	10,269.86	9,135.01
Total equity	3,603.04	3,415.94
Net debt to equity ratio	285.03%	267.42%

Notes to the Financial Statements - *(continued)*

Rupees in crores

36 CAPITAL MANAGEMENT - *(continued)*

The Company also monitors Interest coverage ratio :

Company's earnings before interest and taxes (EBIT) divided by interest

The Company's strategy is to maintain an optimum interest coverage ratio The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
EBIT	1,719.96	1,746.25
Interest	854.54	663.40
Interest coverage ratio (times)	2.01	2.63

(b) Dividends

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
(i) Equity shares Interim dividends for the year ended 31-03-2020 of ₹ 3.50 (31-03-2019 of ₹ 3.50) per fully paid share	200.46	200.46
(ii) Dividends not recognised at the end of the reporting period	–	–

37 BUSINESS COMBINATION

On 7th September 2017, the Company acquired 16,20,000 (81%) equity shares of M/s. TVS Motor Services Limited, Chennai. This would further strengthen the retail financing for the customers of the Company through its subsidiaries.

Details of the purchase consideration and goodwill are follows:

The purchase consideration of ₹ 1.62 Crores for this business combination is paid by cash.

Calculation of goodwill

Particulars	Rupees in crores
Consideration transferred	1.62
Non-controlling interest in the acquired entity	136.05
Acquisition date fair value of previously held equity interest	0.38
Less : Net identifiable assets acquired	(48.06)
Goodwill on consolidation	186.11

The goodwill is attributable to the expected synergies on acquisition of the financial services business.

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business is allocated to the Group's cash generating units (CGU) or groups of CGUs expected to benefit from the synergies arising from the business combination.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the basis of carrying amount of each asset in CGU. An impairment loss on goodwill is recognized in net profit in the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution

The acquired business contributed revenues of Rs.770.13 crores and profit before tax of ₹ 85.15 crores for the period between 7th September 2017 and 31st March 2018.

If the acquisition had occurred on 1st April 2017, consolidated pro-forma revenue and profit before tax for the year ended 31st March 2018 would have been ₹ 17,340.83 crores and ₹ 937.57 crores, respectively.

Notes to the Financial Statements - *(continued)*

Rupees in crores

38 EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans as per actuarial valuation

Particulars	Funded plan			Unfunded plans	
	Gratuity			Pension	Leave salary
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Present value of obligation
As at 01-04-2018	108.90	(102.45)	6.45	77.13	32.96
Current service cost	18.27	–	18.27	1.10	–
Interest expense / (income)	8.40	(8.21)	0.19	5.06	2.32
Total amount recognised in profit or loss	26.67	(8.21)	18.46	6.16	2.32
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	2.80	2.80	–	–
(Gain) / loss from change in financial assumptions	(4.35)	–	(4.35)	(0.95)	(0.90)
Experience (gains)/losses	(7.48)	–	(7.48)	0.07	6.27
Total amount recognised in other comprehensive income	(11.83)	2.80	(9.03)	(0.88)	5.37
Employer contributions	–	(17.06)	(17.06)	–	–
Benefit payments	(10.45)	10.45	–	(4.43)	(5.53)
As at 31-03-2019	113.29	(114.47)	(1.18)	77.98	35.13
Current service cost	20.01	–	20.01	–	–
Interest expense / (income)	8.83	(8.24)	0.59	5.94	2.77
Total amount recognised in profit or loss	28.85	(8.24)	20.61	5.94	2.77
Remeasurements					
Return on plan assets, excluding amounts included in interest expense/(income)	–	(1.17)	(1.17)	–	–
(Gain) / loss from change in financial assumptions	11.01	–	11.01	16.80	2.74
Experience (gains) / losses	(3.13)	–	(3.13)	9.08	21.54
Total amount recognised in other comprehensive income	7.88	(1.17)	6.71	25.88	24.28
Employer contributions	–	(18.68)	(18.68)	–	–
Benefit payments	(9.87)	9.87	–	(0.46)	(7.80)
As at 31-03-2020	140.15	(132.69)	7.46	109.34	54.38

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss.

Notes to the Financial Statements - *(continued)*

38 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

The significant actuarial assumptions were as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
Discount rate (Gratuity)	6.2%	7.7%
Discount rate (Leave salary)	6.2%	7.6%
Discount rate (Pension)	6.5%	7.0%
Salary growth rate	5.7%	5.5%
Pre-retirement mortality rate	IALM (2006-08) Ultimate	
Post retirement mortality rate	LIC Ann (1996-98)	
Attrition rate (For Leave salary & Gratuity)	14.0%	3.0%
Attrition rate (For Pension)	0.0%	0.0%

Assumptions regarding future mortality for pension are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	0.50%	0.50%	134.40	108.90	146.32	118.03
Salary growth rate	0.50%	0.50%	146.36	118.10	134.32	108.80
Mortality	5.00%	5.00%	140.14	113.31	140.28	113.26

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	1.00%	1.00%	96.60	68.62	124.78	88.67
Salary growth rate	1.00%	1.00%	125.37	89.19	95.97	68.31
Mortality	5.00%	5.00%	108.39	77.23	110.19	78.41

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019	Year ended 31-03-2020	Year ended 31-03-2019
Discount rate	0.50%	0.50%	52.70	33.19	56.20	35.08
Salary growth rate	0.50%	0.50%	56.21	35.10	52.68	33.17
Mortality	5.00%	5.00%	54.39	34.11	54.39	34.10

Notes to the Financial Statements - *(continued)*

38 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans’ bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans’ liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs. 36.49 crores (previous year Rs.27.14 crores) has been recognised in the Statement of Profit and Loss.

On 28th February 2019 Supreme Court (SC) gave a judgement on components/allowances paid to employees that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. There are numerous interpretative issues relating to the components needs to be considered for the above calculation. The company is in the process of evaluating the method of computation of its PF contribution and would record any further effect in its financial statements, on receiving further clarification on the subject.

Notes to the Financial Statements - *(continued)*

39 RELATED PARTY DISCLOSURE

(a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:

Sundaram Auto Components Limited, Chennai

TVS Housing Limited, Chennai

TVS Motor Services Limited, Chennai

TVS Credit Services Limited, Chennai

Harita Collection Services Private Limited, Chennai

Harita ARC Services Private Limited, Chennai

TVS Micro Finance Private Limited, Chennai

TVS Commodity Financial Solutions Private Limited, Chennai

TVS Two Wheeler Mall Private Limited, Chennai

TVS Housing Finance Private Limited, Chennai

TVS Motor (Singapore) Pte. Limited, Singapore

TVS Motor Company (Europe) B.V, Amsterdam

PT. TVS Motor Company Indonesia, Jakarta

Sundaram Holding USA Inc, USA

Green Hills Land Holding LLC, USA

Component Equipment Leasing LLC, USA

Sundaram-Clayton USA LLC, USA (Formerly known as Workspace Project LLC)

Premier Land Holding LLC, USA

Associate companies:

Emerald Haven Realty Limited, Chennai

Ultraviolette Automotive Private Limited, Bengaluru

Tagbox Solutions Private Limited, Bengaluru

Predictronics Corporation, USA

Tagbox PTE Ltd, Singapore

(ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai

Southern Roadways Private Limited, Madurai

Sundaram Industries Private Limited, Madurai

Lucas-TVS Limited, Chennai

Lucas Indian Service Limited, Chennai

TVS Auto Assist (India) Limited, Chennai

TVS Lanka Private Limited, Colombo

Autosense Private Limited, Chennai

Notes to the Financial Statements - *(continued)*

39 RELATED PARTY DISCLOSURE - *(continued)*

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

Brakes India Private Limited, Chennai

TVS Srichakra Limited, Madurai

Wheels India Limited, Chennai

Sundram Fasteners Limited, Chennai

India Nippon Electricals Limited, Chennai

Sundaram Brake Linings Limited, Chennai

TVS Auto Bangladesh Limited, Dhaka

TVS Supply Chain Solutions Limited (Formerly known as TVS Logistics Services Limited), Chennai

Harita Techserv Private Limited, Chennai

Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

TVS Upasana Limited, Chennai

TVS Dynamic Global Freight Services Limited, Chennai

Enterprises in which directors are interested:

TVS Organics Private Limited, Chennai

Designo Lifestyle Solutions Private Limited, Bengaluru

Dua Associates, Delhi

Dua Consulting Private Limited, Delhi

McCann-Erickson (India) Private Limited, Delhi

Lakshmi Energy and Environment Design Private Limited, Coimbatore

Key Management Personnel:

Executive Directors:

Mr. Venu Srinivasan, Chairman & Managing Director

Mr. Sudarshan Venu, Joint Managing Director

Mr. K.N.Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. T.Kannan

Mr. C.R.Dua

Mr. Prince Asirvatham

Mr. R.Gopalan

Mr. Hemant Krishan Singh

Ms. Lalita D. Gupte

Non-Independent Directors:

Mr. H.Lakshmanan

Dr. Lakshmi Venu

Mr. Rajesh Narasimhan

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai

Notes to the Financial Statements - *(continued)*

39 RELATED PARTY DISCLOSURE – *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.63	0.48
- holding company (Sundaram-Clayton Limited, Chennai)	361.19	515.91
- fellow subsidiaries		
TVS Electronics Limited, Chennai	0.26	0.30
Sundaram Industries Private Limited, Madurai	0.03	0.05
Lucas-TVS Limited, Chennai	174.20	169.69
Lucas Indian Service Limited, Chennai	7.54	7.16
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	32.47	27.96
TVS Srichakra Limited, Madurai	473.35	527.76
Wheels India Limited, Chennai	14.77	14.89
Sundram Fasteners Limited, Chennai	59.28	65.40
India Nippon Electricals Limited, Chennai	296.15	332.74
Sundaram Brake Linings Limited, Chennai	10.78	13.90
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Upasana Limited, Chennai	16.41	22.42
- enterprises over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	1.17	1.44
- enterprises in which directors are interested		
TVS Organics Private Limited, Chennai	0.87	1.25
(ii) Sale of goods		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	367.49	67.31
- fellow subsidiary company		
Lucas-TVS Limited, Chennai	1.16	0.16
TVS Lanka Private Limited, Colombo	213.54	234.63
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	588.29	686.67
(iii) Purchase of assets		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	1.53	–
- associate of ultimate holding company TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	–	3.94
- associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
India Nippon Electricals Limited, Chennai	0.44	–
- enterprises in which directors are interested		
Designo Lifestyle Solutions Private Limited, Bengaluru	0.03	–
Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.07	–

Notes to the Financial Statements - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
39 RELATED PARTY DISCLOSURE – *(continued)*		
(iv) Sale of Land		
- associate company (Emerald Haven Realty Limited, Chennai)	0.56	–
(v) Rendering of services (including interest and reimbursements received)		
- holding company (Sundaram-Clayton Limited, Chennai)	6.36	7.17
- fellow subsidiaries		
Southern Roadways Private Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	0.01	–
Lucas Indian Service Limited, Chennai	0.01	–
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	0.01	–
TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	0.89	0.63
Wheels India Limited, Chennai	0.01	0.01
India Nippon Electricals Limited, Chennai	0.14	–
TVS Srichakra Limited, Madurai	0.01	–
Sundram Fasteners Limited, Chennai	0.10	0.05
Sundaram Brake Linings Limited, Chennai	0.01	–
- Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:		
TVS Upasana Limited, Chennai	0.14	–
- associate company (Emerald Haven Realty Limited, Chennai)	0.13	0.23
(vi) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	0.20	–
- holding company (Sundaram-Clayton Limited, Chennai)	52.24	49.68
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.52	1.54
Southern Roadways Private Limited, Madurai	2.29	2.72
TVS Auto Assist (India) Limited, Chennai	2.71	4.99
Lucas-TVS Limited, Chennai	0.14	0.22
Autosense Private Limited, Chennai	–	3.05
- associate company (Emerald Haven Realty Limited, Chennai)	0.01	0.01
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	82.69	110.10
Wheels India Limited, Chennai	0.01	–
Harita Techserv Private Limited, Chennai	2.63	2.84
Delphi-TVS Diesel System Limited, Chennai	–	0.13
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	119.28	77.81

Notes to the Financial Statements - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
39 RELATED PARTY DISCLOSURE – *(continued)*		
- enterprises in which directors are interested		
Dua Associates, Delhi	0.06	0.96
Dua Consulting Private Limited, Delhi	4.79	4.97
McCann-Erickson (India) Private Limited, Delhi	4.10	5.43
(vii) Investments made during the year		
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	–	14.75
- associate / joint venture		
Ultraviolette Automotive Private Limited, Bengaluru	5.00	6.00
Tagbox Solutions Private Limited, Bengaluru	26.60	–
Predictronics Corporation, USA	22.36	–
(viii) Trade advance given		
- associate company (Ultraviolette Automotive Private Limited, Bengaluru)	2.00	–
(ix) Remuneration to key management personnel:		
Short-term employee benefits	45.95	55.64
Post-employment benefits	0.22	0.22
Remuneration to Relative to key management personnel (Short-term employee benefits)	–	0.38
(x) Dividend received from:		
- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	–	0.42
(xi) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	95.44	95.44
(c) Balances with related parties:		
(i) Trade receivables / Other current assets		
- ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	79.50	37.28
- fellow subsidiary company		
TVS Lanka Private Limited, Colombo	11.29	25.62
- associate company		
Emerald Haven Realty Limited, Chennai	–	1.47
Ultraviolette Automotive Private Limited, Bengaluru	2.00	–
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Auto Bangladesh Limited, Dhaka	95.65	66.45
(ii) Trade payables		
- holding company (Sundaram-Clayton Limited, Chennai)	20.70	20.30
- fellow subsidiaries		
Lucas-TVS Limited, Chennai	24.81	28.49
Lucas Indian Service Limited, Chennai	1.34	1.11
Southern Roadways Private Limited, Madurai	0.16	0.16
Sundaram Industries Private Limited, Madurai	0.01	0.01
TVS Auto Assist (India) Limited, Chennai	–	0.58
TVS Electronics Limited, Chennai	0.05	0.04

Notes to the Financial Statements - *(continued)*

	As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
		Rupees in crores
39 RELATED PARTY DISCLOSURE – *(continued)*		
- associate company (Emerald Haven Realty Limited, Chennai)	0.23	3.49
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
Brakes India Private Limited, Chennai	6.66	6.53
TVS Srichakra Limited, Madurai	55.97	71.55
Wheels India Limited, Chennai	1.53	2.78
Harita Techserv Private Limited, Chennai	0.37	0.52
India Nippon Electricals Limited, Chennai	54.56	51.65
Sundaram Brake Linings Limited, Chennai	1.29	2.61
Sundram Fasteners Limited, Chennai	8.20	11.21
TVS Supply Chain Solutions Limited, Chennai (Formerly known as TVS Logistics Services Limited)	5.11	10.15
Delphi-TVS Diesel System Limited, Chennai	–	0.05
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	8.65	9.20
TVS Upasana Limited, Chennai	2.05	3.23
- enterprises in which directors are interested		
Dua Consulting Private Limited, Delhi	–	0.14
TVS Organics Private Limited, Chennai	0.01	0.03
Lakshmi Energy and Environment Design Private Limited, Coimbatore	0.21	0.22
- enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	0.21	0.13

40 REVENUE FROM CONTRACTS WITH CUSTOMERS

A Disaggregated revenue:

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under :

Sl. No.	Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
(a)	**Type of goods or service**		
i)	Automobiles	14,554.54	16,285.67
ii)	Parts and accessories	1,659.22	1,720.97
iii)	Automotive components	253.37	223.95
iv)	Services - IT Services	14.98	10.92
v)	Services - Royalty	16.77	16.67
vi)	Others	1,822.14	1,457.89
		18,321.02	19,716.07
(b)	**Geographical markets**		
(i)	Domestic	13,945.87	15,507.21
(ii)	Exports	4,375.15	4,208.86
		18,321.02	19,716.07

B The Group operates in the segments of automotive vehicle and its parts, Automotive components and financial services. The information provided above is in line with the segmental information provided under Ind AS 108 in Note. 47

Notes to the Financial Statements - *(continued)*

Rupees in crores

40 REVENUE FROM CONTRACTS WITH CUSTOMERS – *(continued)*

C Reconciliation of contracts with customers:

Movement of contract liabilities for the reporting period given below:

Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
Contract Liabilities at the beginning of the period	64.49	90.93
Add / (Less) :		
Consideration received during the year as advance	136.67	64.49
Revenue recognized from contract liability	(64.49)	(90.93)
Contract Liabilities at the end of the period	136.67	64.49

Payment is received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met the same is recognized as revenue.

D Transaction price allocated to the remaining performance obligations:

The Group's contracts with customers are short term (i.e.,the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price:

Sl. No.	Particulars	For the year ended 31-03-2020	For the year ended 31-03-2019
(i)	Contract price	19,020.53	20,389.38
(ii)	Adjustments:		
	Incentive schemes	369.89	262.95
	Transport cost	329.62	410.36
(iii)	Revenue from sale of products and services	18,321.02	19,716.07

41 LEASES - TRANSITION RELATED

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has not reassessed whether a contract is, or contains, a lease as per the definitions of Ind AS 116 at the date of initial application.

The Company applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets.

The Company has treated the leases with remaining lease term of less than 12 months as "short term leases".

The Company has excluded the initial direct costs from measurement of the right-of-use “asset at the date of transition"

The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

Effective 1st April 2019, the Company has adopted Ind AS 116 “Leases” and applied the Standard to its leases retrospectively and has recognised the effect of the cumulative adjustment (net of taxes) of ₹ 5.45 Crores in the opening balance of retained earnings, on the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.

The adoption of the Standard has resulted in recognising “Right-of-Use Asset" of ₹ 81.75 Crores and a corresponding “Lease Liability” of ₹ 89.96 Crores as at the date of initial application.

Notes to the Financial Statements - *(continued)*

Rupees in crores

		As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
42	**EARNINGS PER SHARE**		
	Profit after tax	624.62	704.67
	Number of equity shares	47,50,87,114	47,50,87,114
	Face value of the share (in rupees)	1.00	1.00
	Weighted average number of equity shares	47,50,87,114	47,50,87,114
	Basic and diluted earnings per share for continued operations (in rupees)	13.15	14.83
	Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
	Basic and diluted earnings per share for continued and discontinued operations (in rupees)	13.15	14.83
43	**WARRANTY PROVISION (CURRENT)**		
	Opening balance	29.15	24.40
	Add: Provision for the year (Net)	38.04	29.15
		67.19	53.55
	Less: Payments / debits (Net)	29.15	24.40
	Closing balance	38.04	29.15
44	**PAYMENT TO AUDITORS COMPRISES**		
	As statutory auditors	1.76	1.69
	Taxation matters	0.32	0.19
	Certification matters	0.27	0.14
	Other matters	0.39	–
		2.74	2.02
	Miscellaneous expenses include travel and stay expenses of auditors	0.20	0.19
		2.94	2.21
45	**CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR**		
	(a) Claims against the company not acknowledged as debts:		
	(i) Excise	52.99	57.57
	(ii) Service tax	1.96	2.13
	(iii) Customs	1.36	1.61
	(iv) Sales tax	2.00	3.07
	(v) Income tax	42.65	41.33
	(vi) GST	2.82	–
	(vii) Others	–	2.62
	The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.		
	(b) Other money for which the Company is contingently liable:		
	(i) On bills discounted with banks	70.61	212.03
	(ii) On factoring arrangements	2.09	0.98

Notes to the Financial Statements - *(continued)*

Rupees in crores

		As at/ Year ended 31-03-2020	As at/ Year ended 31-03-2019
45	**CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR: – *(continued)***		
(c)	Commitments:		
	(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	237.47	243.27
	(ii) On investments	9.79	–
(d)	Other commitments:		
	On import of capital goods under Export Promotion Capital Goods Scheme	–	14.92

46 CORPORATE SOCIAL RESPONSIBILITY

(a) Gross amount required to be spent during the year is Rs. 20.15 crores (last year Rs. 16.27 crores)

(b) Amount spent during the year:

Sl.No.	Particulars	in cash	Yet to be paid in cash	31-03-2020	31-03-2019
1	Construction / acquisition of any asset	–	–	–	–
2	Other than the above	35.96	10.00	45.96*	16.47

* included in other expenses - Rs. 20.96 crores and in exceptional items - Rs. 25.00 crore

47 SEGMENT INFORMATION

For the year ended 31-03-2020

Particulars	Business Segment				
	Automotive vehicles & parts	Automotive components	Financial services	Others	Total
Revenue					
External sales- domestic	12,226.70	257.97	1,989.64	0.63	14,474.94
- exports	4,374.37	–	–	–	4,374.37
Inter segment sales	–	270.63	–	–	270.63
Total sales	16,601.07	528.60	1,989.64	0.63	19,119.94
Less: Inter segment sales	–	270.63	–	–	270.63
Net revenue	16,601.07	257.97	1,989.64	0.63	18,849.31
Segment–wise results before interest and tax	810.60	17.06	900.87	0.02	1,728.55
Less: interest	145.40	7.81	701.33	–	854.54
Profit before tax	665.20	9.25	199.54	0.02	874.01
Less: Tax expenses	161.42	1.54	55.65	0.01	218.62
Profit after tax	503.78	7.71	143.89	0.01	655.39
Share of profit of Associates	–	–	–	(8.59)	(8.59)
Profit / Loss for the period	503.78	7.71	143.89	(8.58)	646.80
Segment assets	7,619.35	1,196.94	10,459.97	3.75	19,280.01
Segment liabilities	6,149.38	645.28	8,879.41	2.90	15,676.97
Segment depreciation / amortisation	511.14	24.76	20.10	–	556.00

Notes: The Company and its Indian subsidiaries cater mainly to the needs of the domestic market. There are no reportable geographical segments.

Notes to the Financial Statements - *(continued)*

48 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2020

Name of the entity	Net Assets (Total Assets - Total Liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount Rs. in crores	As % of consolidated profit or loss	Amount Rs. in crores	As % of consolidated other comprehensive income	Amount Rs. in crores	As % of consolidated total comprehensive income	Amount Rs. in crores
1	2	3	4	5	6	7	8	9
Parent								
TVS Motor Company Limited	20.67%	744.65	94.59%	590.85	110.12%	(118.23)	91.37%	472.62
Subsidiaries - Indian								
Sundaram Auto Components Limited	3.07%	110.62	1.97%	12.31	5.01%	(5.38)	1.34%	6.93
TVS Motor Services Limited	34.96%	1,259.61	23.04%	143.89	16.44%	(17.65)	24.41%	126.24
TVS Housing Limited	0.02%	0.85	0.00%	0.01	0.00%	–	0.00%	0.01
Subsidiaries - Foreign								
TVS Motor (Singapore) Pte Limited	9.97%	359.12	-7.20%	(45.00)	-1.28%	1.37	-8.43%	(43.63)
TVS Motor Company Europe B.V.	0.04%	1.32	0.11%	0.68	1.07%	(1.15)	-0.09%	(0.47)
PT. TVS Motor Company Indonesia	6.76%	243.64	-6.84%	(42.75)	3.67%	(3.94)	-9.03%	(46.69)
Sundaram Holdings USA Inc.	12.24%	441.04	-0.74%	(4.60)	-32.59%	34.99	5.88%	30.39
Non-controlling Interest in all subsidiaries	8.91%	320.94	-3.55%	(22.18)	-2.54%	2.73	-3.76%	(19.45)
Associates - Indian (Investment as per the equity method)								
Emerald Haven Realty Limited	3.13%	112.81	-1.03%	(6.42)	0.09%	(0.10)	-1.26%	(6.52)
Ultraviolette Automotive Private Limited	0.28%	9.93	-0.11%	(0.67)	0.00%	–	-0.13%	(0.67)
Tagbox Solutions Private Limited	0.01%	0.19	0.03%	0.19	0.00%	–	0.04%	0.19
Associates - Foreign								
Predictronics Corp	-0.03%	(0.99)	-0.11%	(0.70)	0.00%	–	-0.14%	(0.70)
Tagbox Pte Ltd	-0.02%	(0.70)	-0.16%	(0.99)	0.00%	–	-0.19%	(0.99)
Total	100.00%	3,603.04	100.00%	624.62	100.00%	(107.36)	100.00%	517.26

49 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year Rs.23.68 crores (last year - Rs.17.25 crores).

50 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Annexure

Form AOC - I

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

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

Part "A": Subsidiaries

Information in respect of each subsidiary — Rupees in crores

Sl.No.	Particulars	Indian Subsidiaries									
		Sundaram Auto Components Limited	TVS Housing Limited	TVS Motor Services Limited	TVS Credit Services Limited	TVS Two-Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Limited	TVS Commodity Financial Solutions Private Limited	TVS Housing Finance Private Limited
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1.	Date on which subsidiary was acquired	01-04-2003	21-06-2010	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	07-09-2017	08-09-2017
2.	Reporting period	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020
3.	Reporting currency	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
	Closing Exchange rate	–	–	–	–	–	–	–	–	–	–
4.	Share capital	42.17	0.05	8.63	185.18	0.0025	0.0025	0.0025	0.0025	0.0025	12.00
5.	Reserves & Surplus	362.90	0.80	13.83	1,186.85	(0.0064)	(0.0064)	(0.0065)	(0.0065)	(0.0065)	1.13
6.	Total assets	719.02	3.75	208.58	10,283.73	0.0024	0.0024	0.0024	0.0025	0.0024	13.13
7.	Total Liabilities	719.02	3.75	208.58	10,283.73	0.0024	0.0024	0.0024	0.0025	0.0024	13.13
8.	Investments	297.42	–	17.47	12.01	–	–	–	–	–	–
9.	Turnover	529.50	0.63	–	2014.68	–	–	–	–	–	–
10.	Profit before taxation	6.44	0.02	(11.47)	210.31	(0.0018)	(0.0018)	(0.0018)	(0.0018)	(0.0018)	0.71
11.	Provision for taxation	1.54	0.01	4.33	59.80	–	–	–	–	–	0.18
12.	Profit after taxation	4.90	0.01	(7.14)	150.51	(0.0018)	(0.0018)	(0.0018)	(0.0018)	(0.0018)	0.53
13.	Proposed Dividend	–	–	–	–	–	–	–	–	–	–
14.	% of shareholding	100	100	100	84.54	84.54	84.54	84.54	84.54	84.54	84.54

Annexure

Form AOC - I - *(continued)*

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

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

Part "A": Subsidiaries

Information in respect of each subsidiary

Rupees in crores

Sl.No.	Particulars	Foreign Subsidiaries			
		PT TVS Motor Company Indonesia	TVS Motor Company (Europe) B.V.	TVS Motor (Singapore) Pte. Ltd	Sundaram Holding USA Inc#
		(11)	(12)	(13)	(14)
1.	Date on which subsidiary was acquired	05-09-2005	21-07-2005	21-10-2005	09-09-2015
2.	Reporting period	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020	01-04-2019 to 31-03-2020
3.	Reporting currency	IDR	USD	SGD	USD
	Closing Exchange rate	INR 0.465 / IDR 100	INR 75.67/USD	INR 53.03/SGD	INR 75.67/USD
4.	Share capital	869.56	126.52	477.79	394.45
5.	Reserves & Surplus	(764.32)	(125.20)	(112.27)	32.66
6.	Total assets	539.45	1.47	716.22	758.65
7.	Total Liabilities	539.45	1.47	716.22	758.65
8.	Investments	–	–	320.77	–
9.	Turnover	362.14	1.27	34.91	2.85
10.	Profit before taxation	(42.53)	0.68	(45.00)	(4.60)
11.	Provision for taxation	0.23	–	–	–
12.	Profit after taxation	(42.76)	0.68	(45.00)	(4.60)
13.	Proposed Dividend	–	–	–	–
14.	% of shareholding	100	100	100	74.60

The figures include the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC (Formerly known as Workspace Project LLC) and Premier Land Holding LLC, all located at South Carolina, USA.

Notes:

1. Subsidiaries which are yet to commence operations:(1) TVS Two Wheeler Mall Private Ltd, (2) TVS Micro Finance Private Ltd, (3) Harita ARC Private Ltd, (4) Harita Collection Services Private Ltd, (5) TVS Commodity Financial Solutions Private Ltd, (6) TVS Housing Finance Private Ltd and (7) Sundaram Holding USA Inc.
2. Subsidiaries which have been liquidated or sold during the year - Nil.

Annexure

Form AOC - I - *(continued)*

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

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

Part "B": Associates

Rupees in crores

Sl.No.	Particulars	Emerald Haven Realty Limited	Ultraviolette Automotive Private Limited	Tagbox Solutions Private Limited *	Predictronics Corp *	Tagbox Pte Limited *
1.	Latest audited Balance Sheet Date	31-03-2019	31-03-2019	31-03-2020	31-12-2020	31-03-2020
2.	Date on which the Associate was acquired	26-03-2012	09-08-2018	08-05-2019	17-08-2019	08-05-2019
3.	Shares of Associate held by the company on the year end					
(i)	No. of shares	11,12,19,512	14,850	45,710	24,827	2,43,243
(ii)	Amount of investment in Associates/Joint Venture	111.22	11.00	1.19	22.36	15.42
(iii)	Extent of holding %	48.80	25.76	23.5	23.5	24.30
4.	Description of how there is significant influence	Holding more than 20% of share capital	Holding more than 20% of share capital	Holding more than 20% of share capital	Subsidiary holding more than 20% of share capital	Subsidiary holding more than 20% of share capital
5.	Reason why the associate/joint venture is not consolidated	–	–	–	–	–
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet	112.81	9.93	1.38	21.66	14.43
7.	Profit / Loss for the year:					
(i)	Considered in consolidation	(6.42)	(0.67)	0.19	(0.70)	(0.99)
(ii)	Not considered in consolidation	(6.73)	(1.97)	0.62	(2.28)	(3.07)

* Unaudited financial statement

Note :

1. Associates which are yet to commence operations - Ultraviolette Automotive Private Limited, Bengaluru.
2. Associates which have been liquidated or sold during the year - Nil.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

As per our report annexed
For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Regn. No.: 109208W

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATARAMAN
Partner
Membership No.: 023116

Place : Chennai
Date : 28th May 2020

Board of Directors

H. LAKSHMANAN, Chairman
Dr. LAKSHMI VENU
S. SANTHANAKRISHNAN
C. N. PRASAD
S. G. MURALI

Audit Committee

H. LAKSHMANAN, Chairman
DR. LAKSHMI VENU
S. SANTHANAKRISHNAN

Nomination and Remuneration Committee

H. LAKSHMANAN, Chairman
S. SANTHANAKRISHNAN

Corporate Social Responsibility Committee

H. LAKSHMANAN, Chairman
Dr. LAKSHMI VENU
S.G. MURALI

Chief Executive Officer

RAJESH OOMMEN

Chief Financial Officer

J. ASHOK CHAKRAVARTHI

Company Secretary

DINESH R G

Auditors

V. SANKAR AIYAR & CO.,
Charterad Accountants,
2 C, Court Chambers,
35, New Marine lines, Mumbai - 400 020

Bankers

STATE BANK OF INDIA
Industrial Finance Branch
Anna Salai, Chennai 600 002

HDFC BANK LIMITED
Chennai ITC Centre Branch
Anna Salai, Chennai 600 002

BNP PARIBAS
Chennai Branch
Prince Towers, College road, Chennai 600 006

ICICI BANK LTD
Cenotaph road,
Teynampet, Chennai600 018

Registered Office:

“Chaitanya”,
No.12, Khader Nawaz Khan Road,
Nungambakkam Chennai-600006
E-mail: corpsec@scl.co.in
Web site: www.sundaramautocomponents.com
CIN : U29249TN1992PLC051417

Plant Locations

1) Belagondapalli, Hosur 635 114.

2) Oragadam, Kancheepuram District 602 105.

3) Byathahalli Village, Kadakola Post, Mysore 571 311.

4) Bhatian Village, Solan District, Himachal Pradesh 174 101.

5) RIICO Chowk, Alwar District, Bhiwadi, Rajasthan 301 019.

Directors' Report to the Shareholders

The Directors are pleased to present the 28th annual report together with the audited financial statements for the year ended 31st March 2020.

Financial Highlights

(Rs.in crores)

Details	Year ended 31.03.2020	Year ended 31.03.2019
Sales and other income (A)	**529.50**	**601.16**
Expenses		
Cost of material consumed	345.83	406.78
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(1.87)	(0.71)
Employee benefit expenses	77.78	78.13
Finance costs	15.22	12.60
Depreciation and amortisation expense	22.07	16.91
Other expenses	64.03	70.08
Total expenses (B)	**523.06**	**583.79**
Profit before tax (A) – (B)	**6.44**	**17.37**
Less: Income tax expense:		
Current Tax	0.33	3.78
Deferred Tax	1.21	4.26
Profit after tax from continuing operations	**4.90**	**9.33**
Profit for the period	**4.90**	**9.33**
Other Comprehensive income for the period, net of tax	(5.38)	(0.89)
Total comprehensive income for the period	**(0.48)**	**8.44**

Share Capital

The Company's paid-up Equity Share Capital as on 31st March 2020 is Rs.42.17 Cr as compared to Rs.35.92 Cr in the previous year.

After considering the applicable economic scenario and competitive environment and by selecting and implementing appropriate valuation methodologies, recommended the issue price of Rs. 96/- per share (including premium of Rs. 86 per share), as fair and reasonable to be considered as "offer price" in connection with the issue of shares on a "Rights basis" by a Registered Valuer appointed in this regard in accordance with Section 247 of Companies Act, 2013.

During the year, the board of directors (the board) had allotted 26,04,000 and 36,45,000 equity shares of Rs.10 each at a premium of Rs.86 per share to TVS Motor Company Limited (TVSM), the holding company, on rights basis in two tranches on 28th June 2019 and 23rd January 2020 respectively.

Dividend

The Board, through a resolution by circulation dated 4th March 2020, declared an interim dividend of Re.0.50 per share (5%), on 4,21,74,000 equity shares of Rs.10/- each fully paid up, thereby absorbing a sum of Rs. 2.54 Cr including dividend distribution tax, for the year ended 31st March 2020 and paid to the holding Company viz., TVSM on 9th March 2020.

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

Industry Performance

Production

The Auto Industry produced a total of 26.36 Million vehicles including Passenger Vehicles (PVs), Commercial Vehicles (CVs), Three-Wheelers, Two-Wheelers and Quadricycle during the year under review as against 30.91 Million in the previous year, thereby registering a de-growth of 14.73 % as compared to previous year.

Domestic Sales

During the year, the sale of Passenger Vehicles declined by 17.8% over the corresponding previous year. Within the Passenger Vehicles, Cars and Vans sales declined by 23.5% and 39.2% respectively and Utility vehicles sales grew by 0.5% during the year over the corresponding previous year.

The overall Commercial Vehicles segment declined by 28.8% in the year 2019-20 as compared to the corresponding previous year. Medium & Heavy Commercial Vehicles (M & HCVs) declined by 42.5% and Light Commercial Vehicles declined by 20.1% in the financial year 2019-20 over the corresponding previous year.

Three Wheelers sales declined by 9.2% in the financial year 2019-20 over the corresponding previous year. Within the Three Wheelers, Passenger Carrier & Goods Carrier sales registered a de-growth of 8.3 % and 13.3% respectively in the financial year 2019-20 over the corresponding previous year.

Two Wheelers sales registered a de-growth at 17.8% in the financial year 2019-20 as compared to the corresponding previous year. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds declined by 16.9%, 17.5% and 27.6% respectively in the financial year 2019-20 as compared to the previous year 2018-19.

Exports

In the financial year 2019-20, overall automobile exports increased by 3%. Two wheelers and Passenger Vehicles Segments registered a growth of 7.3% and 0.2% respectively, while Three wheelers and CVs segments declined by 11.5% and 39.2% respectively in the financial year 2019-20 over the corresponding previous year.

S. No	Segment	Production			Domestic sales			Export sales		
		2018-19	2019-20	GOLY %	2018-19	2019-20	GOLY %	2018-19	2019-20	GOLY %
1	**PVs**	40	34	-15%	34	28	-18%	7	7	0%
2	**CVs**	11	8	-32%	10	7	-29%	1	1	-39%
3	**Three-Wheelers**	13	11	-11%	7	6	-9%	6	5	-12%
4	**Two-wheelers**	245	210	-14%	212	174	-18%	33	35	7%
	Total	**309**	**264**	**-15%**	**263**	**215**	**-18%**	**46**	**48**	**3%**
UOM : No of units in Lakhs										

Company Performance

Sales of the auto components division of the Company declined from Rs.595.2 Cr in the previous year to Rs.519.3 Cr in the year under review. Decrease in sales is due to market slow down aided by conversion of BS IV to BS VI standards. Sales from TVSM declined by 27% compared to previous financial year. The Company has entered into business with various new customers and OEMs like Royal Enfield, Kia Motors (through Tier I) and Delphi propulsion systems.

During the year, the Company has added new parts like roof racks, fuel tanks (produced by blow moulding process), spoilers, etc. to its existing product portfolio.

The Research and Development(R&D) team at the Company has been involved in 'co-design process'. They have designed and developed parts with customers like TVSM, PSA Avtec, Albonair, etc. The Company's R&D team has also been closely working on developing parts with propriety designs like grip cover, grip handle and floor mat.

The Company earned a profit before tax of Rs. 6.44 Crs during the year 2019-20.

Business outlook

GDP growth is expected to be around 2.2% and the inflation (CPI) is expected at 3.7% level during the year 2020-21.

Economic scenario in FY2021 is expected to be bleak due to impact of Covid-19 pandemic throughout the globe. The pandemic is set to negatively impact both the demand and manufacturing/servicing capacities negatively.

By the end of FY20, onslaught of Covid-19 has brought the automotive industry to a standstill. Increased prospects of job and salary cuts would impact the demand of automotive sector.

The two-wheeler industry was already facing challenges like higher interest rates, increase in total ownership cost due to mandatory long term insurance, BS VI implementation, high inventory levels in pipeline, etc. This is now exacerbated by spread of Covid-19. The two-wheeler industry is likely to de-grow by 30%. The motorcycle segment is expected to de-grow by 29% and in scooter segment is expected to be around 32%.

The passenger vehicle segment was already experiencing a slowdown in growth due to high inventory levels, increase in ownership cost, etc. New OEMs such as Kia Motors and MG Motors started on a strong footing. The utility vehicle segment seemed to be a silver lining. Due to Covid-19, the expected outlook for FY21 has been revised with a growth rate of -20%.

Commercial vehicle industry which was already the worst hit segment in India before the Covid-19 fiasco, is set for further setbacks in terms of growth in FY21. The growth outlook for FY21 is around -45%.

With the overall slowdown in growth of the automotive industry coupled with new products planned by the Company for its customers, the Company's overall sales during 2020-21 are expected to de-grow by approximately 20%.

Awards

The Company was recognized and rewarded by the following customers & associations during the year 2019-20;

Hanon Systems	:	Energy conservation award for Chennai plant
Automotive Components Manufacturer's Association (ACMA)	:	NPD Best cluster implementation award 2019
CII – TPM club of India	:	TPM certificate for Mysuru Plant-2020 Significant achievement award by CII

Financial performance of the Subsidiary

As on the date of the report, the following are the Subsidiaries of the Company:

Sundaram Holding USA Inc. (SHUI) & its subsidiaries:

The Company along with its holding Company, viz., Sundaram-Clayton Limited has made an investment of 59 Mn USD in SHUI a Company established under the applicable provisions of Laws of United States of America. SHUI's wholly owned subsidiaries are:

Green Hills Land holding LLC, South Carolina, USA

Component Equipment Leasing LLC, South Carolina, USA

Sundaram-Clayton USA LLC, South Carolina, USA

Premier Land Holding LLC, South Carolina, USA

During the year 2019-20, the Company has invested a sum of USD 6 Mn in the ordinary shares of SHUI and holds 75% of the total capital of SHUI as on 31st March 2020.

As per Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Amendment Rules, 2014, an intermediate subsidiary is exempted to prepare consolidated financial statements, as its intermediate holding Company viz., TVS Motor Company Limited prepares and files consolidated financial statements with the Registrar of Companies. However, the salient features of the financial statement of the Subsidiaries in Form AOC-I, are annexed as Annexure IV of the Report, in terms of Section 129(3) of the Companies Act 2013 (the Act, 2013) read with Rule 5 of the Companies (Accounts) Rules, 2014.

Risk Management

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

Risk evaluation and management is an ongoing process. As a process, risks associated with the business are identified and prioritized based on the Company's overall risk appetite, tolerance, strategy, severity and taking into account the current and prospective economic and financial environment.

The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. The Company's Audit Committee is overseeing all the risks that the organization faces such as strategic, financial, market, IT, legal, regulatory, reputational and other risks and recommends suitable action. Risk minimization policy has already been approved by the Board.

Directors' responsibility statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, the Directors have made the following statement in terms of Section 134 of the Act, 2013:

(a) that in the preparation of the annual accounts for the year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the Directors had prepared the accounts for the financial year ended 31st March 2020 on a going concern basis; and

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

Directors

Independent Directors (IDs)

Mr R Ramakrishnan (RK), Independent Director (ID) of the Company deceased on 7th July 2019 after a brief illness. Mr RK served as Director for more than five years and had versatile knowledge and business acumen which helped the Company to achieve its growth from time to time .

The Directors placed on record their appreciation for the outstanding contribution made by Mr RK during his tenure as director of the Company.

The Company is a wholly owned subsidiary of TVSM and hence the requirement for having two IDs on the Board does not arise, in terms of section 149 of the Act, 2013 read with Rule 4(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

Mr S Santhanakrishnan, who was appointed as an Independent Director, holds office for a period of 3 years from 19th February 2018 and whose term would expire by 18th February 2021. He is not liable to retire by rotation.

In accordance with Section 149(7) of the Act, 2013, he meets the criteria of independence as provided under Section 149(6) of the Act, 2013.

ID has registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained ID registration certificate.

Since the Company has only one ID and the exemption from complying with the appointment of ID, separate meeting of IDs was not held during the financial year 2019-20.

The detailed terms of appointment of ID is disclosed on the Company's website in the following link www.sundaramautocomponents.com

Directors liable to retire by rotation

In terms of Section 152 of the Act, 2013, two-third of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Mr H Lakshmanan and Dr. Lakshmi Venu, non-executive and non-independent Directors, have been the longest in office, are liable to retire by rotation and proposed to be appointed at the ensuing Annual General Meeting (AGM).

Both the directors, being eligible, offer their candidature for re-appointment.

The Nomination and Remuneration Committee of Directors at their meeting held on 18th May 2020 recommended the re-appointment of Mr H Lakshmanan and Dr. Lakshmi Venu as Directors of the Company.

Policy on appointment and remuneration of Directors and Key Managerial Personnel

In accordance with Section 178 of the Act, 2013, the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that Directors and KMPs are sufficiently remunerated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a Director.

Nomination and Remuneration Policy

Directors:

NRC will recommend the remuneration for executive and non-executive Directors. This will be then approved by the Board and shareholders. The non-executive independent Directors are appointed to the Board of the Company in terms of regulatory requirements.

The Board has approved the payment of remuneration by way of profit related commission to the non-executive Independent Directors, for the financial year 2019-20, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution was obtained at the twenty fourth annual general meeting held on 1st June 2016, in terms of Sections 197 and 198 and any other applicable provisions of the Act, 2013.

Commission:

The Company benefits from the expertise, advise and inputs provided by the ID. ID devotes his valuable time in deliberating on strategic and critical issues in the course of the Board / Committee meetings of the Company and gives his valuable advice, suggestions and guidance to the management of the Company, from time to time, and hence ID is being paid by way of commission.

As approved by the shareholders at the annual general meeting of the Company held on 1st June 2016, Non-executive Directors are being paid commission, subject to a maximum, as determined by the Board, for each such Director from the financial year 1st April 2015, subject to the limit of 3% in the aggregate of net profits of the Company, as calculated pursuant to Section 198 of the Act, 2013.

A commission Rs. 3 lakhs annum was proposed to be paid to Mr S Santhanakrishnan, ID and Rs.80,328 was paid to Mr R Ramakrishnan, ID on pro-rata basis till 7th July 2019, for the financial year 2019-20, who serves as Member of the audit Committee as well.

As per second proviso to Section 197(1) of the Act, 2013, remuneration payable to directors is permissible beyond 3% of the net profits of the Company, however within the maximum limit specified thereunder, for every year, subject to approval of the shareholders of the Company at a general meeting, by way of a special resolution, as the Company does not have a managing or whole time director or manager.

The board, therefore, considered it is expedient to recommend the payment of commission within the above limits to the non-executive directors (NEDs) from 1st April 2020, in view of the increased involvement and participation in the meetings of committee and board, based on the recommendation of the NRC as the current approval was valid upto 31st March 2020.

<u>Key Managerial Personnel:</u>

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee.

The Company, while deciding the remuneration package, takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of senior executives is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

Criteria for Board Membership

<u>Directors:</u>

The Company will generally consider (i) their relevant experience in Finance/ Law/ Management/ Sales/ Marketing/ Administration/ Research/ Corporate Governance/ Technical Operations or other disciplines related to Company's business, (ii) through possessing the highest personal and professional ethics, integrity and values and (iii) their willingness to devote sufficient time and energy in carrying out their duties and responsibilities.

Key Managerial Personnel (KMP)

M/s Rajesh Oommen, Chief Executive Officer, J Ashok Chakravarthi, Chief Financial Officer and Dinesh R G, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

Hence, the Company is fully compliant with the provisions of Section 203 of the Act, 2013.

Evaluation of the Independent Director and Committees of Directors

In terms of Section 134 of the Act, 2013, the Board reviewed and evaluated Independent Director and its Committees viz., Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

Independent Directors

The performance of ID was assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the Board cohesion.

The performance evaluation has been done by the entire Board of Directors except the Director concerned being evaluated. The Board noted that ID has understood the opportunities and risks to the Company's strategy and is supportive of the direction articulated by the management team towards consistent improvement.

Committees

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

-Audit Committee for overseeing financial reporting and risk minimisation;

-Nomination and Remuneration Committee for selecting and remunerating Directors / KMPs;

-Corporate Social Responsibility Committee for overseeing CSR initiatives.

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

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

Corporate Governance

<u>Board Meetings:</u>

During the year under review, the Board met four times on 22nd April 2019, 19th July 2019, 15th October 2019 and 23rd January 2020 and the gap between two meetings did not exceed one hundred and twenty days.

<u>Audit Committee:</u>

In terms of Rule 6 of the Companies (Meeting of Board and its Powers) Rules 2014, the Company is not required to comply with the constitution of Audit Committee with majority of IDs, since the Company is a wholly owned subsidiary of TVSM.

Hence, the Board at its meeting held on 19th July 2019 appointed Dr. Lakshmi Venu, NED of the Company as a member of the Committee. The following Directors are the Members of Audit Committee of the Company as on the date of this Report:

1. Mr H Lakshmanan, Chairman
2. Dr. Lakshmi Venu, Non-Executive Non Independent Director
3. Mr S Santhanakrishnan, Independent Director

All Members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts, etc.

<u>Nomination and Remuneration Committee:</u>

In terms of Rule 6 of the Companies (Meeting of Board and its Powers) Rules 2014, the Company is not required to comply with the constitution of NRC with half of the members shall be IDs, since the Company being a wholly owned subsidiary of TVSM.

Hence, the Board at its meeting held on 19th July 2019 appointed Dr. Lakshmi Venu, NED of the Company as a member of the Committee. The following Directors are the Members of NRC of the Company as on the date of this Report:

1. Mr H Lakshmanan, Chairman
2. Dr. Lakshmi Venu, Non-Executive Non Independent Director
3. Mr S Santhanakrishnan, Independent Director

<u>Remuneration criteria to Directors:</u>

The non - executive / independent Director(s) receive remuneration by way of fees for attending meetings of Board or any Committee in which Director(s) is a Member.

In addition to the sitting fees, the non - executive independent Director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the limit as prescribed under the provisions of the Act, 2013.

<u>Corporate Social Responsibility Committee (CSR):</u>

In terms of Rule 5 of the Companies (Corporate Social Responsibility) Rules 2014, the Company which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, 2013 shall have its CSR Committee without such director.

Hence, the Board at its meeting held on 19th July 2019 appointed Mr S G Murali, NED of the Company as a member of the Committee. The following Directors are the Members of CSR Committee of the Company as on the date of this Report:

1. Mr H Lakshmanan, Chairman.
2. Dr. Lakshmi Venu, Non-Executive Non-Independent Director.
3. Mr S G Murali, Non-Executive Non-Independent Director.

Based on the recommendation of the CSR Committee, the Board has approved the projects / programs to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed Rs.50 lakhs for the financial year 2019-20, towards CSR spending.

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

Over 24 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

Presently, SST is working nearly in 4,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering a population of about 24.50 lakhs and 6.24

lakh families. SST has focussed on the areas of economic development, health care, education, environment, social and infrastructure actively in 3000 villages. SST will focus on the other villages also, so that all the areas are fully covered in the next 3 years.

The Company is eligible to spend on their ongoing projects / programs, falling within the CSR activities specified under the Act 2013, as mandated by MCA for carrying out its CSR activities.

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

Auditors

Statutory Auditors:

The Company at its twenty fifth AGM held on 31st July 2017 appointed M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, for the first term of five consecutive years, from the conclusion of the said AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

In terms of the above provisions, M/s V Sankar Aiyar & Co., Chartered Accountants, have completed their third year in the first term of five consecutive years.

The Statutory Auditors will continue to hold office for the 4th year in the first term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being statutory auditors of the Company for the year 2020-21.

Secretarial Auditor:

As required under Section 204 of the Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company is required to appoint a Secretarial Auditor for auditing secretarial and related records of the Company and a report received from them is required to be enclosed along with the annual report of the Company.

Accordingly, M/s S Krishnamurthy & Co., Practising Company Secretaries, secretarial auditor of the Company, submitted their report for the year 2019-20.

The Board has re-appointed them as Secretarial Auditor for carrying out the secretarial audit for the financial year 2020-21.

Both the Statutory Auditors Report and Secretarial Audit Report are free from any qualification, reservation or adverse remark or disclaimer, and hence do not warrant any explanation or comments by the Board.

Statutory Statements

Deposits

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31st March 2020.

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

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

Material changes and commitments:

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

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

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

Annual Return:

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

Employee's remuneration:

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

Details of material related party transactions:

Details of material related parties under Section 188 of the Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in Annexure VI to this report in the prescribed form.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans and guarantees under Section 186 of the Act 2013 for the financial year 2019-20, the Company has not extended any guarantee or loans to other companies during the year under review.

However, please refer note no. 5 Notes on accounts for the financial year 2019-20, for details of investments made by the Company.

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act, 2013 for the business activities carried out by the Company.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has duly constituted an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act 2013.

Reporting of fraud

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

Acknowledgement

The Directors gratefully acknowledge the continued support and co-operation received from TVSM Limited, the holding Company.

The Directors thank the suppliers, customers and bankers for their continued support and assistance. The Directors also wish to place on record the appreciation of the excellent work done by all the employees of the Company.

For and on behalf of the Board

Place : Chennai
Date: 18th May 2020

H Lakshmanan
Chairman

Annexure - I

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO (Pursuant to Section 134(3)(m) of the Companies Act, 2013)

A. CONSERVATION OF ENERGY

1.1 Measures taken in the year 2019-20

- Solar power
  - o Installed roof top solar panels at the plants located in Hosur and Nalagarh, as a green power source for the plant with capacity of 0.925MW and 0.425MW respectively.
- Projects undertaken to reduce energy consumption:
  - o Implementation of Variable Frequency Drives for injection moulding machines for energy conservation at Chennai plant.
  - o Introduced scientific injection moulding process at Mysore plant.
  - o Implemented cycle time reduction projects, which will in turn reduce power consumption.
  - o Implemented actions on improving the jig density to improve parts per jig to reduce paintshop running hours.

  The above measures along with other small projects resulted in an annual savings of Rs. 0.90 Crore.

1.2 Proposed measures for the year 2020-21:

- o Sourcing for wind energy power for Mysuru plant with capacity of 1.5 MW.
- o Conversion of diesel to LPG in paint shop1 at Hosur plant for cost effectiveness.
- o Proposed to introduce scientific injection moulding process across other plants to reduce the power consumption.
- o Improve Overall Equipment Effectiveness (OEE) of machines across plants by servo conversion and refurbishment of injection moulding machines.
- o The above measures are expected to result in an annual savings of approximately Rs. 3.1 Crore.

2. Steps taken for utilizing alternate sources of energy during the year 2019-20

The Company continued the utilization of the wind energy and solar energy to an extent of 10 MW.

3. Capital investment- Energy conservation Equipment:

The Company has invested a sum of Rs. 81 lakhs in Atria Wind Power (Chitradurga) Private Limited, for purchase of wind power, to meet the additional power consumption in Mysore plant.

B. TECHNOLOGY ABSORPTION

- o Implemented new technology of blow moulding, which has given a new product line for SACL. We have developed plastic fuel tank for two-wheeler, which was ARAI tested and approved, which is first time for SACL. The new product will give an additional business of Rs 10 Crores per annum.
- o We have implemented vertical injection moulding process, which can produce precise insert moulding product. In this vertical injection moulding, we are moulding holder filter component, which is a critical fuel system component with fine steel filter mesh insert moulded. This is also a new product line for the Company.

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

Total foreign exchange earnings and out go (Rs. In Cr)	
(a) Earnings	-
(b) Out go	34.33

For and on behalf of the Board

Place : Chennai
Date : 18th May 2020

H Lakshmanan
Chairman

Annexure - II

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN	:	U29249TN1992PLC051417
ii) Registration Date	:	10.06.1992
iii) Name of the Company	:	Sundaram Auto Components Limited
iv) Category / Sub-Category of the Company	:	Public Limited Company / Limited by shares
v) Address of the Registered office and contact details	:	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai 600006 Tel: (044) 2827 22 33 Fax : (044) 2825 71 21
vi) Whether listed company Yes / No	:	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Not Applicable

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	NIC Code of the product	% to total turnover of the Company
1.	Plastic Moulded components	2520	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited Address: "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai-600006	L35921TN 1992PLC022845	Holding Company	100%	2(46)
2.	Sundaram Holding USA Inc. Address: 2711, Centerville Road, #400 Wilmington, New Castle – 19808, State of Delaware, USA	NA	Subsidiary	75%	2(87)
3.	Green Hills Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary	100 % held by S.No.2	
4.	Component Equipment Leasing LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
5.	Sundaram-Clayton LLC Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
6.	Premier Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding : Not Applicable

(ii) Shareholding of Promoters :

S No	Name of the Shareholders (M/s.)	Shareholding at the beginning of the year		Share holding at the end of the year		% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1.	TVS Motor Company Limited (Holding Company) and its six nominees	3,59,25,000	100%	4,21,74,000	100%	-
	TOTAL	3,59,25,000	100%	4,21,74,000	100%	-

(iii) Change in Promoters' Shareholding:

TVS Motor Company Limited (Holding Company) and its six nominees

Particulars	Shareholding as at 1st April 2018		Shareholding as at 31st March 2019	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year	3,59,25,000	100.00	-	-
At the end of the year	-	-	4,21,74,000	100.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**N.A.**

(v) Shareholding of Directors and Key Managerial Personnel: **Nil**

V. INDEBTEDNESS

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

(Rs.in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	213.10	-	213.10
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	0.81	-	0.81
Total (i+ii+iii)	**213.91**	**-**	**213.91**
Change in Indebtedness during the financial year			
· Addition	35.00	-	35.00
· Reduction	(81.82)	-	(81.82)
Net Change	(46.82)	-	(46.82)
Indebtedness at the end of the financial year			
i) Principal Amount	166.37	-	166.37
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	0.72	-	0.72
Total (i+ii+iii)	**167.09**	**-**	**167.09**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors:

(in Rs)

Sl. No	Particulars of Remuneration	Name of Directors – M/s.				Total Amount
		RK*		SSK		
1.	Independent Directors: Fee for attending Board / Committee meetings Commission Others	20,000 80,328		45,000 3,00,000		65,000 3,80,328
	Total (A)	**1,00,328**		**3,45,000**		**4,45,328**
		HL	**Dr.LV**	**SGM**	**CNP**	**Total Amount**
2.	Other Non –Executive Directors: Fee for attending Board / Committee meetings Commission Others	50,000	25,000	20,000	20,000	1,15,000
	Total (B)	**50,000**	**25,000**	**20,000**	**20,000**	**1,15,000**
	Total (A) + (B)					**5,60,328**
	Overall Ceiling as per the Act	**19 lakhs**				

RK - Mr R Ramakrishnan (till 7th July 2019); SSK - Mr S Santhanakrishnan; HL - Mr H Lakshmanan; Dr. LV - Dr. Lakshmi Venu; CNP - Mr C N Prasad; SGM - Mr S G Murali;

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. In lakhs)

S.No	Particulars of Remuneration	CEO	CFO	CS	Total
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	95.18	33.16	8.04	136.38
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others	-	-	-	-
5.	Others	-	-	-	-
	Total	95.18	33.16	8.04	136.38

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

Place : Chennai
Date : 18th May 2020

H Lakshmanan
Chairman

Annexure - IV

FORM No. AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Statement containing salient features of the financial statement of subsidiaries :-

S.No	Name of the subsidiary	Sundaram Holding USA Inc.,
1.	Date on which subsidiary was acquired	9th September 2015
2.	Reporting period	1st April 2019 to 31st March 2020
3.	Reporting currency	USD
	Closing Exchange rate	INR 75.67/USD
4.	Share capital	394.45
5.	Reserves & Surplus	32.66
6.	Total assets	758.65
7.	Total Liabilities	758.65
8.	Investments	-
9.	Turnover	2.85
10	Profit before taxation	(4.60)
11.	Provision for taxation	-
12.	Profit after taxation	(4.60)
13.	Proposed Dividend	-
14.	% of shareholding	75

Note:

1. *The figures of Sundaram Holding USA Inc includes the consolidation of its subsidiaries viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram Clayton USA LLC (Formerly Known as Workspace Project LLC) and Premier Land Holding LLC.*
2. *Subsidiaries which are yet to commence operations - Premier Land Holding LLC*
3. *Subsidiaries which have been liquidated or sold during the year – Nil.*

As per our report annexed

H Lakshmanan
Chairman

C N Prasad
Director

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. F23116

Place: Chennai
Date: 18th May 2020

Annexure - V

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

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

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

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

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

3. Web-link to the CSR policy and projects or programs – http://www.sundaramautocomponents.com/

4. Composition of the CSR Committee.

	Name of the Director (M/s.)	Designation	Status
1.	H Lakshmanan	Non Independent Director	Chairman
2.	Dr. Lakshmi Venu	Non Independent Director	Member
3.	S G Murali	Non Independent Director	Member

5. Average net profit of the Company for last three financial years — Rs. 22.26 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) — Rs. 0.50 Cr

7. Details of CSR spent during the financial year

   (a) Total amount spent for the financial year — Rs. 0.50 Cr

   (b) Amount unspent, if any — Not Applicable

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

1.	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No: 044-28332115 Mail ID: swaran@tvssst.org
2.	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and • rural development projects
3.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
4.	Local Area / Others	• Hosur, Padavedu, Thirukkurungudi and Navatirupati • Mysore and Chamrajnagar • Himachal Pradesh
	State & district	- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts - Karnataka: Mysore and Chamrajnagar districts - Himachal Pradesh: Solan district
	Amount outlay (budget) project or program-wise	Rs.2100 Lakhs
5.	Amount spent on the projects or programmes	Rs. 766 lakhs
6.	Direct expenses On projects / programs	Rs. 2008 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.50 Lakhs)
	Overheads	Nil
7.	Cumulative expenditure upto the reporting period	Rs. 2008 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.50 Lakhs)

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

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

   To discharge the duties cast under provisions of the Companies Act, 2013, members of the CSR Committee visit places where CSR activities were undertaken.

For and on behalf of the Board

Place : Chennai
Date : 18th May 2020

H Lakshmanan
Chairman and Chairman of CSR Committee

Annexure - VI

FORM No. AOC - 2

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

1. Details of contracts or arrangements or transactions not at arm's length basis:

   NIL

2. Details of material contract, arrangement or transaction at arm's length basis:

   (a) Name of the related party — TVS Motor Company Limited

   (b) Nature of relationship — Holding Company

   (c) Duration of the contracts/ arrangements/ transactions — 2019-20

   (d) Date (s) of approval by the Board, if any: — 25th January 2019

Nature of contracts/ arrangements/ transactions	Goods / Services	Salient terms of the contracts or arrangements or transactions	Amount of contract or arrangement (Rs. In Cr)
Sale	Plastic Components and Dies & Moulds	Mark-up on cost of raw materials and conversion cost	270.63
Rendering of Services	Share of cost of Salary, training expenses, rent, sharing of common expenses	At cost	0.12
Availing of Services	Sharing of Common exps etc. & Canteen recovery and Rent on Mysore Plant	At cost	0.79

For and on behalf of the Board

Place : Chennai
Date : 18th May 2020

H Lakshmanan
Chairman

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members,
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]
"Chaitanya" No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600 006

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SUNDARAM AUTO COMPONENTS LIMITED ('the Company') during the financial year from 1st April 2019 to 31st March 2020 ('the year'/ 'audit period'/ 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts and statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) Our examination / verification of the books, papers, minute books and other records maintained by the Company and furnished to us in electronic form, forms and returns filed, and compliance related action taken by the Company during the year as well as after 31st March 2020 but before the issue of this report;

(ii) Compliance certificates confirming compliance with all laws applicable to the Company given by its Chief Executive Officer and taken on record by the Board of Directors; and

(iii) The representations made/ given and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

In our opinion, during the audit period covering the financial year ended on 31st March 2020, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place, to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with Annexure A.

1. Compliance with specific statutory provisions

We report that:

1.1. We have examined the books, papers, minute books and other records maintained by the Company and furnished to us in electronic form for our verification, the forms, returns, reports, disclosures and information filed / submitted during the year, according to the applicable provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), being a material unlisted Indian subsidiary of M/s. TVS Motor Company Limited;

(iii) Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT), being a material subsidiary of M/s. TVS Motor Company Limited;

(iv) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB), hereinafter referred to as FEMA.

(v) Secretarial Standards (SS-1) on "Meetings of the Board of Directors", Secretarial Standards (SS-2) on "General Meetings" and Secretarial Standards (SS-3) on "Dividend" issued by The Institute of Company Secretaries of India (Secretarial Standards).

1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2020 but before the issue of this report, the Company has, to the best of our knowledge and belief, based on the records, information, explanations and representations furnished to us:

(i) Complied with the applicable provisions of the Act and the Rules, mentioned in paragraph 1.1 (i) above;

(ii) Complied with Regulation 24A of LODR and Regulation 9 of PIT, mentioned in paragraph 1.1 (ii) and (iii) above;

(iii) Generally complied with the applicable rules and regulations under FEMA mentioned in paragraph 1.1 (iv) above with respect to Overseas Direct Investments (ODI) and External Commercial Borrowings (ECB); and

(iv) Generally complied with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) referred to in paragraph 1.1 (v) above. Secretarial Standards on "Dividend" (SS-3), being non-mandatory has not been adopted by the Company.

1.3. We are informed that, during/ in respect of the year:

(i) The Company, in view of being a material unlisted wholly owned Indian subsidiary of M/s. TVS Motor Company Limited and also in view of non-arising of certain events, was not required to comply with the following laws/ rules/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

  (a) Foreign Exchange Management Act, 1999 and the rules and regulations made there under, with respect to Foreign Direct Investment;

  (b) Securities Contracts (Regulation) Act, 1956, and the rules made there under;

  (c) Depositories Act, 1996, and the Regulations and bye-laws framed there under;

  (d) Regulations prescribed under the Securities and Exchange Board of India Act, 1992 including Regulation 24(1) of LODR but excluding Regulation 24A of LODR and Regulation 9 of PIT; and

  (e) Listing agreements with stock exchanges.

(ii) There was no other law that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws under paragraphs 1.1 and 1.2 above did not arise.

Board processes

We further report that:

2.1. Board constitution and balance

(i) As on 31st March 2020, the Board of Directors of the Company is duly constituted and consists of five Non Executive Directors including One Independent Director and one Woman Director. The Company does not have an Executive Director but has a Chief Executive Officer in terms of Section 203(1)(i) of the Act.

(ii) Since the Company is not a material subsidiary in terms of Regulation 24 (1) of LODR, the requirement to appoint an Independent Director of the holding company as a Director in the Company did not arise.

(iii) Re-appointment of Mr. S G Murali (DIN: 00348902) and Mr. C N Prasad (DIN: 01950656), directors who retired by rotation at the 27th Annual General Meeting held on 22nd July 2019, were carried out in compliance with the applicable provisions of the Act and the Rules made there under.

(iv) Consequent to the demise of Mr. R Ramakrishnan, Independent Director and member of Audit Committee on 7th July, 2019, the strength of the Audit Committee was reduced to two as against the requirement of three specified under Section 149 of the Act for the Audit Committee meeting held on 19th July 2019.

(v) The casual vacancy that arose in the Board on the demise of Mr. R Ramakrishnan was not filled up since the requirement to appoint an Independent Director under Section 149(4) of the Act was not applicable on account of the Company being a wholly-owned subsidiary.

2.2. Board meetings

(i) Adequate notice was given to all the directors to plan their schedule for all the Board Meetings. Notice of Board meetings were sent atleast 7 (seven) days in advance.

(ii) Agenda and detailed notes on agenda were sent atleast seven days before all the Board meetings.However, agenda notes in respect of additional subjects and supplementary agenda notes and annexures in respect of the agenda items were either circulated separately or at the meeting.

2.3. We are informed that a system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.3. We are informed that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and

(ii) No dissenting views were expressed by any director on any of the subject matters discussed, that were required to be captured and recorded as part of the Minutes.

3. Compliance mechanism

We further report that:

3.1. The Company has reasonably adequate systems and processes, commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules and regulations.

4. Specific events /actions

We further report that:

4.1. During the audit period, the following specific events and actions having a major bearing on the Company's affairs took place in pursuance of the above referred laws, rules, regulations and standards:

(i) Allotments of an aggregate of 62,49,000 equity shares at a price of Rs.96/- per equity share by way of rights issues were made on 28th June, 2019 and 23rd January, 2020to its holding Company TVS Motor Company Limited; and

(ii) Further ODI of USD 6 million was made in the foreign subsidiary M/s. Sundaram Holding USA, Inc. by way of 6 million stock of USD 1 each at par.

For S. Krishnamurthy & Co
Company Secretaries

K. Sriram,
Partner
Membership No.F6312
Certificate of Practice No: 2215

Date : 18th May 2020
Place : Chennai

Annexure - A to Secretarial Audit Report of even date

To,

The Members,
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]
"Chaitanya" No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600 006

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2020 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.

2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2020 but before the issue of this report.

4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion/ certification obtained as being in compliance with law.

5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

6. We have verified only the documents shared by the Company in electronic mode due to thelockdown ordered by the Central Government.

7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company, as they are subject to audit by the Auditors of the Company appointed under Section 139 of the Act.

8. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.

9. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S. Krishnamurthy & Co
Company Secretaries

K. Sriram,
Partner
Membership No.F6312
Certificate of Practice No: 2215

Date : 18th May 2020
Place : Chennai

Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2020

To the Members of SUNDARAM AUTO COMPONENTS LIMITED

REPORT ON THE AUDIT OF THE STAND-ALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of Sundaram Auto Components Limited ("the Company"), which comprise the standalone balance sheet as at 31st March 2020, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the stand-alone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, profit, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid stand-alone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(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 financial statements - Refer Note 37(i) to the standalone 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.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act.

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

UDIN	20023116AAAAHD7912

For V.SANKAR AIYAR & CO.
Chartered Accountants
ICAI Regn. No.109208W

S. VENKATARAMAN
PARTNER
Membership No.023116

Place: Chennai
Date: 18th May 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT – 31st March 2020 (Referred to in our report of even date)

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

b) The company has a regular program of physically verifying all fixed assets at its offices in a phased manner over a period of 2 years, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Based on the information and explanation given to us and on verification of the records of the Company, the Company has physically verified the fixed assets as per their program during the year. No material discrepancies as compared to book records were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.

(ii) The inventories have been physically verified by the management during the year. In our opinion the frequency of the physical verification is reasonable, the discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of accounts.

(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 clauses (iii) (a), (b) & (c) of Para 3 of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of making investments, as applicable. The Company has not granted any loan or provided any guarantee/securities during the year.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) According to the information and explanations given to us, in respect of the class of industry the company falls under, the Central Government has not specified the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.

(vii) a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs duty and Cess and other material statutory dues as applicable to the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance Income Tax, Goods and Service Tax, Customs duty and Cess were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and the records of the Company, there are no dues of Income-Tax, Customs Duty, Sales Tax, Service Tax, Goods and Service Tax, Value added Tax and Cess which have not been deposited on account of any dispute as at 31st March 2020 other than the following on account of dispute as given below.

Name of the statue/ (Nature of dues)	Period of Due	Rs. In Crores	Forum where dispute is pending
Goods and Service Tax 2017	July 17 to September 18	2.82	Writ petition filed in High Court of Andhra Pradesh

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Banks/ Financial Institutions/Government. The company has not raised any monies against issue of debentures.

(ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose to which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no material fraud by the Company and on the company by its officers or employees.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, based on verification of the records and approvals of the Audit Committee, the Company is in compliance with Section 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has made preferential allotment of equity shares and the requirements of Section 42 of the Act have been complied with. Further, the amounts raised have been used for the purpose for which the funds were raised. The company has not made any private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

UDIN	20023116AAAAHD7912

For V.SANKAR AIYAR & CO.
Chartered Accountants
ICAI Regn. No.109208W

S. VENKATARAMAN
PARTNER
Membership No.023116

Place: Chennai
Date: 18th May 2020

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT – 31st March 2020 (Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of Sundaram Auto Components Limited ("the Company") as of March 31, 2020 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

2. 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. 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

7. 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

UDIN	20023116AAAAHD7912

For V.SANKAR AIYAR & CO.
Chartered Accountants
ICAI Regn. No.109208W

S. VENKATARAMAN
PARTNER
Membership No.023116

Place: Chennai
Date: 18th May 2020

Balance Sheet as at 31st March 2020

Rupees in crores

	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	2 (a)	230.05	240.58
Right of use of Assets	2 (b)	17.83	-
Capital work in progress	3	9.87	3.70
Goodwill	4	2.20	2.20
Other intangible assets	4	0.09	0.49
Financial assets			
i. Investments	5	297.42	253.96
ii. Other financial assets	6	0.52	0.52
Other non-current assets	7	36.61	43.72
Total non-current assets		**594.59**	**545.17**
Current assets			
Inventories	8	29.14	25.14
Financial assets			
i. Trade receivables	9	60.92	76.80
ii. Cash and cash equivalents	10	1.27	1.24
iii. Other financial assets	11	1.49	0.58
Other current assets	12	31.61	34.63
Total current assets		**124.43**	**138.39**
Total Assets		**719.02**	**683.56**
Equity and liabilities			
Equity			
Equity share capital	13	42.17	35.93
Other equity	14		
Reserves and surplus		362.90	312.43
Total equity		**405.07**	**348.36**
Liabilties			
Non-current liabilities			
Financial liabilities			
Borrowings	15 (a)	120.79	158.83
Lease liabilities	15 (b)	1.60	-
Provision - Employee benefit obligations	16	3.80	1.28
Deferred tax liabilities (Net)	17	16.79	16.11
Total non-current liabilities		**142.98**	**176.22**
Current liabilities			
Financial liabilities			
i. Borrowings	18	48.35	44.04
ii. Trade payables	19		
a.Total outstanding dues of Micro and Small enterprises		4.87	4.67
b.Total outstanding dues of other than (ii) a above		48.54	56.41
iii. Lease liability	15 (b)	0.38	-
iv. Other financial liabilities	20	21.52	11.03
Other current liabilities	21	46.12	41.66
Provision - Employee benefit obligations	16	1.19	1.17
Total current liabilities		**170.97**	**158.98**
Total liabilities		**313.95**	**335.20**
Total equity and liabilities		**719.02**	**683.56**
Significant Accounting Policies	1		
(See accompanying notes to the financial statements)			

As per our report annexed

H Lakshmanan
Chairman

C N Prasad
Director

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. 023116

Place: Chennai
Date: 18-05-2020

Statement of Profit and Loss for the year ended 31st March 2020

Rupees in crores

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	22	525.74	599.69
Other income	23	3.76	1.47
Total income		**529.50**	**601.16**
Expenses			
Cost of material consumed	24	345.83	406.78
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	24	(1.87)	(0.71)
Employee benefit expenses	25	77.78	78.13
Finance costs	26	15.22	12.60
Depreciation and amortisation expense	2 & 4	22.07	16.91
Other expenses	27	64.03	70.08
Total expenses		**523.06**	**583.79**
Profit before tax		**6.44**	**17.37**
Income tax expense			
Current tax	28	0.33	3.78
Deferred tax	28	1.21	4.26
Profit for the year		**4.90**	**9.33**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations arising on account of actuarial losses		(1.47)	0.51
Change in fair value of equity instruments		(0.33)	0.08
Income tax relating to these items		(0.67)	0.21
B. Items that will be reclassified to profit or loss			
Fair value changes on cash flow hedges		(4.11)	(2.59)
Income tax relating to these items		1.19	0.90
Other comprehensive income for the year, net of tax		**(5.38)**	**(0.89)**
Total comprehensive income for the period		**(0.48)**	**8.44**
Earnings per equity share of Rs. 10 each fully paid up	35		
Basic and Diluted earnings per share (in Rupees)		1.27	2.60
Significant Accounting Policies	**1**		
(See accompanying notes to the financial statements)			

As per our report annexed

H Lakshmanan
Chairman

C N Prasad
Director

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. 023116

Place: Chennai
Date: 18-05-2020

Cash Flow Statement

Rupees in crores

Details	Year Ended March 31, 2020		Year Ended March 31, 2019	
Profit before tax		6.44		17.37
Adjustments for				
Depreciation and amortisation expense	22.07		16.91	
Prov. for doubtful debt	0.15		(0.01)	
Loss on disposal of property, plant and equipment	-		0.17	
(Gain) on disposal of property, plant and equipment	(0.03)		-	
Impact of fair valuation of hedge instruments	-		(0.75)	
Employee provisions	1.16		(0.03)	
Interest income	(0.20)		(0.16)	
Share of profit from LLP	(2.60)		-	
Impact of fair valuation of financial liability	(3.37)		-	
Finance costs	15.22		12.60	
		32.40		**28.73**
Operating profit before working capital changes		38.84		46.10
Change in operating assets and liabilities				
(Increase) / Decrease in trade receivables	15.73		2.27	
(Increase) / Decrease in Inventories	(4.00)		6.43	
(Increase) / Decrease in other financial assets	-		(0.07)	
(Increase) / Decrease in other non-current assets	(1.07)		(2.12)	
(Increase) / Decrease in other current assets	3.47		(10.86)	
Increase / (Decrease) in trade payables	(7.67)		(15.82)	
Increase / (Decrease) in provisions	-		(1.66)	
Increase / (Decrease) in financial liabilities	-		-	
Increase / (Decrease) in other current liabilities	4.46	10.92	(2.70)	(24.53)
Cash generated from operations		**49.76**		**21.57**
Less: Direct taxes paid (net of Refund)		1.38		3.58
Net cash inflow from operating activities		**48.38**		**17.99**
Cash flows from investing activities				
Payments for property, plant and equipment	(17.24)		(75.51)	
Payments for Intangibles	(0.01)		(0.68)	
Payments for property, plant and equipment - Cwip	(6.17)		41.32	
Capital Advances Made	(0.79)		6.42	
Payments for purchase of investment	(0.92)		(0.96)	
Investments in subsidiaries	(42.82)		(95.67)	
Proceeds from sale of property, plant and equipment	0.18		0.05	
Share of profit from LLP	2.60		-	
Interest received	0.20		0.16	
Net cash outflow from investing activities		**(64.97)**		**(124.87)**

Cash flows from financing activities				
Interest paid	(14.99)		(11.70)	
Dividends & Dividend Tax paid	(2.54)		(2.82)	
Lease liability paid	(0.73)		-	
Interest on Lease liability	(0.20)		-	
Proceeds from issue of share capital	59.98		-	
Receipt / (repayment) of Short term loan	(10.00)		4.99	
Receipt / (repayment) of Long term loan	(29.21)		99.93	
Net cash inflow (outflow) from financing activities		**2.31**		**90.41**
Net increase (decrease) in cash and cash equivalents		(14.28)		(16.47)
Cash and cash equivalents at the beginning of the financial year				
Cash and cash equivalents	1.24		0.97	
Overdraft utilised	(24.04)	(22.80)	(7.30)	(6.33)
Cash and cash equivalents at end of the year				
Cash and cash equivalents	1.27		1.24	
Overdraft utilised	(38.35)	(37.08)	(24.04)	(22.80)

Note:The above statement of cash flow is prepared using indirect method

Particulars	As at 01-04-2019	Cash flow	Amortization	Foreign exchange movement	As at 31-03-2020
Non current borrowings (including current maturities)	169.05	(29.21)	(3.26)	5.01	141.59
Current borrowings	20.00	(10.00)	-	-	10.00

As per our report annexed

H Lakshmanan
Chairman

C N Prasad
Director

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. 023116

Place: Chennai
Date: 18-05-2020

Statement of Changes in Equity

Rupees in crores

A.

EQUITY SHARE CAPITAL	Total
As at 01-04-2018	35.93
Changes in equity share capital	-
As at 31-03-2019	**35.93**
Changes in equity share capital	6.24
As at 31-03-2020	**42.17**

B. OTHER EQUITY

	General Reserve	Securities Premium Reserve	Equity Instruments Fair Value through Other Comprehensive Income	Hedging Reserve	Retained Earnings	Total
Balance as at April 1, 2018	**11.93**	**219.98**	**(2.95)**	**(0.56)**	**82.04**	**310.44**
Adjustment arising pursuant to the scheme of demerger and arrangement	(3.63)	-	-	-	-	(3.63)
Profit for the period 2018-19	-	-	-	-	9.33	9.33
Other comprehensive income for the year 2018-19	-	-	0.59	(1.69)	0.21	(0.89)
Sub-total A	**8.30**	**219.98**	**(2.36)**	**(2.25)**	**91.58**	**315.25**
Less : Distribution to shareholders						
2018-19 first and final dividend paid	-	-	-	-	2.34	2.34
Dividend distribution tax paid	-	-	-	-	0.48	0.48
Sub-total B	**-**	**-**	**-**	**-**	**2.82**	**2.82**
Balance as at March 31, 2019C =(A - B)	**8.30**	**219.98**	**(2.36)**	**(2.25)**	**88.76**	**312.43**
Adjustment towards lease liability	(0.29)	-	-	-	-	(0.29)
Fair value of pension fund	0.04	-	-	-	-	0.04
Issue of equity shares	-	53.74	-	-	-	53.74
Profit for the period 2019-20	-	-	-	-	4.90	4.90
Other comprehensive income for the year 2019-20	-	-	(0.33)	(2.91)	(2.14)	(5.38)
Sub-total D	**8.05**	**273.72**	**(2.69)**	**(5.16)**	**91.52**	**365.44**
Less : Distribution to shareholders						
2019-20 first and final dividend paid	-	-	-	-	2.11	2.11
Dividend distribution tax paid	-	-	-	-	0.43	0.43
Sub-total E	**-**	**-**	**-**	**-**	**2.54**	**2.54**
Balance as at March 31, 2020F = (D - E)	**8.05**	**273.72**	**(2.69)**	**(5.16)**	**88.98**	**362.90**

Nature and purpose of reserves:
Security premium reserve: This is used to record premium on issue of shares. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013

General reserve: This is available for distribution to share holders.

As per our report annexed

H Lakshmanan
Chairman

C N Prasad
Director

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. 023116

Place: Chennai
Date: 18-05-2020

1. SIGNIFICANT ACCOUNTING POLICIES

a) Brief description of the Company

Sundaram Auto Components Limited ("the reporting entity" or referred to as "the Company") is a public limited company incorporated and domiciled in India. The registered office is located at Chaitanya, No.12, Khadar Nawaz khan Road, Nungambakkam Chennai 600 006,Tamil Nadu, India.

The Company manufactures injection moulded plastics components used in automobile industry. The Company has manufacturing plants located at Chennai and Hosur in Tamil Nadu, Mysore in Karnataka, Bhiwadi in Gujarat and Nalagarh in Himachal Pradesh.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant Estimates and judgments

i. Estimation of fair value of unlisted securities- Refer Note 32

ii. Defined benefit obligation - Refer Note 16

iii. Estimation of useful life of Property, Plant and Equipment - Refer Note 1(f) and 1(g)

iv. Estimation and evaluation of provisions and contingencies relating to tax litigations - Refer Note.

Estimation of useful life of Property, Plant and Equipment – Refer note 1(f) and 1(g)

e) Revenue recognition

The Company has adopted Ind AS 115 from 1st April, 2018 and opted for modified retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1st April, 2018, and subsequent contracts with customers from that date.

i. Performance obligation:

The revenue is recognized on fulfilment of performance obligation.

ii. Sale of products:

Revenue from sale of products is recognised when the products are delivered to the customer or when delivered to the designated carrier and when risks and rewards of ownership pass to the customers, as per terms of contract.

Revenue is measured and recognized at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates.

iii. Dividend income:

Dividend from investments is recognised when the right to receive the same is established.

iv. Interest income:

Interest income is recognised on time proportion basis, determined by the amount outstanding and the rate applicable.

v. Significant judgements:

There are no significant judgements made by the Company in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract.

f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of property plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes excise duty, value added tax and service tax, wherever credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

g) Depreciation and amortization

i. Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act 2013.

ii. Keeping in mind the rigorous and periodic maintenance program followed by the Company, the estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is given below:

Description	Years
Factory building and other buildings	30
Material handling equipment	5 to 10
Plant and Equipment	10 to 15
Electrical equipment	3 to 15
Furniture and fixtures	3 to 15
Computers and information systems	3
Office equipment	5 to 15
Mobile phones	2
Vehicles	5

iii. Tools and dies used for manufacture of components are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 3-5 years.

iv. Residual values and useful lives are reviewed, and depreciation is accordingly charged, at the end of each reporting period. (Presently, the company retains 5% of the cost of the asset as its residual value other than mobile phone)

v. On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

vi. Depreciation in respect of tangible assets costing less than Rs.5,000/- is provided at 100%.

h) Intangible assets

i) Software and License fee

Intangible assets acquired are recorded at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software and license fee.

ii) Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

i) Transactions in foreign currencies

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

i) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

ii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

iii) Exchange differences arising on settlement of transactions are recognised as income or expense in the year in which they arise.

j) Hedge accounting

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)

hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or

hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 32. Movements in the hedging reserve in shareholders' equity are shown in Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedging reserve within equity. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

k) Inventories

Inventories are valued at the lower of cost and net realisable value.

i) Cost of Raw materials, components, stores, spares, are ascertained on a moving average basis.

ii) Cost of finished goods and work-in-process comprises of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials held for use in production of finished goods are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving materials, obsolescence, defective inventories are provided in the books if more than one year of age.

l) Employee benefits

i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are recognised at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long-term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore, measured and recognized as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees, pension plan for its senior managers; and

b) Defined contribution plan such as provident fund.

Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in statement of profit and loss as past service cost.

Provident fund:

The company regularly contributes the amounts due to the Regional Provident Fund Commissioner.

iv) Bonus plans:

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

m) Taxes on Income

Tax expense comprises of current and deferred taxes.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable statement of profit and loss. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Companyis entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward to the extent that there is a reasonable certainty of recovering/utilizing such unclaimed tax credits.

n) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

o) Provisions and contingent liabilities

i) Provisions:

A provision is recorded when the Company has a present or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that may, but probably will not require a cash outflow, the same is disclosed as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

q) Leases

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

- Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

r) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are displayed within borrowings in current liabilities in the balance sheet.

t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

u) Investments and Other financial assets

i) Classification

The Company has classified as follows:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
- Those measured at amortized cost.

The classification was based on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement – financial assets: -

Initially these are recognized at cost.

In addition to transaction cost attributable to such asset, corresponding effect on fair valuation is recognized in statement of profit and loss.

<u>Debt Instruments:</u>

Debt instruments are initially recognized at cost.

Debt instruments which are initially recognized at cost are subsequently measured based on the company's business model for managing the asset and cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

<u>Amortised Cost:</u>

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of profit and loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through statement of profit and loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through statement of profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through statement of profit and loss and is not part of a hedging relationship is recognised in statement of profit and loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises.Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries/ associate) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Dividends from such investments are recognised in statement of profit and loss as other income when the Company's right to receive payments is established.

Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiary / associate:

Investment in subsidiary/associate are measured at cost less provision for impairment.

iii) Impairment of financial assets

The company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment mythology applied depends on whether there has been significant increase in credit risk. Note 30 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

iv) De-recognition of financial assets

A financial asset is derecognised only when:

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

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

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

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

v) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in statement of profit and loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit and loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

w) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition, construction, production or erection of a qualifying asset are capitalized if such qualifying asset takes a substantial period of time to get ready for its intended use. Substantial period is determined on a case to case basis depending on the nature of the asset and time involved in putting them on ready for use. Other borrowing costs are expensed in the period in which they are incurred.

x) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

y) Business Combinations:

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the

- Fair values of the assets acquired;
- Liabilities incurred to the former owners of the acquired business;

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, measured initially at their fair values at the acquisition date.

z) Earnings Per Share:

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for new equity shares issued during the year (note 37)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(iii) Other Comprehensive Income is not considered for computing earnings per share

Notes to Financial Statements - *(continued)*

Rupees in crores

2.a. Property, Plant & Equipment

Description	Property, Plant & Equipment							
	Free hold Land	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Computers	Vehicles	Total
Gross Carrying Amount								
As at 01-04-2019	12.05	70.69	205.65	6.63	1.94	2.78	0.66	300.40
Additions	-	2.54	11.99	1.91	0.62	0.18	-	17.24
Sub-total	**12.05**	**73.23**	**217.64**	**8.54**	**2.56**	**2.96**	**0.66**	**317.64**
Sales / Deletion		-	0.19	0.11	-	0.02	-	0.32
IND AS 116 Transition	6.90							6.90
Closing Gross Carrying Amount	**5.15**	**73.23**	**217.45**	**8.43**	**2.56**	**2.94**	**0.66**	**310.42**
Accumulated Depreciation								
Upto 31-03-2019	-	6.57	49.58	1.20	0.50	1.78	0.18	59.81
For the year	-	2.68	16.46	0.69	0.33	0.41	0.14	20.71
Sub-total	-	9.25	66.04	1.89	0.83	2.19	0.32	80.52
Withdrawn on assets sold/deleted	-	-	0.13	0.02	-	-	-	0.15
Closing accumulated depreciation	**-**	**9.25**	**65.91**	**1.87**	**0.83**	**2.19**	**0.32**	**80.37**
Net Carrying Amount								
As at 31-03-2020	**5.15**	**63.98**	**151.54**	**6.56**	**1.73**	**0.75**	**0.34**	**230.05**
Gross Carrying Amount								
As at 01-04-2018	12.05	51.06	152.23	5.90	1.18	2.32	0.63	225.37
Additions	-	19.63	53.72	0.73	0.76	0.64	0.03	75.51
Sub-total	12.05	70.69	205.95	6.63	1.94	2.96	0.66	300.88
Sales / deletion	-	-	0.30	-	-	0.18	0.00	0.48
Closing Gross Carrying Amount	**12.05**	**70.69**	**205.65**	**6.63**	**1.94**	**2.78**	**0.66**	**300.40**
Accumulated Depreciation								
Upto 31-03-2018	-	4.44	36.55	0.77	0.29	1.48	0.04	43.57
For the year	-	2.13	13.13	0.43	0.21	0.47	0.14	16.52
Sub-total	-	6.57	49.68	1.20	0.50	1.95	0.18	60.09
Withdrawn on assets sold/deleted	-	-	0.10	0.00	0.00	0.17	0.00	0.27
Closing accumulated depreciation	**-**	**6.57**	**49.58**	**1.20**	**0.50**	**1.78**	**0.18**	**59.82**
Net Carrying Amount								
As at 31-03-2019	**12.05**	**64.12**	**156.07**	**5.43**	**1.44**	**1.00**	**0.48**	**240.58**

2.b Right of use of assets

Particulars	Land	Building	Plant and Machinery	Total
Gross Block				
Opening/(On transition to Ind AS 116)	16.35	0.27	2.17	18.78
Additions during the year	-	-	-	-
(Deletions during the year)	-	-	-	-
Closing Balance as on 31st March 2020	**16.35**	**0.27**	**2.17**	**18.78**
Amortisation	0.24	0.09	0.62	0.95
Additions	-	-	-	-
Amortisation for the year	**0.24**	**0.09**	**0.62**	**0.95**
Closing Balance as on 31st March 2020	**16.11**	**0.18**	**1.55**	**17.83**

The company has generally leased Land, warehouses, equipments and guest houses across the country, the lease period, ranges from 2-99 years, lease terms included for workings is the non-cancellable period and expected lease term.

Company has excercised the option of short term leases and low value asset exemption.

Extension and termination options

Extension options has been included only in case of certain offices were it is certain, rest of the assets the term is limited to non-cancellable period

Payment towards short term leases - Rs. 0.62 Cr

Payment towards low value asset leases - Nil

3. Capital Work-In-Progress

Description	March 31, 2020	March 31, 2019
Capital work in progress (At cost)		
(a) Building	5.19	
(b) Plant & equipment	0.98	1.67
(c) Pre-operative expense	3.70	2.04
Total	**9.87**	**3.70**

Borrowing cost capitalised during the year is Rs.1.73 Crores (last year Rs.3.25 Cr)

Notes to Financial Statements - *(continued)*

Rupees in crores

4. Goodwill & Other Intangible Assets

Description	Goodwill	Software	Total intangible assets
	Intangible Assets		
Gross Carrying Amount			
As at 01-04-2019	2.20	1.46	3.66
Additions	-	0.01	0.01
Sub-total	**2.20**	**1.47**	**3.67**
Sales / deletion	-	-	-
Closing Gross Carrying Amount	**2.20**	**1.47**	**3.67**
Accumulated amortisation			
Upto 31-03-2019	-	0.97	0.97
For the year	-	0.41	0.41
Sub-total	-	1.38	1.38
Withdrawn on assets sold/deleted	-	-	-
Closing accumulated amortization	**-**	**1.38**	**1.38**
Net Carrying Amount			
As at 31-03-2020	**2.20**	**0.09**	**2.29**
Gross Carrying Amount			
As at 01-04-2018	2.20	0.78	2.98
Additions	-	0.68	0.68
Sub-total	2.20	1.46	3.66
Sales / deletion	-	-	-
Closing Gross Carrying Amount	**2.20**	**1.46**	**3.66**
Accumulated amortisation			
Upto 31-03-2018	-	0.58	0.58
For the year	-	0.39	0.39
Sub-total	-	0.97	0.97
Withdrawn on assets sold/deleted	-	-	-
Closing accumulated amortisation	**-**	**0.97**	**0.97**
Net Carrying Amount			
As at 31-03-2019	**2.20**	**0.49**	**2.69**

5. Investments

Sl. No.	Name of the body corporate	Subsidiary / associate	No. of shares / units		Face Value in Rs.	Rupees in crores	
			As at 31-03-2020	As at 31-03-2019		As at 31-03-2020	As at 31-03-2019
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)
(A)	**Investment in Equity Instruments Fair valued through OCI:**						
	Unquoted:						
(i)	Green Infra Wind Energy Theni Limited		3,434,477	3,434,477	10	1.47	1.37
(ii)	Atria wind power (chitradurga) P Ltd		80,948	-	100	0.38	-
(B)	**Investment in Equity Instruments valued at Cost:**						
	Unquoted:						
(i)	Sundaram Holding USA, Inc., Delaware, USA	Subsidiary	47,000,000	38,000,000	1	294.09	251.26
	Total value of Equity Instruments					**295.94**	**252.63**
(C)	**Other non-current Investments**						
(i)	Life Insurance Corporation Pension Policy, Mumbai					0.40	0.36
(ii)	Mutual Fund - SBI growth fund - Quoted					0.01	0.01
	Total value of other non- current Investment					**0.41**	**0.37**
(D)	**Other investments**						
(i)	Harita Accessories LLP					1.07	0.96
	Total value of other investments					**1.07**	**0.96**
	Total					**297.42**	**253.96**
	Aggregate amount of quoted investments and market value thereof					-	-
	Aggregate amount of unquoted investments					297.42	253.96
	Aggregate amount of impairment in value of investments						-
	Total					**297.42**	**253.96**
	(All Investments are fully paid up)					**297.42**	

Notes to Financial Statements - *(continued)*

Rupees in crores

6 Financial Assets - Others	As at March 31, 2020	As at March 31, 2019
Others		
Other deposits	0.52	0.52
Total other financial assets	**0.52**	**0.52**

7 Other non-current assets	As at March 31, 2020	As at March 31, 2019
Capital advances*	28.02	27.23
Advances other than capital advances:		
Electricity Deposit	3.28	2.63
Other Advances:		
Prepayment for Lease	-	9.35
Prepaid Expenses (Refer note 36(7))	2.58	2.71
IT Recoverable - (Advance income tax net of provision)	2.73	1.71
Asset - Employee benefit obligations	-	0.09
Total other non-current assets	**36.61**	**43.72**

*includes an amount of Rs. 26.60 crores towards infrastructure development

8 Inventories	As at March 31, 2020	As at March 31, 2019
Raw materials and components	13.62	13.22
Good in Transit - Raw materials and Components [1]	0.67	2.10
Work-in-process	8.95	3.33
Finished goods	4.86	5.40
Stores and spares	1.04	1.09
Total Inventories	**29.14**	**25.14**

1. Rs. 0.58 Cr (PY Rs. 2.10 Cr)held at bonded warehouse, pledged as security towards customs duty payment.

	As at March 31, 2020	As at March 31, 2019
9 Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	61.15	76.88
Total	61.15	76.88
Less: Loss allowance	0.23	0.08
Total	**60.92**	**76.80**
10 Cash and cash equivalents		
Balances with banks	1.23	1.13
Cash on hand	0.04	0.11
Total cash and cash equivalents	**1.27**	**1.24**
11 Other financial Assets		
Hedge Asset	1.49	0.58
Total other financial assets	**1.49**	**0.58**
12 Other current assets		
GST/IT Receivable	15.17	16.21
Other Advances:		
Prepaid expense (Refer note 36)	3.59	3.60
Prepayment of lease	-	0.10
Advance to suppliers	10.79	13.16
Employee advances	0.28	0.33
Others		
Claims and other receivables	1.78	1.23
Total other current assets	**31.61**	**34.63**

13 SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rs. In Cr	Number	Rs. In Cr
Authorised:				
Equity shares of Rs.10/- each	50,000,000	50.00	50,000,000	50.00
Issued, subscribed and paid up:				
Equity shares of Rs.10/- each	42,174,000	42.17	35,925,000	35.93
Total	**42,174,000**	**42.17**	**35,925,000**	**35.93**

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2020		As at 31-03-2019	
	Number	Rs. In Cr	Number	Rs. In Cr
Shares outstanding at the beginning of the year	35,925,000	35.93	14,550,000	14.55
Shares issued during the year	6,249,000	6.24	21,375,000	21.38
Shares outstanding at the end of the year	**42,174,000**	**42.17**	**35,925,000**	**35.93**

Notes to Financial Statements - *(continued)*

Rupees in crores

(c) (i) Rights and preferences attached to equity share:

Every shareholder is entitled to such rights as to attend and vote at the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company.Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

(ii) There are no restrictions attached to equity shares.

(d) Shares held by holding/ultimate holding/subsidiaries/associates of holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2020		As at 31-03-2019	
		No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited, Chennai and by its six nominees	Equity	42,174,000	100.00	35,925,000	100.00

(e) Shareholders holding more than five percent at the end of the year (other than (d))

Name of shareholder	Class of share	As at 31-03-2020	As at 31-03-2019
		No. of shares held	No. of shares held
		-	-

14. OTHER EQUITY

	As at March 31, 2020	As at March 31, 2019
General reserve	8.05	8.30
Securties premium reserve	273.72	219.98
Retained earnings	81.13	84.15
Total	**362.90**	**312.43**

15.a Long Term Borrowings

Description	Frequency	No. of instalments due	Maturity	As at 31-03-2020	As at 31-03-2019
Secured: Term loan from bank- External commercial borrowings (ECB)	Repayable in 7 equal half-yearly instalments USD 14,28,571 starting 30-Mar-2020	7	28- Mar- 2023	63.94	68.76
Term loan from bank	Repayable in 12 equal Quarterly-yearly instalments INR 8.33 Cr starting June 2020	12	27- June- 2023	75.00	100.00
Term loan from SIPCOT	Repayable in single instalments INR 5.80Cr on April 2029	1	01- April- 2029	2.43	-
Loan from fellow subsidiary	Repayable in 60 equal monthlyinstalments Rs.92093 starting 07-Aug- 2017 (EMI, Includes interest)	60	07-Jul-2022	0.22	0.29
Total Borrowings :				141.59	169.05
Less : Current Maturities of long-term borrowings (Refer Note No. 20)				20.80	10.22
Total Long-term Borrowings				120.79	158.83

Details of securities created:

(i) Term loan from bank- External commercial borrowings -Hypothecation of movable fixed assets
(ii) Term loan from bank -Exclusive charge on land and building and paripasu charge on plant and equipment
(iii) Term loan from SIPCOT- First charge on the specific plant and equipment
(iv) Loan from fellow subsidiary- Endorsement in the RC book of the vehicle

Description	Currency	Amount	Rate of Interest
Term loan from bank- External commercial borrowings	USD	10 Million	3months USD LIBOR + 1.37%
Term loan from bank	INR	75 Crores	8.65% (Link to 1 year MCLR + 35 basis points)
Term loan from SIPCOT	INR	5.80 Crores	0.1% per Annum
Loan from fellow subsidiary	INR	0.36 Crores	IRR 13.08%

Notes to Financial Statements - *(continued)*

Rupees in crores

15.b Note related to transition Ind As 116 and Lease liability

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. The comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 17.

In adopting Ind AS 116, the Company has applied the below practical expedients:

a) The company applied a single discount rate to a portfolio of leases with reasonably similar characteristics

b) The company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets,immediately before the date of initial application as an alternative to performing animpairment review as per Ind AS 36 Impairment of assets

c) The Company has treated the leases with remaining lease term of less than 12 months as "short term leases"

d) The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition

e) The company used hindsight, such as in determining the lease term if the contract containsoptions to extend or terminate the lease.

Effective 1st April 2019, the company has adopted Ind AS 116 "Leases" and applied the Standard to its leases retrospectively and has recognised the effect of the cumulative adjustment (net of taxes) of Rs. 0.29 Crores in the opening balance of retained earnings, on the date of initial application (1st April 2019). Accordingly, comparatives for the period prior has not been restated.

The adoption of the Standard has resulted in recognising "Right-of—Use Asset" of Rs. 2.43 Crores and a corresponding "Lease Liability" of Rs. 2.72 Crores as at the date of initial application.(ie 1st April 2019)

Measurement of lease liabilities

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019	5.48
Weighted average incremental borrowing rate as at 1 April 2019	8.20%
Discounted using the lessee's incremental borrowing rate of at the date of initial application	2.18
Add:	
Lease payments relating to renewal periods not included in operating lease commitments as at 31 March 2019	0.55
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Lease liabilities as at 1 April 2019	2.72
Of which are:	
Current lease liabilities	0.73
Non-current lease liabilities	1.98
	2.72
Lease liability recognised as at 31st March 2020	
Of which are:	
Current lease liabilities	0.38
Non-current lease liabilities	1.60
	1.98

16. NOTES TO FINANCIAL STATEMENTS

Provisions						
Employee benefit obligations	**As at March 31, 2020**			**As at March 31, 2019**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Pension	1.09	1.19	2.28	1.09	0.33	1.42
Leave Salary	0.11	1.25	1.35	0.08	0.95	1.03
Gratuity	-	1.37	1.37	-	-	-
Total employee benefit obligations	**1.19**	**3.80**	**5.00**	**1.17**	**1.28**	**2.45**

Asset						
Employee benefit obligations	**As at March 31, 2020**			**March 31, 2019**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Gratuity	-	-	-	-	0.09	0.09
Total employee benefit obligations	**-**	**-**	**-**	**-**	**0.09**	**0.09**

Notes to Financial Statements - *(continued)*

Rupees in crores

Details	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018									
Opening values	4.18	3.88	(0.30)	1.52	-	(1.52)	1.08	-	(1.08)
Current service cost	0.59	-	(0.59)	0.02		(0.02)	-		-
Interest expense/(income)	0.34	0.32	(0.01)	0.16		(0.16)	0.08		(0.08)
Total amount recognised in profit or loss	**0.93**	**0.32**	**(0.61)**	**0.18**	**-**	**(0.18)**	**0.08**	**-**	**(0.08)**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.39)	(0.39)	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(0.45)	-	0.45	(0.22)	-	0.22	(0.06)	-	0.06
Experience (gains)/losses	(0.32)	(0.00)	0.32	(0.06)	-	0.06	0.20	-	(0.20)
			-			-			-
Total amount recognised in other comprehensive income	**(0.77)**	**(0.39)**	**0.38**	**(0.28)**	**-**	**0.28**	**0.14**	**-**	**(0.14)**
Employer contributions	-	0.62	0.62			-			-
Benefit payments	-	-	-			-	(0.28)		**0.28**
						-			-
March 31, 2019	**4.34**	**4.43**	**0.09**	**1.42**	**-**	**(1.42)**	**1.03**	**-**	**(1.03)**

Details	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019									
Opening values	4.34	4.43	0.09	1.42	-	(1.42)	1.03	-	(1.03)
Current service cost	0.69	-	(0.69)	-	-	-	-		-
Interest expense/(income)	0.35	0.32	(0.03)	0.13	-	(0.13)	0.08		(0.08)
Total amount recognised in profit or loss	**1.04**	**0.32**	**(0.72)**	**0.13**	**-**	**(0.13)**	**0.08**	**-**	**(0.08)**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	0.03	0.03	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	0.53	-	(0.53)	0.32	-	(0.32)	0.11	-	(0.11)
Experience (gains)/losses	0.23	-	(0.23)	0.41	-	(0.41)	0.59	-	(0.59)
			-			-			-
Total amount recognised in other comprehensive income	**0.76**	**0.03**	**(0.74)**	**0.73**	**-**	**(0.73)**	**0.71**	**-**	**(0.71)**
Employer contributions			-						-
Benefit payments	(0.55)	(0.55)					(0.46)		**0.46**
						-			-
March 31, 2020	**5.59**	**4.22**	**(1.37)**	**2.28**	**-**	**(2.28)**	**1.35**	**-**	**(1.35)**

Notes to Financial Statements - *(continued)*

Rupees in crores

(i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	Gratuity		Pension		Leave Salary	
Details	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Discount rate	6.65%	7.71%	7.50%	7.50%	6.64%	7.68%
Inflation		-				-
Salary growth rate	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Pension growth rate						
Attrition rate						

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 60 years.

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Grautity **Impact on defined benefit obligation**

	Change in assumption	Increase in assumption	Decrease in assumption
Details	**March 31, 2020**	**March 31, 2020**	**March 31, 2020**
Discount rate	0.50%	-4.93%	5.39%
	0.50%	5.43%	-5.01%
Salary growth rate			
Attrition growth rate	5.00%	0.16%	-0.16%
Life expectancy	5.00%	0.02%	-0.02%

Pension **Impact on defined benefit obligation**

	Change in assumption		Increase in assumption		Decrease in assumption	
Details	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2020**	**March 31, 2019**
Discount rate	1.00%	1.00%	-16.75%	-16.94%	21.02%	21.25%
	1.00%	1.00%	21.68%	22.09%	-17.44%	-17.75%
Salary growth rate						
Attrition growth rate	5.00%	5.00%	-0.73%	0.00%	0.00%	0.00%
Life expectancy	5.00%	5.00%	0.00%	-0.62%	0.75%	0.64%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(iii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Notes to Financial Statements - *(continued)*

Rupees in crores

17 Deferred tax Liability / (Asset)

The balance comprises temporary differences attributable to:

Details	As at March 31, 2020	As at March 31, 2019
Depreciation	23.01	20.95
Provision for employee benefits	(0.72)	(1.03)
Provision for doubtful debts	(0.08)	(0.03)
On Financial Insturments	(1.91)	(0.71)
Unused MAT credit entitlement	(3.51)	(3.07)
Net deferred tax liability / (Asset)	**16.79**	**16.11**

Movement in deferred tax Liability / (Asset)

Details	Depreciation	Provision for employee benefits	Provision for doubtful debts	Financial Instruments	Unused tax credits (MAT credit entitlement)	Total
At April 1, 2018	17.24	(0.86)	(0.03)	(0.17)	(3.21)	12.96
(Charged)/credited:						
- to profit or loss	3.71	0.04	-	0.37	0.14	4.26
- to other comprehensive income	-	(0.21)	-	(0.90)	-	(1.11)
At March 31, 2019	**20.95**	**(1.03)**	**(0.03)**	**(0.70)**	**(3.07)**	**16.11**
(Charged)/credited:						
- to profit or loss	2.06	(0.36)	(0.05)	(0.00)	(0.44)	1.21
- to other comprehensive income	-	0.67	-	(1.19)	-	(0.52)
At March 31, 2020	**23.01**	**(0.72)**	**(0.08)**	**(1.90)**	**(3.51)**	**16.79**

18 Current Liabilities - Borrowings

	As at March 31, 2020	As at March 31, 2019
Term loan from Banks		
Repayable on demand :		
Unsecured:		
- Bank 1 (Interest @ 9%)	-	10.00
- Bank 2 (Interest @ 8.55%)	10.00	10.00
Secured:		
Cash credit facility - (Interest @ 9.25%)	38.35	24.04
Total Borrowings under Current Liabilities	**48.35**	**44.04**

Details of securities created for Cash credit facility and repayable demand loan:

Hypothecation of book debts and inventories of the company, both present and future

19 Trade payables

Dues to Micro and Small Enterprises **	4.87	4.67
Dues to enterprises other than Micro and Small Enterprises	48.54	56.41
Total trade payables	**53.41**	**61.08**

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information furnished by the vendor. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

20 Other financial liabilities

	As at March 31, 2020	As at March 31, 2019
Current		
Current Maturities of long term borrowings	20.80	10.22
Interest accrued and due #	0.72	0.81
Total other current financial liabilities	**21.52**	**11.03**

Funds are made available with banks which have been appropriated subsequently

21 Other current liabilities

Advance received from customers	34.60	24.07
Others:		
Statutory dues	9.04	14.24
Employee related	2.48	3.35
Total other current liabilities	**46.12**	**41.66**

Notes to Financial Statements - *(continued)*

Rupees in crores

		Year ended March 31, 2020	Year ended March 31, 2019
22	**Revenue from operations**		
	Sale of components	521.14	597.89
	Other operating revenue*	4.60	1.80
	Total revenue	**525.74**	**599.69**
	*Includes Government Grants of Rs.3.37 crores (Last year Nil).		
23	**Other income**		
	Interest income	0.20	0.16
	Profit on sale of Fixed assets (Net)	0.03	-
	Provision for doubtful debts no longer required	-	0.01
	Other non-operating income	3.53	1.30
	Total other income	**3.76**	**1.47**
24	**Cost of Materials consumed:**		
	Opening stock of raw materials and components	13.22	19.03
	Add: Purchases	346.23	400.97
		359.45	420.00
	Less:Closing stock of raw materials and components	13.62	13.22
	Consumption of raw materials and components	**345.83**	**406.78**
	Changes in inventories of finished goods, work-in-process and Stock-in-trade:		
	Opening stock:		
	Work-in-process	6.54	6.05
	Finished goods	5.40	5.18
	(A)	**11.94**	**11.23**
	Closingstock:		
	Work-in-process	8.95	6.54
	Finished goods	4.86	5.40
	(B)	**13.81**	**11.94**
	(A)-(B)	**(1.87)**	**(0.71)**
25	**Employee benefit expense**		
	Salaries, wages and bonus	65.79	65.00
	Contribution to provident and other funds	2.70	2.48
	Welfare expenses	9.29	10.65
	Total employee benefit expense	**77.78**	**78.13**
26	**Finance Costs**		
	Interest	14.75	12.23
	Other borrowing cost	0.27	0.37
	Interest on lease liabilities	0.20	-
	Total finance costs	**15.22**	**12.60**

27	**Other expenses**	Year ended March 31, 2020	Year ended March 31, 2019
	(a) Consumption of stores, spares and tools	2.81	3.76
	(b) Power and fuel	19.27	21.68
	(c) Rent	0.62	1.47
	(d) Repairs - buildings	1.50	1.46
	(e) Repairs - plant and equipment	10.14	10.23
	(f) Repairs - Other assets	0.15	0.15
	(g) Insurance	1.51	0.87
	(h) Rates and taxes	0.40	0.73
	(i) Audit fees	0.24	0.22
	(j) Packing and freight charges	14.90	16.63
	(k) Sitting fees	0.02	0.02
	(l) Commission to independent Directors	0.04	0.12
	(m) Loss on sale of fixed assets (Net)	-	0.17
	(n) Foreign exchange loss (Net)	0.10	-
	(r) Amount Spent towards corporate social responsibility	0.50	0.62
	(s) Miscellaneous/ Other expenses	11.83	11.95
	(Under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakh, whichever is higher)		
	Total other expenses	**64.03**	**70.08**
28	**Income tax expense**		
	(a) Income tax expense		
	Current tax		
	Current tax on profits for the year	0.40	3.83
	Adjustments for current tax of prior periods	(0.07)	(0.05)
	Total current tax expense	**0.33**	**3.78**
	Deferred tax		
	Unused tax (credit) [MAT credit entitlement]	(0.40)	0.14
	Adjustment of unused MAT credit of prior period	(0.04)	-
	Decrease (increase) in deferred tax assets	(0.41)	-
	(Decrease) increase in deferred tax liabilities	2.06	4.12
	Total deferred tax expense/(benefit)	**1.21**	**4.26**
	Income tax expense	**1.54**	**8.04**
	(b) Reconciliation of tax expense and the accounting profit multiplied by Indian tax rate:		
	Profit before income tax expense	6.44	17.37
	Provision for bad debts	0.15	(0.01)
	Ind AS transition adjustment (1/5th)	(0.10)	(0.10)
	Amount of income to which provisions of section 10 or 11 or 12 apply, if any such amount is credited to profit and loss	(2.60)	-
	Ind AS current year OCI adjustment	(1.47)	0.51
		2.42	**17.77**
	Tax at Indian tax rate of 16.692% (2018-19 - 21.548%) (Company paid tax under section 115JB (Minimum Alternate Tax) of the Income Tax Act 1961	**0.40**	**3.83**
	Tax relating to prior periods	(0.07)	(0.05)
	Deferred tax liabilities	1.65	4.12
	MAT Credit entitlements	(0.44)	0.14
	Income tax expense	**1.54**	**8.04**

Notes to Financial Statements - *(continued)*

Rupees in crores

		As at / year ended 31-03-2020	As at / year ended 31-03-2019
29 (a)	**Related parties and their relationship for the financial year 2019-20**		
	Holding company		
	TVS Motor Company Limited, Chennai		
	Ultimate holding company		
	T V Sundram Iyengar & Sons Limited, Madurai		
	Sundaram - Clayton Limited, Chennai		
	Subsidiary		
	Sundaram Holding,USA Inc, Delaware, USA		
	Subsidiaries of subsidiary of reporting entity		
	Green Hills Land Holding LLC, USA		
	Component Equipment Leasing LLC, USA		
	Workspace Project LLC, USA		
	Premier Land Holding LLC, USA		
	Associate		
	Brakes India Private Limited, Chennai		
	TVS Logistics Services Limited, Madurai		
	Delphi-TVS Diesel System Limited, Chennai		
	Harita Accessories LLP, Chennai		
	Fellow subsidiaries		
	Sundaram-Clayton (USA) Limited, USA		
	Lucas-TVS Limited, Chennai		
	TVS Electronics Limited, Chennai		
	Sundaram Industries Private Limited, Madurai		
	TVS Motor Services Limited, Chennai		
	TVS Credit Services Limited, Chennai		
	P.T.TVS Motor Company, Indonesia		
	Group Member		
	Emerald Haven Realty Limited, Chennai		
	(Formerly known as Green Earth Homes Limited)		
	Key Managerial Personnel		
	Independent Directors		
	Mr. R. Ramakrishnan		
	Mr. S. Santhanakrishnan		
	Non Independent Directors		
	Mr. H.Lakshmanan		
	Dr. Lakshmi Venu		
	Mr. CN Prasad		
	Mr. SG Murali		
29 (b)	**Transactions with related parties:**		
(i)	**Purchase of goods**		
	- Holding Company - TVS Motor Company Ltd, Chennai	-	-
	Ultimate Holding Company - T V Sundaram Iyengar & Sons Private Limited, Madurai	0.25	0.06
	- Associate - Brakes India Private Limited, Chennai	0.43	0.56
	- Fellow subsidiaries - Lucas TVS	0.05	0.05
(ii)	**Purchase of Investment**		
	- Sundaram Holdings USA Inc., Delaware, USA	42.82	95.67
(iii)	**Issue of Shares (including premium)**		
	- Holding Company - TVS Motor Company Ltd, Chennai	59.99	-
(iv)	**Sale of goods**		
	- Holding Company - TVS Motor Company Ltd, Chennai	270.63	373.94
	- Fellow Subsidiary - Lucas-TVS Limited, Chennai	1.16	0.16
(v)	**Rendering of services**		
	- Ultimate holding company - Sundaram-Clayton Limited, Chennai	4.15	4.90
	- Group Member - Emerald Haven Reality Limited, Chennai	0.06	0.16
	- Holding company - TVS Motor Company Limited, Chennai	0.12	-
(vi)	**Receiving of services**		
	- Holding company - TVS Motor Company Limited, Chennai	0.79	1.02
	- Ultimate holding company - Sundaram-Clayton Limited, Chennai	3.42	3.47
	- Ultimate holding company - T V Sundaram Iyengar & SonsPrivate Limited	0.07	-
	- Fellow subsidiaries		
	Lucas TVS Limited, Chennai	0.14	0.22
	TVS Electronics Limited, Chennai	0.08	0.07
	TVS Credit Services Limited, Chennai	0.11	0.04
	-Associate - 'TVS Logistics Services Limited, Madurai	-	0.02
	-Associate - "Delphi-TVS Diesel System Limited, Chennai	-	0.13
	Dividend paid - Holding Company - TVS Motor Company Limited, Chennai	2.11	2.34
29 (c)	**Balances with related parties:**		
(vii)	**Trade receivables**		
	- Holding company - TVS Motor Company Limited, Chennai	(0.52)	16.90
	- Ultimate holding company - Sundaram-Clayton Ltd, Chennai	0.63	0.77
	- Fellow subsidiaries		
	Lucas-TVS Limited, Chennai	0.15	0.21
	TVS Motor Services Limited, Chennai	-	0.87
	P.T.TVS Motor Company, Indonesia	-	0.03
	- Group Member - Emerald Haven Reality Limited, Chennai	-	0.03
(viii)	**Trade payables**		
	- Holding company - TVS Motor Company Limited, Chennai	0.05	0.76
	- Ultimate holding company - Sundaram-Clayton Ltd, Chennai	0.72	0.54
	- Fellow subsidiaries		
	Lucas-TVS Limited, Chennai	0.15	0.13
	TVS Motor Services Limited, Chennai	-	-
	TVS Credit Services Limited, Chennai	0.22	0.22
	- Associate		
	Brakes India Private Limited, Chennai	0.03	0.08
	Delphi-TVS Diesel System Limited, Chennai	-	0.05
	TVS Logistics Services Limited, Madurai	-	-
(ix)	**Commission to Key Managerial personnel**	0.06	0.14

NOTES TO ACCOUNTS

Rupees in crores

30 Financial risk management

The company's activities expose it to market risk, liquidity risk and credit risk.
This note explains the sources of risk which the entity is exposed to and how the entity mitigates the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Mitigation plan
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability ofcommitted credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate swaps

The company's risk management is carried out by the treasury department under policies approved by the Board of director. Treasury identifies, evaluates and hedges financial risks in close co-operation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(A) Credit risk

Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banksand financial institutions, as well as credit exposures to wholesale customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed by the entity. For banks and financial institutions, only high rated banks/ institutions are accepted.

For other financial assets, The company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

1 : High-quality assets, negligible credit risk
2 : Quality assets, low credit risk
3 : Standard assets, moderate credit risk
4 : Substandard assets, relatively high credit risk
5 : Low quality assets, very high credit risk
6 : Doubtful assets, credit-impaired

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk The company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are included -

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in The company and changes in the operating results of the borrower.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

(ii) Provision for expected credit losses

The company provides for expected credit loss based on the following:

Year ended 31 March 2020:

(a) Expected credit loss for loans, security deposits and investments

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Security Deposits	1	0.52	-	-	0.52
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA	NA	NA

(b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	60.92	0.23	61.15
Expected loss rate	-	100%	-
Expected credit losses (Loss allowance provision)	-	(0.23)	(0.23)
Carrying amount of trade receivables (net of impairment)	**60.92**	**-**	**60.92**

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

Year ended 31 March 2019:

(a) Expected credit loss for loans, security deposits and investments

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Security Deposits	1	0.52	-	-	0.52
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and credit-impaired	NA	NA	NA	NA	NA	NA

(b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	76.80	0.08	76.88
Expected loss rate	-	100%	
Expected credit losses (Loss allowance provision)	-	(0.08)	(0.08)
Carrying amount of trade receivables (net of impairment)	**76.80**	**-**	**76.80**

(iv) Reconciliation of loss allowance provision – Trade receivables

Details	Amount in Cr.
Loss allowance on 1 April 2019	0.08
Changes in loss allowance (net)	0.15
Loss allowance on 31 March 2020	**0.23**

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the entitys treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Details	31 March, 2020	31 March, 2019
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	6.65	10.96

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an

understanding of the timing of the cash flows.

Particulars	Maturity	31-Mar-20	31-Mar-19
Term loan	> than 12 months	120.79	158.83
Short-term borrowings	< than 12 months	48.35	44.04
Trade payables	< than 12 months	53.41	61.08
Consideration payable for purchase of investment property	< than 12 months	-	-
Current maturities of term loan	< than 12 months	20.80	10.22
Interest accrued and due on loans	< than 12 months	0.72	0.81
Payable under hedge instruments	< than 12 months	-	-
Employee related	< than 12 months	2.48	3.35
Lease rent	> than 12 months	4.55	5.48

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying

balances as the impact of discounting is not significant.

(C) Market risk

(i) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

Thecompanys exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

Details	31 March 2020			31 March 2019		
	USD	EURO	JPY	USD	EURO	JPY
Financial liabilities						
Foreign currency loan	-	-	-	-	-	-
ECB loan from bank	63.94	-	-	68.76	-	-
Trade payables	0.31	0.04	-	6.04	0.07	-
Net exposure to foreign currency risk (liabilities)	**64.25**	**0.04**	**-**	**74.80**	**0.07**	**-**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Details	Impact on profit	
	31 March 2020	31 March 2019
USD sensitivity		
INR/USD Increases by 5%	0.02	0.30
INR/USD Decreases by 5%	(0.02)	(0.30)
JPY sensitivity		
INR/JPY Increases by 5%	-	-
INR/JPY Decreases by 5%	-	-
Euro sensitivity		
INR/USD Increases by 5%	0.00	0.00
INR/USD Decreases by 5%	(0.00)	(0.00)

* Holding all other variables constant

(ii) Cash flow and fair value interest rate risk

The company's main interest rate risk arises from short-term borrowings with variable rates, which expose the company to rate risk.

Interest rate risk exposure

Particulars	31 March 2020	31 March 2019
Variable rate borrowings	69.15	54.26
Fixed rate borrowings	120.79	158.83

Sensitivity analysis

Details	Impact on profit	
	31 March 2020	31 March 2019
Interest rate		
Increases by 5%	0.30	0.23
Decreases by 5%	(0.30)	(0.23)

(D)Impact of hedging activities

Disclosure of effects of hedge accounting on financial position

Type of hedges and risks	Nominal Value of the hedging instruments	Carrying amount hedging instruments	Maturity Date	Hedge Ratio	Weighted Average price	Changes in fair value of hedging instrument
31st March 2020						
Forward Contracts	1.459	1.448	April 2020 to June 2020	1:1	INR/USD Rs.76.63	0.01
Interest rate swaps	64.65	(2.86)	28th March 2018 to 28th March 2023	-	-	(1.67)
Principal Only Swap	64.65	4.35	28th March 2018 to 28th March 2023	-	-	2.57
31st March 2019						
Forward Contracts	2.77	2.74	April 2019 to May 2019	1:1	INR/USD Rs.70.39	0.03
Interest rate swaps	64.65	(1.19)	28th March 2018 to 28th March 2023	-	-	(0.34)
Principal Only Swap	64.65	1.77	28th March 2018 to 28th March 2023	-	-	1.03

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

31 Capital management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns forshareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may vary the amount of dividends payableto shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain a optimum gearing ratio. The gearing ratios were as follows:

Details	March 31, 2020	March 31, 2019
Net debt	188.67	211.85
Total equity	405.07	348.36
Net debt to equity ratio	**46.58%**	**60.81%**

(b) Dividends

	March 31, 2020	March 31, 2019
(i) Equity shares		
First and Final dividends for the year ended 31 March 2020 of	2.11	-
Rs.0.50 per fully paid share		
First and Final dividends for the year ended 31 March 2019 of	-	2.34
Rs.0.65 per fully paid share		
(ii) Dividends not recognised at the end of the reporting period	-	-

32 Fair Value Measurements

Financial instruments by category

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	1.85	-	-	1.37	-
- Others						
Life Insurance Corporation Pension Policy, Mumbai	0.40	-	-	0.36	-	-
Mutual Fund investments	0.01	-	-	0.01	-	-
Deposits	-	-	0.52	-	-	0.52
Trade receivables	-	-	60.92	-	-	76.80
Cash and cash equivalents	-	-	1.27	-	-	1.24
Receivable under hedget instruments	-	1.49	-	-	0.58	-
Total financial assets	**0.41**	**3.34**	**62.71**	**0.37**	**1.95**	**78.56**
Financial liabilities						
Trade payables	-	-	53.41	-	-	61.08
Borrowings	2.43	43.23	123.48	-	58.63	144.24
Other payables - Consideration payable for purchase or investment property	-	-	-	-	-	-
Others						
- Current Maturities of long term borrowings(Term loan)	-	20.71	0.09		10.13	0.09
- Interest accrued		-	0.72		-	0.81
- Employee related	-	-	2.48	-	-	3.35
Total financial liabilities	**2.43**	**63.94**	**180.18**	**-**	**69**	**209.57**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Life Insurance Corporation Pension Policy, Mumbai	5			0.40	0.40
Mutual Fund	5			0.01	0.01
Financial Investments at FVOCI:					
Receivable under hedget instruments	11	-		1.49	1.49
Total financial assets		**-**	**-**	**1.90**	**1.90**
Financial liabilities					
Payable under hedget instruments	20		-	-	-
Total financial liabilities			**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2020	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Others					
Deposits	6			0.52	0.52
Total financial assets		**-**	**-**	**0.52**	**0.52**
Financial Liabilities				-	**-**
Total financial liabilities		**-**	**-**	**-**	**-**

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Life Insurance Corporation Pension Policy, Mumbai	5			0.36	0.36
Mutual fund	5			0.01	0.01
Financial Investments at FVOCI:					
Total financial assets		**-**	**-**	**0.37**	**0.37**
Financial liabilities					
Payable under hedget instruments	20	-	-	-	-
Total financial liabilities		**-**	**-**	**0.00**	**0.00**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Deposits	6			0.52	0.52
Total financial assets		**-**	**-**	**0.52**	**0.52**
Financial Liabilities					
Total financial liabilities		**-**	**-**	**-**	**-**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the fair value of foreign currency option contracts is determined using Black Scholes valuation model.

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted Securities	Pension Assets
As at 1 April 2019	-	0.36
Acquistion/(Disposal)	-	
Gains/losses recognised in profit or loss		0.04
Gains/losses recognised in OCI		
31-Mar-20	-	0.40

Valuation inputs and relationships to fair value

Particulars	Fair value as at			Probability-weighted range		
	31-Mar-20	31-Mar-19	Significant unobservable inputs*	31-Mar-20	31-Mar-19	Sensitivity
Pension Asset	0.40	0.36	Risk adjusted discount rate	7.0%	7%	50 Basis point decrease in discount rate would have increased assets by Rs.0.02 crs and 50 Basis point increase in discount rate has would have decreased the asset by Rs.0.02 Crs

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

(v) Valuation processes

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once in every three months, in line with the group's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities, contingent considerations and indemnification asset used by the group are derived based on the the discount rates that are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset

(vi) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables,deposits, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature and in-significant change in interest rate

33 Business combination

During 2015-16, the company acquired a automobile seat manufacturing business at Nalagarh, Himachal Pradesh. On the purchase of this business, assets and liabilities were recorded at fair values based on a chartered engineer's techinical valuation. Consideration paid in excess of net assets acquired has been treated as Goodwill.

Details	Amount
Land & Building	4.33
Plant & Equipments	4.79
Current Assets	1.28
Sub total (1)	**10.40**
Current Liabilities (2)	(3.60)
Sub total (3)=(1)+(2)	**6.80**
Consideration Paid (4)	9.00
Goodwill (5)=(4)-(3)	**2.20**

Note:

(i) Goodwill is monitored by the management taking in to account the cash generted by the acquired business. As per the management assessment no impairment is warranted as the current level of operations and cash inflows acquired from the business is sufficient to cover the carrying value goodwill and net assets.

(ii) Following are the assumptions used by the management for the said assessment:

Annual Cash Inflow Rs.Crs	5.00
Remaining useful life of the assets No.of Yrs	10
Pre-tax Discount rate%	8%

(iii) Company has assessed a constant net cash inflow of Rs.5 Crores over the next 5 years for the purpose of impairment testing

34 Earnings per share

(a) Basic and diluted earnings per share	**31 March, 2020**	**31 March, 2019**
Basic and diluted earnings per share attributable to the equity holders of the Company	1.27	2.60
(b) Earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share	4.90	9.33
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	38,573,000	35,925,000

35 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

	Year ended 31-03-2020	**Year ended 31-03-2019**
1. The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
(i) Principal (all are within agreed credit period and not due for payment)	4.87	4.67
(ii) Interest (as no amount is overdue)	Nil	Nil
2. The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
4. The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
5. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

36 Revenue from contracts with customers

1 Disaggregated revenue

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under :

Particulars	For the year ended 31-03-2020
A. Type of goods or service	
1. Components	521.14
2. Other operating revenue	4.60
	525.74
B. Timing of recognition of revenue	
1. At a point in time	525.74
2. Over time	
	525.74

2 The operations of the Company relate to only one segment viz., automotive components and tools. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required.

NOTES TO ACCOUNTS - *(continued)*

3 Reconciliation of contracts with customers

The following schedule gives the movement of contract liabilities for the reporting period.

	Particulars	For the year ended 31-03-2020
A.	Contract liabilities at the beginning of the period	4.87
	Add / (Less) :	
	Consideration received during the year as advance	14.29
	Revenue recognized from contract liability	6.16
	Contract liabilities at the end of the period	13.00

i. Payments are received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met the same is recognized asrevenue.

4 <u>Transaction price allocated to the remaining performance obligations</u>

The Company's contracts with customers are short term contracts with performance obligations that has an original expected duration of one year or less. Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

5 <u>Reconciliation of revenue with contract price</u>

	Particulars	For the year ended 31-03-2020
1.	Contract price	525.74
2.	Adjustments :	
	Discounts	-
3.	Revenue from operations as per Statement of Profit and loss	525.74

6 There is no impact on the retained earnings as on the date of adoption of the standard. No effect on any financial statement line item due to application of this standard and there is no requirement to disclose the same

7 Prepaid expenses include the cost of Rs. 3.70 crores incurred by the company towards Mould development for a customer. As per the understanding with the customer this cost is to be recovered over the supply of components to them. The development cost so incurred is used for the mould developed, which is used for producing the components supplied. The mould is the asset of the customer. This cost will be amortized over 6 year period and it will be tested for impairment as per para 101 of Ind AS 115 every year

Category of Asset	Design and development expenses Of Mould
Cost Incurred	3.70
Amortization for the year 2019-20	0.50
Impairment Loss	-
Total	**3.20**
Balance as on 31st March 20:	
Current Asset	0.62
Non-Current Asset	2.58

Rupees in crores

37. Other Disclosures

(i) Contingent liabilities

Details	31st March 2020	31st March 2019
(i) Claims against the company not acknowledged as debt	2.87	0.34
(ii) Other money for which the company is contingently liable on bill discounting with bank	17.96	30.14
Total	**20.83**	**30.48**

The future cash flows on the above items are determinable only on receipt of the decisions / judgments that are pending at various forums / authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

(ii) **Payment to Auditor**

Details	31st March 2020	31st March 2019
Audit fee	0.19	0.17
Taxation matters	0.04	0.04
Certification matters	0.02	0.02
Total	**0.24**	**0.23**
Miscellaneous expenses include travel and stay expenses of auditors	**0.04**	**0.04**

(iii) **Expenditure incurred on Corporate Social Responsibility activities:**

Details	31st March 2020	31st March 2019
(a) Gross amount required to be spent by the company during the year	0.50	0.62
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.50	0.62
Total	**0.50**	**0.62**

(iv) **Consolidated financial statements:**

The reporting entity is the holding company of Sundaram Holdings USA, INC., Delaware The accounts of the above mentioned companies are consolidated by the reporting entities holding company, namely TVS Motor Company limited and also by the reporting entity's ultimate holding company namely Sundaram Clayton Limited, Chennai. Their accounts are not consolidated by the reporting entity

(v) **<u>Segment Reporting:</u>**

The company operates in only one segment namely, manufacturing and selling of automobile parts

NOTES TO ACCOUNTS - *(continued)*

38. The Manufacturing facilities and all offices of the Company were closed on March 23, 2020 following the countrywide lockdown due to COVID 19. The Company has since obtained required permissions and restarted its manufacturing facilities and all offices partially. Based on assessment of the impact of COVID 19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers.

    The Company has considered the possible effects of COVID 19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the company, as at the date of approval of the financial results, has used external and internal sources of information/ indicators to estimate the future performance of the Company. Based on current estimates the Company expects the carrying amount of these assets to be recovered. The impact of the COVID 19 on the Company's financial results may differ from that estimated as at the date of approval of these results.

39. Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification

As per our report annexed

H Lakshmanan Chairman	C N Prasad Director		For V .Sankar Aiyar & Co Chartered Accountants Firm Regn. No. 109208W
Rajesh Oommen Chief Executive Officer	J Ashok Chakravarthi Chief Financial Officer	R G Dinesh Company Secretary	S. Venkataraman Partner Membership No. 023116

Place: Chennai
Date: 18-05-2020

Directors' Report to the Shareholders of the Company

The directors have pleasure in presenting the eleventh annual report on the progress of the Company together with the audited statement of accounts for the year ended 31st March 2020.

1. Financial Results

The highlights of the financial performance of the Company are given below:

(Rs. in lakhs)

Particulars	Year ended 31-03-2020	Year ended 31-03-2019
Revenue from Operations	-	28.62
Other Income	-	101.47
Total	-	**130.09**
Purchases of Stock-in trade	-	27.18
Finance Cost	1088.65	1629.89
Administrative & other expenses	58.21	56.53
Profit / (Loss) before tax	(1146.86)	(1583.51)
Less:		
- Provision for tax		
Add:		
- Deferred Tax Asset	(432.96)	(950.96)
Profit / (Loss) after tax	(713.90)	(632.55)
Other Comprehensive Income (net of tax)		-
Total Comprehensive Income for the year	(713.90)	(632.55)

2. Dividend

The board of directors does not recommend any dividend for the year under consideration, in view of the loss sustained by the Company for the year ended 31st March 2020.

3. Share Capital

During the year under review, the company increased its authorized share capital from Rs.625,00,00,000 (Rupees Six Hundred and Twenty five crores only) to Rs. 675,00,00,000 (Rupees Six Hundred and Seventy five crores only) divided into

i. 6,00,00,000 (Six Crore only) Equity shares of Rs. 10/- (Rupees ten only) each, aggregating to Rs.60,00,00,000 (Rupees Sixty crores only); and

ii. 61,50,00,000 (Sixty one crores Fifty Lakhs only) Non-Cumulative Redeemable Preference shares of Rs. 10/- (Rupees ten only) each, aggregating to Rs.615,00,00,000 (Rupees six hundred and Fifteen crores only)

During the year under review, the board of directors issued and allotted 4,50,00,000 equity shares of Rs.10 each on rights basis to its holding company viz. TVS Motor Company Limited.The paid up capital of the company accordingly stood increased from Rs.8.63 Cr (86,33,814 equity shares of Rs.10/- each) to Rs.53.63 Cr (5,36,33,814 equity shares of Rs.10/- each)

4. Debentures

The Company has bought the Unsecured Redeemable Zero Coupon Debentures of TVS Finance & Services Limited from TVS Credit Services Limited (TVS CS) amounting to Rs.248 Cr redeemable between 7th and 12th year from the date of allotment. This was acquired by the Company from TVS CS in terms of tripartite agreement entered among the company, the subsidiary and TVS F&S. The consideration for acquisition of this investment from the subsidiary was agreed to be settled by the Company in six equal installments of Rs. 41.33 Cr each between the 7th year and the 12th year as per the terms agreed. For meeting the agreed payables, the company raised funds through issue of Secured Non-convertible Redeemable Debentures. The Company has issued 4,50,00,000 8% Secured Non-Convertible Debentures of Rs.10/- each and necessary allotment was made to TVS Motor Foundation on 24.03.2020.

The Company has appointed M/s B. Chandra & Associates, Practising Company Secretaries, Chennai as debenture trustees.

5. Material changes and commitments

The Company was initially the investment SPV of the Company, for funding TVS Credit Services Limited (TVS CS).The National Company Law Tribunal, Chennai (NCLT), on 16th April 2019 approved a Scheme of Arrangement (Scheme) between the Company, TVS CS and their respective shareholders and became effective from 9th May 2019, being the date of filing of the said approved Scheme with the Ministry of Corporate Affairs.

In terms of the said Scheme, the Company redeemed its entire Non-cumulative Redeemable Preference Shares (NCRPS) held by the Company by transferring the investment held by it in TVS CS equity shares in favour of the Company on 6th June 2019.Pursuant to the scheme, the company ceased to be a holding company of TVS Credit Services Limited since 13,47,41,600 equity shares were transferred to TVS Motor Company Limited.The company presently holds 10,90,125 equity shares (0.59%) in TVS Credit Services Limited.

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company. However, the members' attention is drawn to the statement on contingent liabilities, commitments, given in the notes forming part of the financial statements.

7. Internal control systems

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of various laws and regulations.The internal control system is supported by the internal audit process. An internal auditor has been appointed for this purpose. The audit committee of directors will review the internal audit report and the adequacy and effectiveness of internal controls periodically.

The Board is accountable for evaluating and approving the effectiveness of the internal controls, including financial, operational and compliance controls. Company has a proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized and recorded.

8. Risk management

Our risk management framework is well embedded and continually reviewed by the Board. It enables to identify, evaluate and monitor principal risks and where possible, actively manage internal or external risks that could threaten the attainment of the Company targets.

As a process, risks associated with the business are identified and prioritized based on the Company's overall risk appetite, strategy, severity and probability of occurrence.

As a process, the risks associated with the business are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the senior management on a quarterly basis. Process owners are identified for each risk and matrixes are developed for monitoring and reviewing the risk mitigation

The risk function is looked after by a team reporting to the Director & CEO of the Company. The Audit Committee considers both current and emerging risks as part of its oversight of Company's risk management framework. Committee defines emerging risks as those which are on the three-year horizon. The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks.

9. Related Party Transactions

All contracts / arrangements entered by the Company during the financial year with related parties were in the ordinary course of business and at arm's length in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Hence, no particulars are being provided in Form AOC-2. Related Party disclosures, as per the Accounting Standard 18 have been provided in Notes to the financial statements.

10. Directors' responsibility statement

Pursuant to the requirement of Section 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March 2020 on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. Directors

Independent Directors (IDs)

The Board of Directors of the Company comprises of two Independent Directors viz., Mr L Bhadri and Ms Sasikala Varadachari and as required under sub-section 6 of Section 149 of the Act 2013, the Company received necessary declarations from IDs that they meet the criteria of independence as provided therein.

At the Extra ordinary general meeting held on 23rd March 2018, the shareholders approved their re-appointment for the second term effective 31st March 2018 till the conclusion of the Annual General Meeting to be held in 2021 and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and profit related commission, if any, in terms of applicable provisions of the Companies Act 2013, as determined by the board, from time to time.

Separate meeting of Independent Directors (IDs):

During the year under review, a separate meeting of IDs was held on 10th March 2020 and all the Independent Directors were present at the Meeting.

A complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to them to facilitate their review / evaluation through a set of questionnaire.

The IDs were fully kept informed of the Company's activities in all its spheres.

Woman Director

In terms of Section 149 of the Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have a woman Director on its Board.

For the purposes of this rule, a woman director to be on the board if the paid up capital is more than Rs. 100 Cr, as on the last date of latest audited financial statements shall be taken into account. In view of the above, Ms Sasikala Varadachari continues to be on the Board of the Company as an Independent Woman Director.

Directors liable to retire by rotation

In terms of Article 21 of the Articles of Association of the Company, all the directors other than the independent directors, viz., Mr V N Venkatanathan, Mr Arvind Balaji, Mr S G Murali and Mr K N Radhakrishnan, retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Policy on Directors appointment and remuneration of directors, Key Managerial Personnel (KMPs)

In accordance with Section 178 of the Act, 2013 the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that executive directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

Remuneration Policy

Directors:

NRC will recommend the remuneration for executive and non-executive directors. This will be then approved by the board and shareholders. Prior approval of shareholders will be obtained, whenever required, in case of remuneration to non-executive directors.

The non-executive independent directors are appointed to the board of the Company in terms of regulatory requirements.

Key Managerial Personnel:

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee.

The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of senior executives is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

Criteria for Board Membership

Directors:

The Company will generally consider (i) their relevant experience in Finance/ Law/ Management/ Administration/ Research/ Corporate Governance/ Technical Operations or other disciplines related to company's business, (ii) having the highest personal and professional ethics, integrity and values and (iii) their willingness to devote sufficient time and energy in carrying out their duties and responsibilities.

Independent Directors:

Independent Director is a director who has no direct or indirect pecuniary relationship with the Company and or any of its officers. They should meet all criteria specified in Section 149(7) of the Act, 2013 and rules made thereunder.

Number of board meetings held

During the year under review, the board met nine times on 8th April 2019, 29th April 2019, 16th July 2019, 23rd July 2019, 8th August 2019, 13th September 2019, 20th December 2019, 20th February 2020 and 24th March 2020 and the gap between two meetings did not exceed one hundred and twenty days.

Change in Key Managerial Personnel (KMPs)

In lieu of resignation of Mr G Venkatraman as Chief Executive Officer, Mr V Gopalakrishnan as Chief Financial Officer and Mr J Ashwin as Company secretary of the company, the following persons have been designated as Key Managerial Personnel of the Company under Section 203 of the Act, 2013 read with the Rules framed thereunder, based on the recommendations of the Nomination and Remuneration Committee.

Mr V Karunakara Reddy as Chief Executive Officer;Mr S Sridhar as Chief Financial Officer and Mr K S Srinivasan as Company Secretary

Corporate Governance

Audit Committee:

In terms of Section 177 of the Companies Act, 2013 (Act, 2013), the Audit Committee of the Company is required to consist of minimum of three members, with majority of independent directors.

The present committee consists of Mr Arvind Balaji, non-executive and non-independent director, Mr L Bhadri and Ms Sasikala Varadachari, (ID) as its members. Thus, the composition of the audit committee is in accordance with the requirements of the Act and the Committee meets periodically to discuss and review such matters as required under the applicable provisions of the Act, 2013.

Nomination and Remuneration Committee:

In terms of Section 178 of the Act, 2013, the Nomination and Remuneration Committee is required to consist of minimum of three members, of which not less than one-half shall be independent directors.

The Committee consists of Mr Arvind Balaji, non-executive and non-independent director, Mr L Bhadri and Ms Sasikala Varadachari, (ID) as its members.

The Committee has a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of (i) directors; and (ii) key managerial personnel of the Company.

Remuneration criteria to Directors:

All the directors are non-executive directors. They have not received any remuneration from the Company.

Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility Committee consists of the following directors namely, Mr V N Venkatanathan, Mr S G Murali and Mr L Bhadri, as members.

Evaluation of the board, committees and directors

In terms of Section 134 of the Companies Act 2013 and the rules made there-under, the board has carried out evaluation of its own performance and that of its committees and individual directors.

The board discussed and assessed its own composition, size, mix of skills and experience, its meeting sequence effectiveness of discussion, decision making, follow up action, quality of information and the performance and reporting by the various committees. Besides, the board considered both its characteristics and the effectiveness of its performance in carrying out its role and responsibilities in the context of the nature, scope, complexity and risk profile of the Company.

The evaluation of individual directors was made on the following criteria, namely (i) attendance for the meetings, participation and independence during the meetings, (ii) interaction with management, (iii) role and accountability of the board and knowledge and proficiency etc.

The evaluation of each committee, namely audit committee, nomination and remuneration committee (NRC) and Corporate Social Responsibility, were evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against the terms of reference, time spent by the committees in considered matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to function effectively, with full participation by all its members and members of the management.

12. Deposits

The Company has not accepted any deposit from the public within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2020.

13. Auditors

Statutory Auditors

On recommendation of Board of Directors of the Company, members of the Company appointed M/s. Raghavan Chaudhuri & Narayanan., Chartered Accountants, Bengaluru having Firm Registration No. 007761S allotted by the Institute of Chartered Accountants of India as Statutory Auditors of the Company at the 10th Annual General Meeting of the Company for a term of 5 consecutive years i.e. till the conclusion of 15th Annual General Meeting pursuant to Section 139 of the Act, 2013, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 2nd year in the first term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditors

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

As required under Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2019-20, given by Mr T N Sridharan, Practicing Company Secretary, Chennai for auditing the secretarial and related records is attached to this report. The Secretarial Audit Report does not contain any qualification, reservation or other remarks. Mr T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2020-21.

Both the Statutory Auditors Report and Secretarial Audit Report are free from any qualification, reservation or adverse remark or disclaimer, and hence do not warrant any explanation or comments by the board.

14. Disclosures

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

The Company has no activity relating to conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or outgo, in terms of the requirements of Section 134(3) (m) of the Act 2013 read with the Companies (Accounts) Rules 2014.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure – I to this report.

Employee's remuneration:

There is no employee receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence the question of attaching a statement containing the prescribed details of such employees does not arise.

Related Party Transactions:

Particulars of contracts / arrangements with related parties referred to in sub-section (1) of Section 188 of the Act, 2013 are given in notes on accounts for the financial year 2019-20.

Details of loans / guarantees / investments made:

During the year under review, the Company had not granted any loans or guarantees covered under Section 186 of the Act 2013 read with the Companies (Meetings of Board and its powers) Rules, 2014, for the financial year 2019-20. Please refer note no. 4 to Notes on accounts for the financial year 2019-20, for details of investments made by the Company.

Maintenance of cost records:

Pursuant to Section 148(1) of the Companies Act, 2013 cost records are required to be maintained by specified class of Companies whose turnover exceeds 35 Crores during the immediately preceding financial year. Further, companies covered under Table B of Rule 3 to Companies (Cost Records and Audit) Rules, 2014 whose overall annual turnover exceeds 100 Crores are required to get its cost records audited.

The Company's operations do not fall under any of the activities requiring maintenance and subsequent audit of cost records.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has duly constituted an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act 2013.

15. Acknowledgement

The directors wish to thank the shareholders of the Company for their co-operation and support and also place on record their appreciation of the services and assistance rendered by the bankers of the Company.

For and on behalf of the Board

Place: Chennai	V N Venkatanathan	L Bhadri
Date: 27th May 2020	Director	Director
	DIN: 00059273	DIN: 06829886

Annexure - I

Form No. MGT-9

Extract of Annual Return for the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U50404TN2009PLC071075
ii)	Registration Date	:	23.03.2009
iii)	Name of the Company	:	TVS Motor Services Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006. Ph. No: 044 28272233
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, No.29, Haddows Road, Chennai – 600006 Tel: 044 28284959 Email: raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company 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.	Maintenance and Repair of Motor Vehicles	45200	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name	Address of the Company	CIN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act 2013
1.	TVS Motor Company Limited	"Jayalakshmi Estates", No.29, Haddows Road, Chennai–600 006	L35921TN1992PLC022845	Holding Company	Holds 100% in the Company	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2019)				No. of Shares held at the end of the year (as on 31st March 2020)				Change in shareholding during the year
	Demat	Physical	Total %	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.		86,33,814	100	100	-	5,36,33,814	100	100	521.20
Total Shareholding of Promoter (A)		**86,33,814**	**100**	**100**	-	**5,36,33,814**	**100**	**100**	-
B. Public Shareholding		-	-	-	-	-	-	-	
1. Institutions									
Financial Institutions		-	-	-	-	-	-	-	-
Sub-total (B)(1)		-	-	-	-	-	-	-	-
2. Non- Institutions		-	-	-	-	-	-	-	
a) individuals		-	-	-	-	-	-	-	
i) Indian		-	-	-	-	-	-	-	-
Sub-total (B)(2):-		-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)		-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs		-	-	-	-	-	-	-	-
Grand Total (A+B+C)		**86,33,814**	**100**	**100**	-	**5,36,33,814**	**100**	**100**	-

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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.	TVS Motor Company Limited	86,33,814	100	Nil	5,36,33,814	100	Nil	521.20

(iii) Change in Promoters' Shareholding

Particulars	Equity Shareholding at the beginning of the year		Cumulative Equity Shareholding during the year	
	No. of Equity shares	% of total Equity shares of the Company	No. of Equity shares	% of total Equity shares of the Company
TVS Motor Company Limited				
At the beginning of the year	86,33,814		86,33,814	100
Add: Allotment of Shares dt. 08.08.2019	4,50,00,000	-	4,50,00,000	
At the end of the year	5,36,33,814	-	5,36,33,814	100.00

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

Name of the Director / KMP (M/s.)	Opening Balance		% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	(% of the total share capital)		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
V N Venkatanathan*	1	0.00	0.00	1	0.00	1	0
H Lakshmanan*	1	0.00	0.00	1	0.00	1	0.00
R Raja Prakash*	1	0.00	0.00	1	0.00	1	0.00
K S Srinivasan*	1	0.00	0.00	1	0.00	1	0.00
N Srinivasa Ramanujam*	1	0.00	0.00	1	0.00	1	0.00

* Shares held as nominees of TVS Motor Company Limited.

(v) Shareholding of Directors and Key Managerial Personnel: NIL

V. INDEBTEDNESS

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

The Company has not borrowed any amount during the year under review. Hence the furnishing of details relating to Indebtedness does not arise.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

B. Remuneration to other directors: Not Applicable

C. Remuneration to KMP (Chief Executive Officer, Chief Financial Officer and Company Secretary): NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the year.

For and on behalf of the Board

Place : Chennai	V N VENKATANATHAN	L BHADRI
Date : 27th May 2020	Director	Director
	DIN: 00059273	DIN: 06829886

FORM NO.MR-3
SECRETARIAL AUDIT REPORT OF TVS MOTOR SERVICES LIMITED
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
TVS MOTOR SERVICES LIMITED,
No.29, Haddows Road,
Chennai 600 006

CIN: U50404TN2009PLC071075
Authorised Capital:Rs.675,00,00,000/-
Paid up Capital: Rs.53,63,38,140/-

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by TVS MOTOR SERVICES LIMITED, (CIN: U50404TN2009PLC071075 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliance and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2020 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) Since the company is a wholly owned subsidiary of TVS Motor Company Limited, the provisions of Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014 is not applicable to the company. However the company has effected dematerialization of its shares and has complied with the provisions of The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;

iv) As the company has not done any Foreign Direct Investment, or overseas Direct Investment nor availed any External Commercial Borrowings, the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings in not applicable to the company;

v) The Company being unlisted public limited company, the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable viz.

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(i) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(j) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(k) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

vi) The Company has materially complied with laws applicable specifically to the Company.

I have also examined compliance with the applicable clauses of the following:

i) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;

ii) The company being unlisted public limited company, the company is not required to enter into Listing Agreements with any Stock Exchange(s), and hence compliance in relation thereto is not applicable.

From the verification of records and as per the information and explanation furnished to me, during the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that

i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However on perusal of the minutes of the board or audit committee meetings, it was observed that there was no dissenting note made by any of the member.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The company has

i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy' in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;

ii) Constituted the Audit Committee of directors in terms of Section 177 of the Companies Act, 2013;

iii) Constituted Corporate Social Responsibility Committee (CSR) to formulate and recommend to the board a Corporate Social Responsibility Policy, prepare and recommend a list of CSR projects/ programs, which the company plans to undertake. However, since the company has incurred loss during the preceding three financial years, the company is not liable to spend any amount in pursuance of its Corporate Social Responsibility Policy as required under Section 135(4) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the board, may threaten the existence of the company;

v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;

vi) has appointed woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

I further report that from the information and explanations furnished to me, during the audit period

i) the company has in the Extra Ordinary General Meeting held on 5th August, 2019, approved for increase of the authorised share capital from Rs.625 crores to Rs.675 crores comprised of 6,00,00,000 (six crore) equity shares of Rs.10/- each aggregating to Rs.60 crores and 61,50,00,000 Non Cumulative Redeemable Preference Shares of Rs.10/- each aggregating to Rs.615 crores and has complied with the provisions of the Act in relation thereto.

ii) The company has allotted 4,50,00,000 equity shares of Rs.10/- each aggregating to Rs.45 crores on rights basis to TVS Motor Company Limited on 8th August, 2019 and has complied with the provisions of the Act in relation thereto;

iii) The company has allotted 4,50,00,000 8% secured Non-Convertible Debentures (NCD) of Rs.10/- each aggregating to Rs.45 Crores to TVS Motor Foundation, on 24th March, 2020, which was secured in terms of the Debenture Trust Deed as amended from time to time to secure Class A NCD;

iv) In pursuance of the Scheme of Arrangement sanctioned by the National Company Law Tribunal (NCLT), Chennai Bench, Chennai vide its order CP/220/CAA/2018 (the order) dated 16th April, 2019, the company has effected transfer of its investment of 13,36,51,475 Equity shares of Rs.10/- each aggregating to Rs.133,65,14,750/- (One Hundred And Thirty Three Crores, Sixty Five Lakhs Fourteen Thousand Seven Hundred And Fifty Only) in TVS Credit Services Limited, (TVS CS) (Out of the total investment in 13,47,41,600 equity shares of TVS CS held by the company) to TVS Motor Company Limited (TVSM) in consideration for redemption of 61,30,10,000 (Sixty One Crore Thirty Lakhs And Ten Thousand) Non Convertible Redeemable Preference Shares(NCRPS) held by TVSM in the company and accordingly the entire NCRPS so redeemed and all liabilities attached thereto, were cancelled and extinguished. Consequent to this transfer of 13,36,51,475 Equity shares of TVS CS to TVSM, TVS CS ceased to be a subsidiary subsidiary of the company. Besides the above Redemption of preference shares, the company has not done any buyback of securities;

v) The shareholders in the Extra Ordinary General Meeting held on 23rd March, 2020 has passed resolution for authorizing the board of directors for making borrowing under section 180(1)(c) of the Act upto Rs.50 crores and also delegated powers under Section 180(1)(a) of the Act, to secure the borrowings and has complied with the provisions of the Act in relation thereto. Pursuant to the above approval by the shareholders, the company has issued and allotted 4,50,00,000 8% NCDs aggregating to Rs.45 crores to TVS Motor Company Ltd. and that the company has complied with the provisions of the Act in relation thereto.

vi) No Foreign technical collaborations have been entered into during the year under review.

Place: Chennai
Date: 27th May 2020

T.N.SRIDHARAN
Practising Company Secretary
Membership No. FCS 3797
C.P.No.4191

To
The Members
TVS MOTOR SERVICES LIMITED,
No.29, Haddows Road,
Chennai 600 006

CIN: U50404TN2009PLC071075
Authorised Capital:Rs.675,00,00,000/-
Paid up Capital: Rs.53,63,38,140/-

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai
Date: 27th May 2020

T.N.SRIDHARAN
Practising Company Secretary
Membership No. FCS 3797
C.P.No.4191

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the Members of TVS Motor Services Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the financial statements of TVS Motor Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2020, the loss and total comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon.

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter

As described in Note no. 34 to the financial statements, the company has given impact to the opening balance of the retained earnings to account for rectification of error in the prior period, in line with the treatment prescribed in IND AS for the same. Our opinion is not modified in respect of the above matter.

Responsibilities of the Management and Board of Directors, for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law Not Sure or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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 A" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

As required by the 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 our audit.

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

(c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with book of accounts.

(d) In our opinion, the aforesaid financial statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.

(e) On the basis of written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as directors in term of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the renumeration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 the financial position in its financial statements- Refer Note 32 to the financial statements;

ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company.

UDIN	20027716AAAAGD7222

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN: 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716

Place : Bangalore
Date : 27th May 2020

Annexure "A" to Independent Auditors' Report 31st March 2019

(Referred to in our report of even date)

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

b) The fixed assets of the Company consist of land. We are informed by the management that the same has been verified during the year, and no material discrepancies were noticed. In our view the periodicity of such verification is reasonable;

c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties (investment property) are held in the name of the company, except in the case of the Land with a book value of Rs. 5,542 lakhs wherein the Company holds unregistered agreement to sell in its name;

ii) The company is not a manufacturing or a trading company and does not carry any inventory. Hence, clause (ii) to paragraph 3 of the order does not apply here;

iii) During the year, the Company has not granted any loan to a company, firm or other parties covered in the register maintained under section 189 to the Companies act 2013;

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments, as applicable. The company has not provided any guarantees or securities;

v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order is not applicable to the company;

vi) The Central Government has not specified the maintenance of cost records under section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company;

vii) a) According to the information and explanation given to us, and on the basis of our examination of the records of the company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities;

b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax, were is arrears as at 31st March 2020 for a period of more than six months from the date they became payable;

c) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31st March 2020:

Name of State/ Nature of Dues	Period of dues	Amount (in lakhs)	Forum where dispute is pending
Income Tax Act 1961	2011-12	1.06	Commissioner of Income Tax (Appeals)
	2012-13	0.35	
Orissa Entry Tax	2008-09 to 2012-13	2.03	High Court of Orissa - subject to appeal by Commercial Tax department

viii) Based on our verification and according to the information and explanations given by the management, the company has not defaulted in repayment to debenture holders. The company has not borrowed monies from the government, financial institutions or banks;

ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer, or term loans. The monies raised from the issue of debentures have been utilized for the purposes for which they were raised;

x) Based on the audit procedures adopted and the information and explanation given to us, no material frauds by the company or on the company by its officers or were noticed or reported during the year;

xi) In our opinion and according to the information and explanations given to us, no managerial remuneration has been provided for or paid during the year. Hence there is no requirement to report under clause (xi) of The Order;

xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;

xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the act and details of such transactions have been disclosed in Ind AS financial statements as required by the applicable accounting standards;

xiv) According to the information and explanation given to us and in our opinion, the company has made a preferential allotment of shares during the year under review, and the requirements of Section 42 of the Act have been complied with in this regard. The amounts raised have been used for the purpose for which the funds have been raised;

xv) According to the information and explanation given to us and in our opinion, the company has not entered into any non-cash transactions with directors or persons connected with them;

xvi) The company is not required to be registered under section 45-IA of the Reserve Bank Act, 1934.

UDIN	20027716AAAAGD7222

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN: 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716

Place : Bangalore
Date : 27th May 2020

Annexure "B" to Independent Auditors' Report 31st March 2020

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of TVS Motor Services Limited ("the Company"), "Jayalakshmi Estates" No.29 Haddows Road Chennai 600006 , as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's and Board of Directors Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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.

UDIN	20027716AAAAGD7222

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN: 007761S

V. SATHYANARAYANAN
Partner
Membership No. 027716

Place : Bangalore
Date : 27th May 2020

BALANCE SHEET AS AT 31st March 2020

(Rs. In Lakhs)

	Notes	As at Mar 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Investment property	2	9,029.61	9,029.61
Capital work in progress	3	569.75	569.75
Financial assets			
i. Investments	4	1,746.83	120,657.30
Income Tax Assets (Net)	5	1.18	1.18
Other non current assets			
Deferred Tax assets	6	1,083.26	6,180.81
Total non-current assets		**12,430.62**	**136,438.64**
Current assets			
Financial assets			
i. Trade Receivables	7	804.89	804.89
ii. Cash and cash equivalents	8	625.27	292.56
iii. Other receivables	9	6,298.05	6,298.05
Other current assets	10	699.03	693.06
Total current assets		**8,427.23**	**8,088.56**
Total Assets		**20,857.86**	**144,527.20**
Equity and liabilities			
Equity			
Equity share capital	11	5,363.38	863.38
Other Equity			
Share application money pending allotment	12	-	-
Reserves and surplus	13	1,205.26	22,106.99
Other reserves	14	177.91	177.91
Total equity		**6,746.56**	**23,148.28**
Liabilities			
Non-current liabilities			
Financial liabilities			
i. Borrowings	15	4,512.48	104,248.15
ii. Other financial liabilities	16	3,953.04	11,016.40
Total non-current liabilities		**8,465.52**	**115,264.55**
Current liabilities			
Financial liabilities			
i. Borrowing	17	-	4,311.08
ii Trade payables	18	170.44	207.43
iii. Other financial liabilities	19	4,327.70	460.40
Other current liabilities	20	1,147.65	1,135.46
Total current liabilities		**5,645.78**	**6,114.38**
Total liabilities		**14,111.31**	**121,378.93**
Total equity and liabilities		**20,857.86**	**144,527.21**
Significant accounting policies	1		

As per our report of even date
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
ICAI Regn No. FRN 007761S

For and on behalf of the Board

V N Venkatanathan
Director

L Bhadri
Director

V. Sathyanarayanan
Partner
Membership No. 027716

V Karunakara Reddy
Chief Executive Officer

S Sridhar
Chief Financial Officer

K S Srinivasan
Company Secretary

Place: Chennai
Date: 27/05/2020

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2020

(Rs. In Lakhs)

	Notes	1st April 2019 to 31st Mar 2020	1st April 2018 to 31st March 2019
Income			
Revenue from operations	21	-	28.62
Other income	22	-	101.47
Total income		**-**	**130.09**
Expenses			
Purchases of stock-in-trade	23	-	27.18
Finance costs	24	1,088.65	1,629.89
Other expenses	25	58.21	56.53
Total expenses		**1,146.86**	**1,713.60**
Profit/(loss) before tax		**(1,146.86)**	**(1,583.51)**
Income tax expense	26		
Current tax		-	-
Deferred tax		(432.96)	(950.96)
Profit/(loss) for the year		**(713.90)**	**(632.55)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in fair value of FVOCI equity instruments		-	250.73
Income taxes on the above		-	(29.20)
Other comprehensive income for the year, net of tax		**-**	**221.52**
Total comprehensive income for the year		**(713.90)**	**(411.02)**
Significant accounting policies	**1**		
Earnings per equity share (Basic/ diluted earnings per share)	**27**	(1.89)	(7.33)

As per our report of even date
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
ICAI Regn No. FRN 007761S

V. Sathyanarayanan
Partner
Membership No. 027716

Place: Chennai
Date: 27/05/2020

V Karunakara Reddy
Chief Executive Officer

For and on behalf of the Board

V N Venkatanathan
Director

L Bhadri
Director

S Sridhar
Chief Financial Officer

K S Srinivasan
Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2020

(Rs. In Lakhs)

	As at March 31, 2020	As at March 31, 2019
Cash flow from operating activities		
Profit before income tax	(1,146.86)	(1,583.51)
Adjustments for		
Unwinding of discount on security deposits	936.40	1,617.58
Long Term Capital Loss/ gain on Sale of Investments	-	(101.47)
Operating Profit Before Working Capital Changes	**(210.46)**	**(67.41)**
Change in operating assets and liabilities		
(Increase)/decrease in other current assets	(5.96)	(7.53)
Increase/(decrease) in other financial liabilities	(4,169.46)	(4,291.63)
(Increase)/decrease in trade current assets	-	(67.72)
Increase/(decrease) in other current liabilities	12.19	123.41
Cash generated from operations	**(4,373.69)**	**(4,310.88)**
Income taxes paid	-	(2.55)
Net cash inflow from operating activities	**(4,373.69)**	**(4,308.33)**
Cash flows from investing activities		
Investment	5.01	41.96
Net cash outflow from investing activities	**5.01**	**41.96**
Cash flows from financing activities		
Proceeds from issue of Share capital	4,500.00	-
Increase /(Repayment) of Borrowings (Short)	201.38	4,310.07
Net cash inflow (outflow) from financing activities	**4,701.38**	**4,310.07**
Net increase (decrease) in cash and cash equivalents	332.71	43.70
Cash and cash equivalents at the beginning of the financial year	292.56	248.86
Cash and cash equivalents at end of the year	**625.27**	**292.56**

As per our report of even date
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
ICAI Regn No. FRN 007761S

For and on behalf of the Board

V N Venkatanathan
Director

L Bhadri
Director

V. Sathyanarayanan
Partner
Membership No. 027716

V Karunakara Reddy
Chief Executive Officer

S Sridhar
Chief Financial Officer

K S Srinivasan
Company Secretary

Place: Chennai
Date: 27/05/2020

Statement of Changes in Equity

I. Equity Share Capital

(Rs. In Lakhs)

	Notes	Amounts
Balance as at March 31, 2019		**863.38**
Changes in equity share capital during the year	11	**4,500.00**
Balance as at March 31, 2020		**5,363.38**

II) Other equity

	Notes	Reserves and surplus		Other reserves	Total
		Retained earnings	Capital reserve	FVOCI - Equity instruments	
Balance as at March 31, 2018		**22,131.08**	**(24.09)**	**177.91**	**22,284.90**
Impact of rectification of prior period error	34	(20,187.82)			**(20,187.82)**
Balance as at 1st Apr, 2019		**1,943.25**	**(24.09)**	**177.91**	**2,097.07**
Profit for the period	13	(713.90)		-	**(713.90)**
Balance as at March 31, 2020		**1,229.35**	**(24.09)**	**176.02**	**1,381.29**

As per our report of even date
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
ICAI Regn No. FRN 007761S

V. Sathyanarayanan
Partner
Membership No. 027716

Place: Chennai
Date: 27/05/2020

V Karunakara Reddy
Chief Executive Officer

For and on behalf of the Board

V N Venkatanathan
Director

L Bhadri
Director

S Sridhar
Chief Financial Officer

K S Srinivasan
Company Secretary

1. Significant Accounting Policies forming part of Financial Statements

COMPANY BACKGROUND

TVS Motor Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

➢ certain financial assets and liabilities that is measured at fair value;

c. Critical Estimates and judgments

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d. Prior period error

Errors have been made in the previous years in estimates of fair value and eligibility of deferred tax. These errors are such that it is difficult to estimate accurately the period in which the impact has to be considered. As a result, in accordance with Ind AS the accounting of these errors, after quantification, has been reflected in the opening balance for the current year with concomitant impact adjusted in the Opening Reserves and Surplus.

e. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

f. Revenue Recognition

i. Income is recognized as per the terms of contract, on accrual basis.

ii. Dividends are recognised in profit or loss only when the right to receive payment is established.

g. Financial Assets:

1) Classification

The Company classifies its financial assets in the following categories, those to be measured subsequently at

- fair value through other comprehensive income,
- fair value through profit or loss, and
- Measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

2) Measurement:

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

3. Impairment of financial assets:

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for, the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4. De-recognition of financial assets:

A financial asset is derecognised only when:

The Company has transferred the rights to receive cash flows from the financial asset or the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

h. Taxation

i. Provision for current tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

ii. Deferred income tax provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

i. Functional Currency:

Functional and presentation currencies:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest lakhs except where otherwise indicated.

j. Goods and Service Tax Input Credit

Eligible Goods and Service Tax input credit is accounted as receivable when the underlying service is received, as per the Goods and Service Tax Act Rules applicable to Non-Banking Financial activities.

k. Borrowings

Borrowings that are not eligible to be carried under amortised cost model is designated as fair value through profit or loss on initial recognition.

Borrowings are initially recognised at fair value, net of transaction cost incurred. Processing fee on loan borrowed is amortized over the tenor of the respective loan.

Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

l. Borrowings cost:

Borrowing costs are expensed in the period in which they are incurred.

m. Recovery cost:

Recovery cost representing the expenditure incurred in recovery of the outstanding dues are accounted in the year in which the expenditure are incurred.

n. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of the transactions of non cash nature. Deposits which are lien marked with maturity period exceeding 3 months are not treated as cash and cash equivalent for cash flow statement.

o. Earnings Per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

p. Impairment

The carrying amounts of assets are reviewed at each balance sheet date for indication of any impairment based on internal/external factors. An impairment loss is recognized wherever carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the Statement of Profit and Loss. A previously recognized impairment loss is reversed where it no longer exists and the assets are restated to the effect.

q. Operating Cycle

All assets & liabilities are classified as Current and Non-Current based on the operating cycles which have been estimated to be 12 months and which are expected to be realized and settled within a period of 12 months from the date of the Balance sheet.

r. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker

s. Provisions

A provision is recorded when the Company has a present or constructive obligation as a result of present obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

t. Contingent liabilities

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

u. Equity

Equity shares are classified as equity, Distributions to holders of an equity instrument are recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.

v. Business Combination

Business combinations involving entities under common control are accounted for using the pooling of interests method as follows:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

(iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

(v) The identity of the reserves are preserved and the reserves of the transferor becomes the reserves of transferee.

(vi) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Notes to Balance Sheet

(Rs. In Lakhs)

2 Investment Property

Particulars	Gross Value				
	As at 1st April 2019	Additions during the year due to business combination	Additions during the year	Deletions during the year	As at 31st Mar 2020
Land*	9,029.61	-	-	-	9,029.61
Total	**9,029.61**		**-**	**-**	**9,029.61**

Fair Value of the land as at 31/03/2020 Rs.44,601.00 Lakhs (31/03/2019 Rs.44,601.00 Lakhs)

Particulars	Gross Value				
	As at 1st April 2018	Additions during the year due to business combination	Additions during the year	Deletions during the year	As at 31st March 2019
Land*	9,029.61	-	-	-	9,029.61
Total	**9,029.61**		**-**	**-**	**9,029.61**

Fair Value of the land as at 31/03/2019 Rs.44,601.00 Lakhs (31/03/2018 Rs.44,601.00 Lakhs)

*1. A part land is given as security for term loan borrowing of TVS Credit Services Limited .

* 2. Land includes Rs. 5,542 lakhs, whose possession has been taken by Company and supported by Agreement of Sale,Power of Attorney and in respect of which process of registration is in progress.

The company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. The fair values of investment properties have been determined by independent valuers.

	March 31, 2020	March 31, 2019
3 Capital work in progress		
Capital work in progress	569.75	569.75
Total Capital work in progress	**569.75**	**569.75**
4 Investments		
Unquoted		
Investment in equity shares carried at FVOCI		
TVS Credit Services Limited **		
10,90,125 (PY 13,47,41,600) equity shares of Rs.10 each fully paid up	1,406.27	105,654.41
Phi Research Private Ltd	300.70	300.70
Investment Carried at FVTPL	0.00	
Investment in CIG Reality Fund	35.00	35.00
(5,00,000 (PY 5,00,000) units of Rs 10 each)		
Investment in Urban Infra Opportunities Fund	4.85	9.86
(250 (PY 250) units of Rs 1,00,000 each)		
Investment in 6% Preference shares of CBCSL	-	14,657.32
Total Financial Assets-Investments	**1,746.83**	**120,657.30**
Aggregate amount of quoted investments and market value thereof		
Aggregate amount of unquoted investments	1,746.83	120,657.30
Total	**1,746.83**	**120,657.30**

** During 2019-20 the company have transferred 133,651,475 no of equity shares invested in TVS Credit Services Limited to settle the shareholders of Non Cumulative redeemable Preference shares.

	March 31, 2020	March 31, 2019
5 Income Tax Assets (Net)		
Income Tax Assets (Net)	1.18	1.18
Total Other- Income Tax Assets	**1.18**	**1.18**

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

6 Deferred tax Liabilities/(asset)

The balance comprises temporary differences attributable to:		
	March 31, 2020	**March 31, 2019**
Depreciation	-	-
Fair valuation of financial liabilities	272.92	(4,296.59)
Fair valuation of financial asset	116.29	(411.74)
Investment Property	**(1,472.47)**	(1,472.47)
Net deferred tax Liabilities/(asset)	**(1,083.26)**	**(6,180.81)**

Movement in deferred tax assets/(liabilities)		**Investment Property**	**Fair valuation of financial asset**	**Fair valuation of financial liabilities**	**Total**
At March 31, 2019		**(1,472.47)**	**(411.74)**	**(4,296.59)**	**(6,180.81)**
Charged/(credited):					
- to profit or loss		-	-	(432.96)	(432.96)
- to other comprehensive income		-	-	-	-
At Mar 31, 2020		**(1,472.47)**	**116.29**	**272.92**	**(1,083.26)**
Note:- Deferred Tax assets been recognised on certain losses. The company has concluded tax assets will be recoverable against future taxable income.					

		March 31, 2020	**March 31, 2019**
7	**Trade Receivables**		
	Trade Receivables considered good - unsecured	804.89	804.89
	Total Trade Receivables	**804.89**	**804.89**
8	**Cash and cash equivalents**		
	Balances with banks	560.43	226.05
	Cash on Hand	64.84	66.51
	Total cash and cash equivalents	**625.27**	**292.56**

		March 31, 2020	**March 31, 2019**
9	**Other financial assets**		
	Secured		
	Receivable towards sale of property and other assets	6,298.05	6,298.05
	Total Other receivables	**6,298.05**	**6,298.05**
10	**Other Current assets**		
	Balance with GST/ Service Tax Department	699.03	693.06
	Total Other Current assets	**699.03**	**693.06**

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

11 Equity share capital

i) Authorised, issued, subscribed & fully paid equity share capital

	Number of shares	Amount (in Lakh)
53,633,814 nos (Previous year: 8,633,814 nos) of Equity shares of Rs.10 each		
As at 31 March 2019	**8,633,814**	**863.38**
Increase during the year	45,000,000	4,500.00
As at 31 March 2020	**53,633,814**	**5,363.38**

ii) Reconciliation of equity share outstanding at the beginning and end of the year

	Note	Number of shares	Equity share capital (par value)
As at 31 March 2019		**8,633,814**	**863.38**
Add: Addition		45,000,000	4,500.00
As at 31 Mar 2020		**53,633,814**	**5,363.38**

Terms and rights attached to equity shares

Every shareholder is entitled to such rights as to attend the meeting of the shareholders, to receive dividends distributed and also has a right in the residual interest of the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act 2013.

iii) Shares of the company held by holding company at the end of the year

	31-Mar-20		31-Mar-19	
	Shareholding %	Number of shares	Shareholding %	Number of shares
TVS Motor Company Limited	100%	53,633,814	100%	8,633,808

* 6 equity shares of the Company are held by the nominees of the holding company

iv) Details of other shareholders holding more than 5% shares in the company

March 31, 2020	Shareholding percentage	Number of shares	Amount (In Lakhs)
TVS Motor Company Limited	100%	53,633,814	5,363.38
Total		**53,633,814**	**5,363.38**
March 31, 2019	**Shareholding percentage**	**Number of shares**	**Amount (In Lakhs)**
TVS Motor Company Limited	100%	8,633,808	863.38
Total		**8,633,808**	**863.38**

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

		March 31, 2020	March 31, 2019
12	**Share application money pending allotment**		
	Opening balance	-	363.38
	Add : Arising on business combination (Note 34)	-	-
	Less : Allotment of shares		(363.38)
	Closing Balance	-	-
13	**Reserves and surplus**		
	Retained earnings	1,229.35	22,131.08
	Capital reserves	(24.09)	(24.09)
	Total reserves and surplus	**1,205.26**	**22,106.99**
	a) Retained earnings		
	Opening balance	22,131.08	22,763.62
	Net profit for the period	(713.90)	(632.55)
	Less: DTA created for Non Cumulative Redeemable Preference shares	(5,002.48)	
	Less: Loss on Fair valuation of 6% CBCSL Pref Shares (non consideration of Dividend Income)	(14,657.32)	-
	Less: DTA created for Fair valuation of CBCSL Preference shares	(528.03)	-
	Closing balance	**1,229.35**	**22,131.08**
	b) Capital reserve		
	Opening balance	(24.09)	(24.09)
	Add: Arising on business combination (Note 34)	-	-
	Closing balance	**(24.09)**	**(24.09)**

Note

Retained earnings: Company's cumulative earnings since its formation minus the dividends/capitalisation.

Capital Reserve: Gain on common control business combination has been credited to capital reserve

		March 31, 2020	March 31, 2019
14	**Other reserves**		
	FVOCI-Equity Instruments		
	Opening balance	177.91	(43.61)
	Other Comprehensive income (net of tax)	-	221.52
	Closing Balance	177.91	177.91

		March 31, 2020	March 31, 2019
15	**Borrowings**		
	8% Secured Non Convertible Debenture (Nominal Value Rs 10 per unit)	4,512.48	-
	Non Cumulative Redeemable Preference shares **	0.00	104,248.15
	Total borrowings	**4,512.48**	**104,248.15**

** During 2019-20 the company have transferred 133,651,475 no of equity shares invested in TVS Credit Services Limited to settle the shareholders of Non Cumulative redeemable Preference shares.

** During the FY 2016-17, the Company allotted 50 Lacs no of non cumulative redeemable preference shares of Rs.10/- each at par to TVS Motor Company Limited, the existing share holders of the Company, valuing Rs.500 lakhs.The holder of the Preference Shares shall be entitled to redeem the said Preference Shares at a premium of 70% of the face value of the Preference Shares at the end of the 9th year, from the date of allottment of respective lot. The Investors, will have an option, in lieu of the redemption of such Preference Shares held by them in the Company, to have such number of Equity Shares in the Company namely TVS Credit Services Ltd, out of the total shares held by the Company in the said Company, in the same proportion which the investment held by such Preference Share holders in the Company bears to the face value of the total paid up capital of the Company existing at the time of redemption and transfer to such preference share holders in full and final settlement of such redemption.

		March 31, 2020	March 31, 2019
16	**Other financial liabilities**		
	Non- Current		
	Payable towards purchase of Investments (TVSCS)	3,953.04	11,016.40
	Total non current financial liabilities	**3,953.04**	**11,016.40**
17	**Other Financial Liabilities**		
	Borrowings		
	Short term Loan from Others	-	4,311.08
	Total non current financial liabilities	**-**	**4,311.08**
18	**Trade payables**		
	Current		
	Total Outstanding dues of Micro Enterprises and Small Enterprises *	-	-
	Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	170.44	207.43
	Total trade payables	**170.44**	**207.43**

* Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by management. There is no interest due or outstanding on the same.

		March 31, 2020	March 31, 2019
19	**Financial liabilities**		
	Current		
	Payable for purchase of investments and investment property	4,133.33	266.79
	Stale Cheques	54.03	53.28
	Payable Others	140.34	140.34
	Total other current financial liabilities	**4,327.70**	**460.40**
20	**Other current liabilities**		
	Statutory Dues	893.97	894.18
	Advance from customers	66.12	53.72
	- Advance received Chennai Business Consulting Services Ltd.	187.56	187.56
	Total other current liabilities	**1,147.65**	**1,135.46**

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

		1st April 2019 to 31st March 2020	1st April 2018 to 31st March 2019
21	**Revenue from operation**		
	Sale of automobile	-	28.62
	Total revenue from operation	**-**	**28.62**
22	**Other income**		
	Fair Valuation gain on sale of ZCB	-	101.47
	Total other income	**-**	**101.47**
23	**Purchases of stock-in-trade**		
	Automobiles	-	27.18
	Total Purchases of stock-in-trade	**-**	**27.18**
24	**Finance Cost**		
	Other Borrowing Cost	1,088.65	1,629.89
	Total finance cost	**1,088.65**	**1,629.89**
25	**Other expenses**		
	Rates and Taxes	1.11	2.45
	Payment to Auditor* (Refer below note)	6.75	5.75
	Consultancy Fees	49.19	48.05
	Share Transfer Agent Fees	-	0.05
	Other expenses	1.16	0.23
	Total other expenses	**58.21**	**56.53**
	Note 18 (a): Details of payment to auditors		
	Payment to auditors		
	As Statutory auditors	6.00	5.00
	In other capacities		
	Taxation matters	0.75	0.75
	Total payment to auditors	**6.75**	**5.75**
26	**Income tax expense**		
	(a) Income tax expense		
	Current tax	-	-
	Current tax on profits for the year	-	-
	Total current tax expense	**-**	**-**
	Deferred tax		
	Decrease (increase) in deferred tax assets	-	(385.78)
	(Decrease) increase in deferred tax liabilities	(432.96)	(565.18)
	Total deferred tax expense/(benefit)	**(432.96)**	**(950.96)**
	Income tax expense	**(432.96)**	**(950.96)**

		March 31, 2020	March 31, 2019
27	**Earnings per share**		
	(a) Basic and diluted earnings per share		
	Basic and diluted earnings per share attributable to the equity holders of the company (in rupees)	(1.89)	(7.33)
	(b) Reconciliations of earnings used in calculating earnings per share		
	Basic and diluted earnings per share		
	Profit attributable to equity holders of the company used in calculating basic earnings per share (Rs in lakhs)	(713.90)	(632.55)
	(c) Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (in numbers)	378	86

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

28 Fair value measurements

Financial instruments by category

	March 31, 2020			March 31, 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	300.70	-	-	300.70	-
- Other funds	39.85	-	-	44.86	-	-
- Equity share of TVS Credit Services to be transferred					104,248.15	
- Equity share of TVS Credit Services to be retained	-	1,406.27			1,406.26	
- 6% Preference shares	-	-	-	-	-	14,657.32
Trade receivable			804.89			804.89
Cash and cash equivalents	-	-	625.27	-	-	292.56
Receivable towards sale of property	-	-	6,298.05	-	-	6,298.05
Total financial assets	**39.85**	**1,706.97**	**7,728.21**	**44.86**	**105,955.11**	**22,052.82**
Financial liabilities						
Borrowings	-	-	-	104,248.15	-	-
Trade payables	-	-	170.44	-	-	207.43
Payable towards purchase of Investments	-	-	3,953.04	-	-	11,016.40
Other financial liabiity	-	-	4,327.70	-	-	460.40
Total financial liabilities	**-**	**-**	**8,451.18**	**104,248.15**	**-**	**11,684.24**

FVTPL:- Fair Value through Profit and loss

FVOCI:- Fair Value through Other comprehensive Income

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	Notes	At 31 March 2020	At 31 March 2019
Level 3 Measurements			
Financial Assets			
Investments	4	340.55	345.56
Total financial Assets		**340.55**	**345.56**
Financial liabilities			
Borrowings	15	0.00	104,248.15
Total financial liabilities		**0.00**	**104,248.15**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Particulars	Notes	At 31 March 2019	At 31 March 2018
Level 3 Measurements			
Financial assets			
6% Preference shares	4	-	13,771.43
Total financial assets		**-**	**13,771.43**
Financial liabilities			
Payable towards purchase of Investments	16	8,344.68	11,435.13
Total financial liabilities		**8,344.68**	**11,435.13**

(Rs. In Lakhs)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the use of entity specific growth rates and discount rates applicable to the entity
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair value measurements using significant unobservable inputs (level 3)

	Preference shares
As at 1 April 2019	**104,248.15**
Issue/ (redemption)	(104,248.15)
Gains/losses recognised in profit or loss	-
Gains/losses recognised in OCI	-
31-Mar-20	**0.00**

(iv) Valuation inputs and relationships to fair value

	Fair value as at		**Significant unobservable inputs***	**Probability-weighted range for the year end**		**Sensitivity**
Particulars	**31-Mar-20**	**31-Mar-19**		**31-Mar-20**	**31-Mar-19**	
Preference shares	-	104,248.15	a) Earnings growth rate b) Risk adjusted discount rate	-	20-30% 18.32%	If the growth rate increases by 5% and reduction in discount rate by 50bps, the value of preference shares will increase by 2% and vice versa.

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset and Earnings growth factor.

Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data

(Rs. In Lakhs)

(vi) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-20		31-Mar-19	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Zero Coupon bond	-	-	-	-
6% Preference shares	-	-	14,657.32	13,771.43
Cash and cash equivalents	625.27	625.27	292.56	292.56
Receivable towards sale of property	6,298.05	6,298.05	6,298.05	6,298.05
Total financial assets	**6,923.31**	**6,923.31**	**21,247.93**	**20,362.03**
Financial Liabilities				
Trade payables	170.44	170.44	207.43	207.43
Payable towards purchase of Investments	3,953.04	8,344.68	11,016.40	11,435.13
Other financial liability	4,327.70	4,327.70	460.40	460.40
Total financial liabilities	**8,451.18**	**12,842.82**	**11,684.24**	**12,102.97**

The carrying amounts of trade receivables, receivables for sale of property, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

29 Financial risk management

The company's activities expose it to liquidity risk and credit risk.

(A) Credit risk

Credit risk arises from cash and cash equivalents, and receivables for sale of property

(i) Credit risk management

Credit risk is on cash and cash equivalents are managed by depositing in high rated banks/institutions are accepted and company faces negligible credit risk on receivable from sale of property

(B) Liquidity risk

Company is managing liquidity risk by issue of Preference Shares

(i) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

31 March 2020	Less than 3 months	Between 3 Month and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Non-derivatives					
Payable towards purchase of Investments	-	4,133.33	4,133.33	904.12	9,170.78
Trade payables	170.44	-	-	-	170.44
Other financial liabilities	194.37	-	-	-	194.37
Total non-derivative liabilities	**364.81**	**4,133.33**	**4,133.33**	**904.12**	**9,535.59**

31 March 2019	Less than 3 months	Between 3 Month and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Non-derivatives					
Payable towards purchase of Investments	-	4,133.33	4,133.33	4,770.67	13,037.33
Trade payables	207.43	-	-	-	207.43
Other financial liabilities	460.40	-	-	-	460.40
Total non-derivative liabilities	**667.84**	**4,133.33**	**4,133.33**	**4,770.67**	**13,705.17**

(Rs. In Lakhs)

30 Capital management

Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain a optimal gearing ratio. The gearing ratios were as follows:

	March 31, 2020	March 31, 2019
Net debt	4,512.48	104,248.15
Total equity	6,746.56	23,148.28
Net debt to equity ratio	**0.67**	**4.50**

31 Segment information

Description of segments and principal activities

The Company has identified its board of directors as chief operating decision maker (CODM) .They review the entire operations of the entity as one.Hence, the Company has only one operating segment which are all as reflected in the financial statements as at and for the year ended March 31, 2020.

32 Contingent Liabilities not provided for

Particulars	March 31,2020	March 31,2019
Disputed liability relating to Income Tax asst. – matter under appeal, at Commissioner of Income Tax (Appeal) - 11, Chennai.		
for the FY 2011-12	1.06	1.06
for the AY 2012-13	0.35	0.35

33 Related party transactions

(a) Holding Entity

Name of entity

TVS Motor Company Limited (Effective 7th Sep'17), Chennai

(b) Ultimate Holding Entity

Sundaram-Clayton Limited, Chennai

T V Sundaram Iyengar & Sons Private Limited, Madurai

(c) Fellow Subsidiaries involving transactions

Sundaram Auto Components Limited, Chennai

(d) Key management personnel compensation

V Karunakara Reddy, Chief Executive Officer- Nil

S Sridhar, Chief Finance Officer- Nil

(e)Transactions with related parties

The following transactions occurred with related parties:

	March 31, 2020	March 31, 2019
TVS Credit Services Limited		
Repayment towards purchase of investment	4133.33	4,133.33
Interest payable towards purchase of investment	936.4	1,617.58
TVS Motor company Limited		
Issue of Equity shares	4,500.00	363.38

(f) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	March 31, 2020	March 31, 2019
Payables:		
TVS Credit Services Limited	8,086.37	11,283.19

34 Impact of rectification of prior period error

During previous years erroneously Deferred tax assets was created on fair value loss of Non-Cumulative Redeemable Preference shares of Holding company, during the year the said error was rectified through Reserves and Surplus.

During previous year erroneously investment in CBCSL preference shares were fair valued considering fictitious rate of return on investment, during the year the said error was rectified through Reserves and Surplus along with corresponding Deferred tax assets created on the same.

The net impact of Rs. 20,187.82 lakhs has been reduced against the Opening Balance of Reserves and Surplus.

Particulars	Amount in Lakhs
DTA created for Non Cumulative Redeemable Preference shares	(5,002.48)
Loss on Fair valuation of 6% CBCSL Pref Shares (non consideration of Dividend Income)	(14,657.32)
DTA created for Fair valuation of CBCSL Preference shares	(528.03)
Total	(20,187.82)

As per our report of even date
For Raghavan, Chaudhuri & Narayanan
Chartered Accountants
ICAI Regn No. FRN 007761S

V. Sathyanarayanan
Partner
Membership No. 027716

Place: Chennai
Date: 27/05/2020

V Karunakara Reddy
Chief Executive Officer

For and on behalf of the Board

V N Venkatanathan
Director

L Bhadri
Director

S Sridhar
Chief Financial Officer

K S Srinivasan
Company Secretary

The Directors have pleasure in presenting the Twelfth Annual Report and the audited accounts of the Company for the year ended March 31, 2020.

1. BUSINESS AND FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company are given below:

₹ in Cr

Particulars	Year ended	
	31-03-2020	31-03-2019
Revenue from Operations	1,989.64	1,601.32
Other Income	25.04	32.85
Total	**2,014.68**	**1,634.17**
Finance Costs	699.81	557.46
Fees & Commission, Employee benefit, Administrative & other Operating expenses	802.73	661.08
Depreciation and amortisation expenses	20.10	15.22
Impairment and loss on de-recognition of financial instruments	273.73	184.45
Total	**1,796.37**	**1,418.20**
Profit / (Loss) before Tax & Exceptional Item	**218.31**	**215.97**
Less : Exceptional item	8.00	-
Profit / (Loss) before tax	**210.31**	**215.97**
Less: Tax expense		
- Current Tax	60.00	82.39
- Deferred Tax	(0.20)	(14.72)
Profit / (Loss) after tax	**150.51**	**148.30**
Other Comprehensive Income	(17.65)	(0.60)
Total Comprehensive Income	**132.86**	**147.70**
Balance brought forward from previous year	388.35	240.65
Surplus / (Deficit) carried to Balance sheet	**521.21**	**388.35**

Company's Performance

During the year under review, the assets under management stood at ₹9,215 Cr as against ₹8,335 Cr during the previous year registering a growth of 11%. Total income during the financial year 2019-20 increased to ₹2,014.68 Cr from ₹1,634.17 Cr during the financial year, an increase of 23% over the previous year. The profit before tax and exceptional items for the year has also improved and stood at ₹218.31 Cr as against ₹215.97 Cr during the previous year.

Above financial performance are based on Indian Accounting Standards (Ind-AS). The Company has adopted Ind-AS from April 1, 2018 with effective transition date of April 1, 2017 pursuant to MCA notification dated March 31, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by Ministry of Corporate Affairs (MCA) on October 11, 2018.

Key Performances During the Financial Year

The Company disbursed ₹3,223 Cr of Two Wheeler Loans as against ₹3,265 Cr in the previous year, registering a de-growth of 1.3%. The Company continues to be the leading financier for TVS Motor Company Ltd.

The Company disbursed ₹740 Cr of Used Car Loans as against ₹1,123 Cr in the previous year by focusing more on profitable areas.

The Company disbursed ₹1,172 Cr in overall Tractor Loan segment as against ₹832 Cr in the previous year, registering a growth of 41%.

In Consumer Durable Loans, the Company disbursed ₹1,025 Cr to 5.2 lakh customers as against ₹1,046 Cr to 5.3 lakh customers in the previous year.

The Company scaled up its Used Commercial Vehicle finance and disbursed ₹574 Cr during the current year as against ₹268 Cr in the previous year.

The Company also did Cross Selling business to its existing customers to the tune of ₹525 Cr as against ₹479 Cr during the previous year registering a growth of 9.6%.

In line with Company's long term vision of being preferred financier with diversified and profitable portfolios, the Company commenced Medium Small and Micro Enterprises (MSME) financing. The Company has scaled up MSME financing through 5 branches in Tamilnadu and Karnataka in addition to financing through Pan-India alliance programmes and made disbursal of ₹326 Cr during the financial year.

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Outlook

GDP outlook for FY21 is forecasted to be around 1.8% to 1.9% due to sharp contraction of private consumption as a result of large scale loss of income across the economy on account of COVID-19 outbreak. Besides both domestic supply and demand disruptions (on the back of weak external demand) are expected to result in a sharp growth deceleration in FY21.

Current Account Deficit (CAD) outlook for FY21 will be around 0.2% of GDP due to culmination of softer prices of commodity and crude oil. 10 Yr G-sec yield stood at 6.2% as at end Mar'20 as compared to 7.5% as at end Mar'19. Outlook of FY21 will be expected to be higher at 6.5% despite lower inflation and softer policy rates, higher market borrowings amid fiscal slippage will push up yields.

Industry Developments

1. Non-Banking Finance Companies (NBFCs)

The Assets Under Management (AUM) of NBFCs grew by around 6% to 8% translating estimated value of Rs 25.4 trillion. AUM growth was at decadal low in FY20. There is de-growth in both Corporate loan segment and Retail loan segment. Retail loan de-growth was mainly due to demand slowdown in the vehicle segment, which contributes almost 50% to the overall Retail-NBFC AUM. Corporate loan growth shrinkage is due to weaker off take in the small and medium enterprises (SME) segment led to slower growth.

Non-banks largely cater to the self-employed borrower segment in the retail space, where the cash flows are expected to be more volatile in the current situation vis-à-vis their salaried counterparts. Other non-bank (non-retail) exposures are to entities or SMEs with relatively moderate risk profiles, which accentuates their credit risk in the current scenario. The outlook for NBFCs is, therefore, negative at present, as the business growth and all key performance parameters (asset quality, solvency, liquidity and earnings) are expected to weaken over the next 1-2 quarters and recovery in the latter part of the next fiscal would depend on the overall economic turnaround. Non-banks, which are already facing funding constraints and an expected increase in delinquencies, are likely to focus more on collections at least in the near term. Non-bank are turning cautious and tightening lending norms post COVID-19, while reiterating concerns around unsecured retail credit.

2. Two Wheeler

With around 18% year-on-year decline in wholesale dispatches, the domestic Two wheeler industry witnessed the worst volume contraction in more than a decade during FY2020. Over the past 18 months the two-wheeler customer has been facing rising cost of ownership amidst slowing macroeconomic growth and liquidity constraints. Demand headwinds would continue over near term amidst weak global and domestic economic sentiments which have been further aggravated by COVID-19 pandemic. Demand may revive, albeit at muted space, in second half of FY21, supported by pickup in economic activity, agri-trends and availability of BS-VI vehicles, which provides clean and safe mode of mobility. Two wheeler demand largely rural driven may recover at a faster pace than rest of automotive industry.

The demand for personal mobility will increase due to customers' need to ensure personal safety. With the growing aspirations of common man and good financing options being made available, there is fundamental head room for increase in penetration which will lead to increase in demand and growth in coming years

Two wheeler finance is estimated to de-grow by 8% to 10% since affected by unprecedented COVID-19, however the damage can be minimised to some extent because of increase in farm income due to Rabi harvest, improved rural development and availability of attractive financing options.

3. **Passenger Vehicle**

Domestic passenger vehicle (PV) industry is in the grip of slowdown for the last 4-6 quarters, amid slowdown in economy and tighter financing environment. Moreover, inventory destocking at dealerships has taken further toll on wholesale despatches. Impact of COVID-19 on economy and consumers' confidence will result in deferral of discretionary purchases like cars and H1FY21 likely to witness muted retail demand. Recovery in rural income and improvement in overall economic activity remain crucial to have any meaningful improvement in retail demand off take.

Used Car sales are growing at greater than 20% CAGR in last 3 fiscal years mainly due to shorter car replacement cycles and increasing market penetration as more than 60% of used car purchase are by first time buyers. Considering de-growth of new passenger vehicle, lower cost factor, more preference to private transport due to COVID-19, the used car segment will comparatively fair better.

The used car segment is estimated to be bigger (in volume terms) than the new car market. Used car provides with an opportunity for affordable entry into car market and also some down-trading might happen due to the current economic conditions. Low finance penetration in this segment provides an opportunity for growth.

4. **Tractor**

The growth of Tractor declined in FY20, despite normal monsoon, mainly due to higher inventory levels, slowdown in rural construction activities, de-growth in Kharif production. Now Agri tractor demand contributes only 75% and commercial contributes 25%. It is expected that Agri tractor demand contribution will increase to 85% because of increase in crop output. In FY21, the tractor industry is expected to decline by 6%-8% owing to unprecedented COVID-19 crisis; however it is the least affected segment comparatively. Above normal monsoon expectations and healthy reservoir levels should help growth revival.

NBFC credit performance to tractor is expected to be impacted by tepid tractor sales, further accentuated by the base effect of AUM growth in last year. With low rural income growth, low demand in commercial tractor sales, the outlook for FY21 is expected to decline by ~6%. The haulage segment (estimated to be 40-50% of the overall non-bank portfolio) would be affected as the economic activity slows. However, the agri segment would be relatively less impacted.

5. **Consumer Durable**

The consumer durables demand is estimated to decline by around 14-16% in FY21. On the supply side, companies will take some time to streamline the supply chain and manage inventories and are hopeful of revival in demand and opening of outlets with improvement in COVID-19 situation.

The loan disbursals in the consumer durables segment is set to de-grow at a rate of ~10-12% in FY21 owing to COVID-19 and tight credit underwriting norms might get implemented by NBFCs and lower income growth inducing customer to spend lower on discretionary items.

6. **Commercial Vehicle (CV)**

The slowdown in the domestic CV industry, which started from H2 FY2019, has accentuated during FY2020, with volumes contracting by sharp 19%. The segment has been impacted by double whammy of excess capacity along with subdued freight availability, which has suppressed freight rates and kept profitability of fleet operators under pressure. Coupled with tight liquidity in the NBFC space, and expectations of a GST rate cut, fleet operators had deferred their vehicle purchases in the current scenario. In FY2021, CV industry is expected to de-grow by ~14% owing to slump in demand due to COVID-19 and increase in vehicle cost due to BS-VI. The customers will prefer used CV's since the cost of ownership will be lower and the industrial activity is expected to revive gradually. However, sizeable share of older vehicles plying the roads given subdued new CV volumes and regulatory restrictions on age of vehicles will be deterrent.

NBFC credit to new CV segment grew 11% year-on-year (y-o-y) while used CV segment registered a growth of 13% y-o-y. New CV disbursement rate is witnessing a downward trend since Q4 FY2019 as demand has slowed. In FY2021, New CV segment is expected to de-grow by ~15-17%, used CV by ~9-11% and overall ~9-10% owing to impact of COVID-19, lower industrial activity and subdued demand scenario. However, with growth of ecommerce industry and logistics aggregators, there will be increase in demand for SCV, LCV and ICV vehicles.

7. MSME

Currently accounting for 29% of India's GDP, the MSME sector comprises 63.3 million enterprises and employs more than 110 million of India's population across rural and urban areas. The MSME sector has registered a CAGR of around 10% in gross value addition over the last five years.

The COVID-19 impact has been devastating on Indian start-ups and SMEs which were considered the backbone of the Indian economy.

Owing to COVID-19, all the industries are hit tremendously with no activity and it is estimated that it will take atleast six months for everything to get normalised. In such scenarios the credit to MSME sector is estimated to de-grow by ~4% owing to adverse outcomes looming large on the economy and clampdown on economic activity in the past few weeks owing to COVID-19.

Opportunities

Even though NBFCs have been diversifying into various lending segments – niche presence in few specific segments has remained a key success mantra for most NBFCs. Developing suitable innovative products to address B2B requirements and digital lending solutions to SME eco systems will be key focus areas of growth. With increasing presence across geographies, relatively faster turnaround time and adaption of new technology platforms, there is wider scope for NBFCs to improve their retail finance penetrations. Cross-selling of existing products, mining of existing good payment track customers in the current situation and generating fee-based income has also been the emerging opportunities.

Emerging technology driven business models provides good opportunity to transform the lending and underwriting landscape by improving productivity, lowering cost, expansion of target market segment and geographical reach.

To ensure optimum utilisation of available opportunities, the Company will be focusing on :

- Working in close coordination with TVS Motor Company through integration of systems , providing attractive financing schemes and expansion on fast recovering geographies and segments
- Undertaking measures to improve productivity and optimise cost across products
- In Used CV financing, focus will be on SCV, LCV & ICV segments and extending finance to existing customers with proven track record along with tighter credit norms
- Since agri economy is least impacted by COVID-19, expansion to new tractor dealers with better credit will be explored
- High affordability and low risk segment customers for cross-selling
- Focus on current tie-ups and early revival sectors for MSME ecosystem finance along with tightening of credit filters across all sectors

- Leverage digital marketplaces and Fin Tech companies to co-originate MSME loans in the identified sectors

Threats

Due to minimal GDP outlook, NBFC credit growth will decline around 3% to 4% in extremely challenging environment. Underscoring that COVID-19 and its aftermath will affect many businesses, the SME and retail segments will be more affected than the corporate segment. Resumption of timely repayments after moratorium, which only provides near-term respite, remains doubtful, especially for the unorganised segments with limited alternative funding avenues. NPAs are expected to rise 150 bps to 200 bps in FY21 since debt servicing ability of borrowers likely to be hit due to pandemic–led economic slowdown. With low credit growth, challenges in recovery / collections, likely rise in credit cost, weakness in asset quality will adversely affect profitability in FY21.

New Regulatory Framework – Reserve Bank of India

Reserve Bank of India has issued following important guidelines to NBFCs during the year:

- Appointment of Chief Risk Officer (CRO) for NBFCs with asset size of more than ₹50 billion.
- Amending KYC master directions with reference to changes made in Aadhar and Other Laws (amendment) Ordinance, 2019 and amendments made by GOI to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. vide Gazette Notification G.S.R. 108(E) dated February 13, 2019, permitting Video based Customer Identification Process (V-CIP) as a consent based alternate method of establishing the customer's identity, for customer onboarding.
- Prudential Framework for Resolution of Stressed Assets in terms of the provisions of Section 35AA of the Banking Regulation Act, 1949, for initiation of insolvency proceedings against specific borrowers under the Insolvency and Bankruptcy Code, 2016 (IBC).
- NBFCs not to charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).
- Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.
- Restructuring of Advances given to MSME sector subject to certain stipulations.
- Regulatory guidelines on Implementing of Ind AS on finalisation of accounts by NBFCs.
- COVID-19 - Operational and Business Continuity Measures - Steps to be taken by the banks/ financial institutions as a part of their existing operational and business continuity plans for preventing and controlling the local transmission of disease
- COVID-19 - Regulatory Package: Regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses.

Key Initiatives during the Year

1. **Alternative Sourcing models and Network expansion**

The Company is present in 22 States and Union Territories covering more than 3000+ distribution networks. In the drive to improve the service level to its customers, digitize its service offerings and process flows, the Company uses web based platforms, mobile applications and tablets for loan processing and collections. The Company is investing in fintech projects and data analytics which helps in faster primary decision making at the time of customer underwriting and life cycle management thereafter.

The Company implemented the following major technology initiatives through robust IT network systems and point of sale solutions.

- Implemented new process and system for cross-selling Personal Loans to existing customers of Two Wheeler, Used Car & Tractor having good repayment history & good credit bureau score.
- Integration with Customer Service Center (CSC) for sourcing leads for Company's Loans and for receiving payments from customers in rural areas.
- Integration with external partners for Tyre and Fuel Loan requests from their network of users into Company's MSME system
- Developed Alliance Partner Portal for Channel Partner Usage with respect to MSME Loans
- Integration with consumer OEM dealers to source loans and to enable customer repayment tracking
- Straight Through Process for Two Wheeler Loan customers to apply online and obtain soft sanction
- Straight Through Process for Used Car Dealer Partners to check eligibility on behalf of customers

In the Used tractor segment, alternate channels through referral agents were scaled up for demand generation. In-house blue book credit evaluation model has been scaled up for Tractor financing.

2. **Recovery Management**

The Company has implemented tele-calling process based on collection score technique to improve easy self-pay method by the customers. Statistical tools are used extensively to improve predictability in resolutions of delinquent customers and residual management to minimise loss to the Company. Data analytics are being used for allocation of collectibles to the field resulting in cost optimisation and improved productivity. The Company has given alternate payment methods to encourage customers to make cash less payment through payment gateways and tie up with other digital platforms.

The Company simplified the collection updating process and online Hypothecation cancellation form generation by automating through Robotics Process Automation (RPA). The Company also introduced image based Auto Debit mandate registration process for Consumer durable financing to expedite process timelines. Besides, the Company implemented Chatbot & Whatsapp Bot on the Company's website for automating the frequently asked queries at Call center.

3. **Quality**

In the journey towards excellence, the Company continues to focus on quality. The Company carries out periodic assessment of gaps and takes immediate actions to address such identified gaps which have resulted in strengthening the process across the Company. The Company obtained ISO Quality ISO9001/2008 and ISMS 27001:2013 certification in 2017 for all processing hubs and central operations. ISMS 27001:2013 recertification obtained with coverage of all hubs of the Company.

Information Technology

The Company strengthened its security landscape by implementing prioritized cyber security projects focusing on access management, Network Security, Data Protection and Secured Development. Regulatory and Compliance standards were adhered by completing IPv6 migration, applications VAPT and all mobile applications security wrapping. It successfully performed Business Continuity & Disaster Recovery Drills. Implemented the Reserve Bank of India Information Technology framework recommendations for the NBFC sector and ensured compliance to the same.

During COVID-19 period, secured VPN access was provided to users to connect to organizational resources and perform their day to day activities seamlessly. Desktops, Laptops & accessories for Internet connectivity were arranged for the end users in a timely manner to work from home. Calls were redirected to the IT Helpdesk Team directly from the Toll-free number for continuous support to the employees

The Company will continue to focus on data privacy and information security. With growth in business and geographical expansion, the Company is investing in artificial intelligence and machine learning systems to strengthen its internal financial control framework and fraud control systems.

Marketing

The Company has launched the new TVS Credit visual identity in-line with the changing business model and focus. The Company continues to strive to create best in class user experience for its customers and channel partners through digital points like Saathi app, interactive chat bot in the website and conducting NPS and brand health researches. The Company has conducted TVS Credit E.P.I.C. – first campus connect contest which garnered over 10,000 registrations across more than 500 B-Schools and Engineering colleges. The Company also implemented innovative ambient branding across dealerships in order to increase brand visibility and saliency. In partnership with NGO, the Company provided vocational training to customers and their families in Tier 3/Tier 4 towns towards enriching their lives and empowering their aspirations. The Company also increased its engagement with customers through campaigns on social media channels. The Company has won several awards ranging from NBFC Leadership award by eLets, Drivers of Digital Awards by Inkspell Media, Champions of Rural Markets by the Economic Times, and Big 50 CIO Innovators Award by Trescon CIO.

During COVID-19 period, the Company provided:

- Calenderised communication to employees, customers and partners focusing on the following objectives: 1. Awareness Creation, 2. Employee Engagement and 3. Business Continuity.
- Our daily employee communication focused on key elements such as overall guidelines for COVID-19 symptoms, precautions, government guidelines, Work from Home Guidelines, Employee engagement, People Measures, etc.
- In order to ensure maximum reach, the Company used multiple medium such as SMS, mailers, posters , LinkedIn, whatsapp. Guidelines were converted into Visual SOPs in order to ensure ease of understanding for all employees.
- In terms of moratorium-related customer communication, spirit and tonality has been in line with Company's core brand values of Empathy and Pro-activeness.
- For both existing and prospective customers, innovative social media campaigns are being run with tips on continuous learning, ways to reconnect with loved ones during COVID-19 and tips on staying mentally and physically fit during this period.

Human Resources

People remain the most valuable assets of the Company. The Company has developed a robust human resource management framework to maximise employee performance. The Company is professionally managed with senior management team having rich experience and long tenure with the Company. The Company has created succession roadmap to build leadership pipeline and also has undertaken many initiatives to develop organisational leadership and culture. The Company continuously focuses on Talent management and leadership development processes which included development centers, Individual development plan and upskilling programs. The Company uses contemporary technology and automation for recruitment process, training and performance monitoring to improve productivity. The Company has also launched continuous employee recognition and training programs to develop a talented workforce to meet day to day business challenges. The cornerstone of our people strategy is to ensure that talent development, internal mobility, promotion, rewards and performance work in a well synchronised manner to reinforce our values - Nurturing, Innovation and Empowerment. The Company also introduced change management process programme named "Last Mile Connectivity" with objective that the final doer (called Last Mile) of the required action understands the change and is able to execute the required changes confidently. The Company has won an award for better attrition prediction model under the category "Talent Accelator – Future Ready Workforce" at the Digital Transformation Awards 2019.

During COVID-19, the core objectives that drove the Response Action Plan were Awareness creation, Employee Well – Being and Business Continuity. Emergency financial assistance, transport arrangements to medical emergencies, medical assistance for pregnant ladies / elderly parents and children support has been provided to employees Virtual Learning and Recognition played a vital role in keeping the employees engaged and motivated during this period.

The Company duly complied with all the statutory compliances related to employment and labour laws. As on 31st March 2020, the Company had 13,106 employees on its rolls.

Data & Analytics

The Company leveraged machine learning based credit underwriting for Two-wheeler and consumer durable loans. These automated, algorithmic models have improved credit performance and efficiencies. Besides the above, the Company also started machine learning based Intellectual Property development in collections by developing and deploying a series of models that predict propensity to pay for customers in current and overdue status. The Company also deployed an attrition prediction model already noted above. Further, the Company completed the data management and governance assessment to understand areas to strengthen underlying data to further AI and algorithmic deployments. Data lake program has also begun to modernize the analytics data infrastructure. The Company has started a data enrichment program to harness additional data and has created several customer dimensions that are being leveraged in the cross-sell program. The Company added geographic and demographic variables related to COVID-19 to refresh the algorithmic models and fine tune collections and cross-sell programs.

Funding

With equity infusion, participation from NBFCs, banks and financial institutions in the form of Tier 1 (Perpetual Debt Instrument) and Tier 2 capital (Subordinated Debt), the Company has an adequate Capital Adequacy Ratio (CAR) and Prudent Asset Liability Mix (ALM). The CRAR as on 31st March 2020 stood at 17%. As on 31st March 2020, cumulative ALM mismatch (within 1 year Bucket) turned positive around 9% as against accepted mismatch of 15% as per RBI Guidelines.

During the year, the Company has obtained fresh sanctions to the tune of ₹3,450 Cr (including long & short term borrowings) to meet its business requirement. The Company has raised maiden External Commercial Borrowings (ECB) to the tune of ₹635 Cr on fully hedged basis during FY20. In these challenging situations, the Company has taken various initiatives to raise funds at the cost commensurate with its rating by way of funding mix with borrowings from Public sector banks, Private sector banks, Foreign Banks, Financial Institutions, ECB and Capital Markets.

All interest and principal repayments were paid on time. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

With the diversification of business into MSME loans, consumer durable, used commercial vehicles and other segments, the funding programme is managed effectively to meet the business requirements at competitive rates.

Credit Ratings

Facility	Rating
Commercial Paper	CRISIL/ICRA:A1+
Working Capital Demand Loans	CRISIL/BWR:AA-
Cash Credit	CRISIL/BWR:AA-
Term Loans	CRISIL/BWR:AA-
Non-Convertible Debentures-Long-Term	CRISIL:AA-
Perpetual Debt	CRISIL/BWR: A+
Subordinated Debt	CRISIL:AA-

Share Capital

During the year under review, the board of directors issued and allotted 69,76,600 equity shares at a face value of ₹10 per share with premium of ₹119 per share.

The paid up capital of the Company accordingly stood increased from ₹178.20 Cr (17,82,05,700) equity shares of ₹10/- each to ₹185.18 Cr (18,51,82,300) equity shares of ₹10/- each as on 31st March 2020.

Dividend

The Directors have not proposed any dividend for the year under review, as the resources are required for future growth of business of the Company.

Transfer to Statutory Reserves

During the year, ₹30 Crores were transferred to the Statutory Reserve created as required under Section 45-IC of the Reserve Bank of India Act, 1934.

Public Deposits

The Company is a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI) and has not accepted any deposits during the year under review. The Board has also passed a resolution for non-acceptance of deposits from public.

Consolidated Financial Statements

As per SEBI circular dated: 22nd October 2019, Companies, which have listed Commercial Papers, are required to prepare and submit financial results in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, (Listing Regulations).

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

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

The consolidated Profit Before Tax of the Company and its subsidiaries amounted to ₹211.01 Cr for the financial year 2019-20 as compared to ₹216.71 Cr in the previous year.

Subsidiary Companies

The following companies are the subsidiaries of the Company as on 31st March, 2020.

S. No.	Name of the Companies
1.	TVS Two Wheeler Mall Private Limited
2.	TVS Micro Finance Private Limited
3.	Harita ARC Private Limited
4.	Harita Collection Services Private Ltd
5.	TVS Commodity Financial Solutions Pvt Ltd
6.	TVS Housing Finance Private Limited

Performance of Subsidiaries

A report on the performance of the subsidiary companies including the salient features of the financial statements in Form AOC-I is attached and forms part of this Report (Annexure IV).

All the subsidiaries are yet to commence its operations.

Holding Company:

The National Company Law Tribunal, Chennai (NCLT), on 16th April 2019 approved a Scheme of Arrangement (Scheme) between TVS Motor Services Limited (TVSMS), the Company and their respective shareholders and became effective from 9th May 2019, being the date of filing of the said approved Scheme with the Ministry of Corporate Affairs.

In terms of the said scheme, TVSMS redeemed its entire Non-cumulative Redeemable Preference Shares (NCRPS) by transferring the equity shares held by it in the Company to TVS Motor Company Limited.

Post transfer of equity shares of the Company, TVS Motor Company Limited is the holding Company and holds 84% equity shares as on the date of this report.

Corporate Governance

Good corporate governance, acting in accordance with the principles of responsible management which aimed at increasing enterprise value on a sustainable basis, is an essential requirement for the TVS Group.

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on corporate governance is founded on the fundamental ideologies of the group viz., Trust, Value, Exactness and Passion for Customers.

The Company constantly endeavours to improve on these aspects. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the board and committees of the Board.

The Company has experts in banking industry and well informed Board. The Board along with the Corporate Governance mechanism in place undertakes its fiduciary duties to all its stakeholders.

The Company has framed internal Corporate Governance guidelines, in compliance with the Directions issued by RBI for NBFCs, in order to enable adoption of best practices and greater transparency in the business operations. A report on Corporate Governance regarding compliance with the conditions of Corporate Governance as stipulated under RBI guidelines forms part of the Report and is annexed herewith as Annexure V.

Directors

Mr R Ramakrishnan, an independent director (ID) of the Company deceased on 7th July 2019 who served as a Director for more than a decade. He was a person of versatile knowledge and business acumen which helped the Company over a decade to achieve its current growth. The Board placed on record its sincere appreciation for the invaluable contribution and guidance provided by Mr R Ramakrishnan during his tenure as Independent Director of the Company.

As per Regulation 24 of the Listing Regulations, an ID of the holding Company to be a director on the board of its material subsidiary. Hence Mr R Gopalan, ID of TVS Motor Company Limited, the holding Company, was appointed as an ID of the Company on 20th July 2019 in the place of Mr R Ramakrishnan.

During the year under review, Mr B Sriram, a retired banking professional, was appointed as an ID of the Company with effect from 12th October 2019.

The Nomination and Remuneration Committee (NRC) at their respective meetings held on 20th July 2019 and 12th October 2019 recommended the appointment of Mr R Gopalan and Mr B Sriram as IDs of the Company after evaluating their track record, integrity and other fit and proper criteria as laid down under RBI guidelines.

Based on the recommendation of the NRC, the Board being satisfied with their skills, experience and knowledge in the fields of banking finance, management and corporate governance, considered their appointment as IDs of the Company.

The Board also felt that the core skills / expertise / competencies of both IDs would be required for the Company in the context of its business(es) and sector(s) to function effectively.

In terms of the provisions of Section 149 read with Schedule IV to the Act, 2013, the appointment of NE-IDs would require approval of the shareholders of the Company.

Hence, it was proposed to appoint Mr R Gopalan and Mr B Sriram as Additional Directors to hold office upto the date of ensuing AGM. The Company has also received a notice from a member under Section 160 of the Act, 2013, proposing their candidature for the office of IDs of the Company. Hence, the Company is seeking approval of the shareholders for their appointment as IDs, under section 149, 150, 152 read with Schedule IV and all other applicable provisions of the Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, effective from the date of appointment by the board for a term of 5 (five) consecutive years, at the ensuing AGM.

Directors Liable to Retire by Rotation

In terms of Section 152 of the Act 2013, two-third of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting. Mr Venu Srinivasan is Chairman of the Board and he is not liable to retire by rotation as per Articles of Association of the Company.

Mr Sudarshan Venu and Mr T K Balaji, non-executive and non-independent directors, who are liable to retire at the ensuing AGM and being eligible, offers themselves for re-appointment.

The NRC at their meeting held on 27th May 2020 recommended their re-appointment after evaluating their track record, integrity and other fit and proper criteria as laid down under RBI guidelines.

Woman Director

In compliance with Section 149 of the Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Ms Sasikala Varadachari, is the Independent Woman Director of the Company.

Independent Directors

In accordance with Section 149(7) of the Act, 2013, all IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act, 2013 and the Board confirms that they are independent of the management.

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link www.tvscredit.com. All the IDs have registered with the databank of Independent Directors developed by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act, 2013 and obtained ID registration certificate.

Declaration and Undertaking

During the year, as per the directions of RBI on 'Non-banking financial companies – Corporate Governance (Reserve Bank) Directions, 2015, the board obtained necessary annual 'declarations of undertaking' from the directors, in the format prescribed by RBI.

Separate Meeting of IDs

During the year under review, a separate meeting of IDs was held on 10th March 2020. All IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of board, Non-IDs, Chairman and timeliness of flow of information from management.

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

Non-Independent Directors (Non-IDs)

IDs were accomplished with the criteria and methodology and inputs for evaluation of Non-IDs namely, M/s. Venu Srinivasan, Sudarshan Venu, T K Balaji, and K N Radhakrishnan.

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

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

Chairman

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

The IDs also placed on record, their appreciation of Chairman's high level of integrity, trust, confidentiality, impartial & judicious approach, transparency and commitment to governance, setting high standards for the Company; Outstanding ability to motivate the board's involvement and stimulate discussions particularly during a year of diverse challenges and tough state of economy and clear initiatives for staying ahead of competition.

Chairman was also nominated for the "Padma Bhushan" award, the third highest civilian award, and was conferred with the prestigious Deming 'Distinguished Service Award for Dissemination and Promotion Overseas', and becomes the First Industrialist from India to be bestowed this prestigious award for his contributions in the field of Total Quality Management (TQM).

The Deming Prize is the highest award for TQM in the world. Deming 'Distinguished Service Award for Dissemination and Promotion Overseas' is given to individuals who have made outstanding contributions in the dissemination and promotion of TQM and is sponsored by Japanese Union of Scientists and Engineers (JUSE). He is also a key member of Prime Minister council on Trade and Industry.

IDs also recorded the growth story of the Company under the stewardship of Chairman and significant increase in turnover & Profit.

Board

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

The evaluation process focused on Board Dynamics. The Company has a Board with wide range of expertise in all aspects of business and outstanding diversity of the Board with the presence of varied personalities from diverse fields particularly from finance field. The Board upon evaluation concluded that it is well balanced in terms of diversity of experience with expert in each domain viz., Automotive, Leadership / Strategy, Finance, Legal & Regulatory and Governance. The Company endeavours to have a diverse board representing a range of experience at policy-making levels in business and technology.

IDs recorded that they were always kept involved through open and free discussions and provided additional inputs in emerging areas being forayed into by the Company and high levels of Corporate Governance in all management discussion and decisions were maintained.

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

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

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

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

The information provided for the meetings were clear, concise and comprehensive to facilitate detailed discussions and periodic external presentations on specific areas well supplemented the management inputs. The emerging e-technology was duly incorporated in the overall review of the board.

Performance Evaluation of the Board

In terms of Section 134 of the Act, 2013, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually (including Independent Directors).

The evaluation framework for assessing the performance of Directors comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, understanding of industry and global trends, etc.

Evaluation framework based on well-defined and structured questionnaires covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, oversight of Company's subsidiaries, etc., and feedback by way of comments were sought from the Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated.

Qualitative comments and suggestions of Directors were taken into consideration by the Board. The Directors have expressed their satisfaction with the evaluation process.

Policy on appointment and remuneration of Directors, Key Managerial Personnel

In accordance with Section 178 of the Act, 2013 the NRC has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that executive directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for performance evaluation, disclosures on the remuneration of Directors, criteria of making payments to Non-Executive Directors have been disclosed as part of Corporate Governance Report attached herewith.

Key Managerial Personnel

Mr G Venkatraman, Chief Executive Officer, Mr V Gopalakrishnan, Chief Financial Officer and Mr J Ashwin, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

Hence, the Company is fully compliant with the provisions of Section 203 of the Act 2013.

Chief Risk Officer (CRO)

The board at its meeting held on 10th March 2020, appointed Mr S Rammohan as Chief Risk Officer (CRO) of the Company with defined roles and responsibilities, in terms of RBI circular RBI/2018-19/184 DNBR (PD) CC.NO.099/03.10.001/2018-19 dated 16th May 2019.

Statutory Auditors

On recommendation of Board of Directors of the Company, members of the Company appointed M/s. Raghavan Chaudhuri & Narayanan., Chartered Accountants, Bengaluru having Firm Registration No. 007761S allotted by the Institute of Chartered Accountants of India as Statutory Auditors of the Company at the 11th Annual General Meeting of the Company for a term of 5 consecutive years i.e. till the conclusion of 16th Annual General Meeting pursuant to Section 139 of the Act, 2013, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 2nd year in the first term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being Statutory Auditors of the Company for the year 2020-21.

The Auditors' Reports for the financial year 2019-20 do not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

Secretarial Audit

Mr T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2019-20.

As required under Section 204 of the Act, 2013 the Secretarial Audit Report for the year 2019-20, given by him is attached as Annexure VI to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 27th May 2020 have re-appointed Mr T N Sridharan, Practicing Company Secretary, Chennai, as Secretarial Auditor for the financial year 2020-21.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures , if any;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March 2020 on a going concern basis;

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Extract of Annual Return

Pursuant to the provisions of Section 134(3) (a) and Section 92(3) of the Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT- 9 is annexed to this Report. (Annexure I).

Number of Meetings of the Board

The Board met 6 (six) times during the financial year, the details of which are given in the Corporate Governance Report.

Corporate Governance

<u>Board Meetings:</u>

During the year under review, the board met six times on 29th April 2019, 20th July 2019, 12th October 2019, 4th February 2020, 10th March 2020 and 31st March 2020 and the gap between two meetings did not exceed one hundred and twenty days.

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities in accordance with the requirements of the applicable provisions of the Act 2013 / Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions 2015.

The Board has established the following committees viz., Audit Committee: Nomination and Remuneration Committee, Corporate Social Responsibility Committee (CSR), Asset Liability Management Committee (ALCO), Risk Management Committee, Information Technology (IT) Strategy Committee, Senior Management Committee and Credit Sanction Committee.

Details of Composition of Committees, roles and responsibilities and meetings and the members attendance are explained in the Corporate Governance Report attached with this report as Annexure – V.

Nomination and Remuneration Policy

Directors:

NRC will recommend the remuneration for executive and non-executive directors. This will be then approved by the board and shareholders. The non-executive independent directors are appointed to the board of the Company in terms of regulatory requirements.

The board has approved the payment of remuneration by way of profit related commission to the non-executive Independent directors, for the financial year 2019-20, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution was obtained at the seventh annual general meeting held on 29th July 2015, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.

Commission:

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

As approved by the shareholders at the annual general meeting of the Company held on 29th July 2015, Non-executive and Independent Directors are being paid commission, subject to a maximum, as determined by the board, for each such director from the financial year 2015-16. Non Executive Directors (NEDs) devote considerable time in deliberating the operational and other issues of the Company and provide valuable advice in regard to the management of the Company from time to time, and the Company also derives substantial benefit through their expertise and advice.

In view of the increased involvement and participation by such NEDs and having regard to their contribution and involvement in policy issues concerning the Company's operations, the board, on the recommendation of NRC, proposed to seek the authorization of the Shareholders, in terms of Section 197 of the Act, 2013 to continue with the payment of commission to NEDs from 1st April 2020.

The amount of commission for every financial year will be decided by the board.

Key Managerial Personnel :

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

Criteria for Board Membership

Directors:

The Company will generally consider (i) Their relevant experience in Leadership/ Strategy / Finance/ Governance / Legal and Regulatory or other disciplines related to Company's business, and (ii) Having the highest personal and professional ethics, integrity and values.

Independent Directors:

Independent Director is a director who has no direct or indirect pecuniary relationship with the Company and or any of its officers. They should meet all criteria specified in Section 149(7) of the Act 2013 and rules made thereunder.

Related Party Transactions:

All contracts / arrangements entered by the Company during the period ended 31st March 2020 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 of the Act, 2013 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Hence, no particulars are being provided in Form AOC-2. Related Party disclosures, as per Ind AS have been provided in Note No 41.7 to the financial statement.

Risk Management Policy

The Company, being in the business of financing of two wheelers, used cars, new tractors and used tractors, three wheelers, consumer durables, used commercial vehicles and MSME has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk. In order to strengthen risk management, the Company is in the process of developing robust Enterprise Risk Management Framework and risk registers.

Risk assessment reports are periodically placed before the Risk Management Committee and the Asset Liability Management Committee for reviewing and monitoring these risks at periodic intervals.

Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored. Standard Operating Procedures are well documented to ensure enhanced control over processes and regulatory compliance.

Internal Control Systems

The Company's comprehensive and effective internal control system ensures smooth business operations, meticulously recording all transaction details and ensuring regulatory compliance and protecting the Company's assets from loss or misuse.

The Board is accountable for evaluating and approving the effectiveness of the internal controls, including financial, operational and compliance controls.

The internal control system is subject to continuous improvement, with system effectiveness assessed regularly. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the internal controls including its system and processes and compliance with regulations and procedures. Information provided to management is reliable and timely. Company ensures the reliability of financial reporting and compliance with laws and regulations.

Company is strengthening the controls by leveraging technology and centralising processes, enhancing monitoring and maintaining effective tax and treasury strategies.

The Audit Committee continues to monitor the effectiveness of internal control over the use of new technologies that impact the financial controls and reporting enterprise risk.

Internal Audit

As part of the effort to evaluate the effectiveness of the internal control systems, the Company's internal audit function reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

The Company's internal control system is commensurate with its size, nature and operations.

Corporate Social Responsibility initiatives

Pursuant to Section 135 of the Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company at the Board Meeting held on 27th March, 2015 approved a policy on CSR and the policy is hosted on the website of the Company. Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR activities by Srinivasan Services Trust (SST), to a sum of ₹3.80 Cr constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2019-20.

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

Over 24 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development. The Company spent an additional sum of ₹8 Cr by way of contribution to PM CARES fund, which is covered under the CSR provisions of the Act, 2013.

The Company is eligible to spend on their ongoing projects/ programmes, falling within the CSR activities specified under the Act, 2013, as mandated by the MCA for carrying out the CSR activities. As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2019-20 are given by way of Annexure III attached to this Report.

Policy on Vigil Mechanism

The Board has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act, 2013 which provides a formal mechanism for all directors, employees and other stakeholders of the Company, to report to the management their genuine concerns or grievances about unethical behaviour, actual or suspected fraud and any violation of the Company's Code of Business Conduct or Ethics policy.

The policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code of Business Conduct and Ethics. The policy is disclosed on the Company's website in the following link www.tvscredit.com.

Sexual Harassment Policy

Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) (POSH) Act, 2013. The Company has an Internal Complaints Committee as required under POSH.

During the year under review, there were no cases filed pursuant to the provisions of POSH.

Significant and material orders

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

Conservation of energy, technology absorption, foreign exchange earnings and outgo

The Company, being a non-banking finance Company, does not have any manufacturing activity and hence the reporting on "Conservation of Energy and Technology Absorption" does not arise.

Foreign currency expenditure in FY20 is ₹11.29 cr (previous year ₹15.55cr). The Company did not have any foreign exchange earnings.

Material changes and commitments:

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

Employees' remuneration:

Details of Employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure-II. In terms of first proviso to Section 136(1) of the Act, 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company. Certain incentive / performance related payments for the financial year 2019-20 for SMPs have been reduced / deferred on account of COVID-19.

Details of Loans / Guarantees / Investments made

Furnishing the details of investments under Section 186 of the Act, 2013 for the financial year 2019-20 does not arise, since the Company has not made any investment during the year under review.

In terms of Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 NBFC Companies are excluded from the applicability of Section 186 of the Act, 2013, where the loans, guarantees and securities are provided in the ordinary course of its business.

On loans granted to the employees, the Company has charged interest as per its remuneration policy, in compliance with Section 186 of the Act, 2013.

Reporting of Fraud

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

Maintenance of Cost Records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act, 2013 for the business activities carried out by the Company.

ADHERENCE TO RBI NORMS AND STANDARDS

The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy. The capital adequacy ratio of the Company is 17% which is well above the prescribed minimum of 15% by RBI.

As a prudent practice, the Company's current provisioning standards are more stringent than Reserve Bank of India (RBI) prudential norms. In line with its conservative approach, the Company continues to strengthen its provisioning norms beyond the RBI regulation by accelerating the provisioning to an early stage of delinquencies based on past experience and emerging trends. The Company has also complied with direction of RBI with regard to COVID-19 - regulatory package in terms of granting moratorium to eligible customers, asset classification and provisioning requirements.

The Fair Practices Code and KYC norms framed by RBI seek to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the finance Company and foster confidence in the NBFC system.

The Company has put in place all the Committees prescribed by RBI and have formulated a comprehensive Corporate Governance Policy. The Company has instituted a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms, and Investment & Credit policies as approved by the Board of Directors.

ACKNOWLEDGEMENT

The Directors gratefully acknowledge the continued support and co-operation received from the holding Company, namely TVS Motor Company Limited and other investors. The Directors thank the bankers, investing institutions, customers, dealers of TVS Motor Company Limited and Tractors and Farm Equipment Limited and all channel partners for their valuable support and assistance.

The directors wish to place on record their appreciation of the very good work done by all the employees of the Company during the year under review.

For and on behalf of the Board of Directors

Place: Chennai
Date: 27th May 2020

Venu Srinivasan
Chairman

TVS CREDIT

Annexure - I to Directors' Report to the shareholders

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65920TN2008PLC069758
ii)	Registration Date	:	05.11.2008
iii)	Name of the Company	:	TVS Credit Services Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai – 600 006 Ph. No: 044 28232115 E mail : corpsec@scl.co.in Website: www.tvscredit.com
vi)	Whether listed Company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, No. 29 (Old No. 8), Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959 Fax : 044 - 2825 7121

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	Retail Financial Services	65921	99%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.No.	Name and Address of the Company	Registered Office	CIN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act 2013
1.	TVS Motor Company Limited	"Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam Chennai – 600 006	L35921TN1992PLC022845	Holding Company	Holds 83.95% in the Company	2(46)
2.	TVS Two Wheeler Mall Private Limited	"Jayalakshmi Estates", No.29, Haddows Road, Chennai–600 006	U65923TN2017PTC118211	Subsidiary Company	Holds 100%	2(87)
3.	TVS Micro Finance Private Limited		U65929TN2017PTC118238			
4.	Harita ARC Private Limited		U65999TN2017PTC118296			
5.	Harita Collection Services Private Limited		U65100TN2017PTC118290			
6.	TVS Commodity Financial Solutions Private Limited		U65929TN2017PTC118316			
7.	TVS Housing Finance Private Limited		U65999TN2017PTC118512			

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2019)				No. of Shares held at the end of the year (as on 31st March 2020)				Change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.	15,30,71,353	-	15,30,71,353	85.90	15,65,59,653	-	15,65,59,653	84.54	(1.35)
Total Shareholding of Promoter (A)	15,30,71,353	-	15,30,71,353	85.90	15,65,59,653	-	15,65,59,653	84.54	(1.35)
B. Public Shareholding									
1. Institutions									
Financial Institutions		50,00,000	50,00,000	2.80	-	50,00,000	50,00,000	2.70	(0.11)
Sub-total (B)(1)		50,00,000	50,00,000	2.80	-	50,00,000	50,00,000	2.70	(0.11)
2. Non- Institutions									
a) Bodies Corp.									
i) Indian		2,01,34,347	2,01,34,347	11.30	-	2,36,22,647	2,36,22,647	12.76	1.46
Sub-total (B)(2):-		2,01,34,347	2,01,34,347	11.30	-	2,36,22,647	2,36,22,647	12.76	1.46
Total Public Shareholding (B)=(B)(1)+ (B)(2)		2,51,34,347	2,51,34,347	14.10	-	2,86,22,647	2,86,22,647	15.46	1.35
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	15,30,71,353	2,51,34,347	**17,82,05,700**	**100.00**	15,65,59,653	2,86,22,647	**18,51,82,300**	**100.00**	-

(ii) Shareholding of Promoters

Name of the Promoter	Opening Balance (% of the total share capital) As on 1st April 2019	Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance as on 31st March 2020	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Sundaram-Clayton Limited	21,80,250 (1.33)	-	-	-		-	-	21,80,250	1.18
TVS Motor Services Limited (TVS MS)	13,47,41,600 (75.61)	06.06.2019	Transfer of shares to TVSM	13,36,51,475	-	-	-	10,90,125	0.59
TVS Motor Company Limited (TVSM)	1,83,29,753 (10.29)	06.06.2019	Transfer of shares from TVSMS	13,36,51,475	75.00	15,19,81,228	85.28	15,54,69,528	83.95
		12.10.2019	Allotment	34,88,300	1.88	15,54,69,528	85.57		

(iii) Change in Promoters' Shareholding

Name of the Promoter	Opening Balance		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	% of the total share capital					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Company Limited	1,83,29,753	10.29	06.06.2019	Transfer of shares from TVSMS	13,36,51,475	75.00	151,981,228	85.28	15,54,69,528	83.95
			12.10.2019	Allotment	34,88,300	1.88	15,54,69,528	85.57		

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, promoters, Holders of GDRs & ADRs):

Name of the Shareholder	Opening Balance		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	Closing Balance	
	No. of shares	(% of the total share capital)				No. of shares	% of total shares of the Company
Lucas-TVS Limited	1,13,37,297	6.93	-	-	-	1,13,37,297	6.12
Housing Development Finance Corporation Limited	50,00,000	3.89	-	-	-	50,00,000	2.70
Phi Research Private Limited	35,00,000	2.10	-	-	-	35,00,000	1.89
Phi Capital Services LLP	31,16,800	1.87	-	-	-	31,16,800	1.68
TVS Motor Foundation	-	-	29.06.2019	Allotment	34,88,300	34,88,300	1.88

(v) Shareholding of Directors and Key Managerial Personnel: NIL

TVS CREDIT

V. INDEBTEDNESS

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

(₹ in Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	6045.56	1272.20	7317.76
ii) Interest accrued but not due	7.37	6.35	13.72
Total (i+ii)	**6052.93**	**1278.55**	**7331.48**
Change in Indebtedness during the financial year			
• Addition	3511.89	154.26	3666.16
• Reduction	2373.06	27.42	2400.47
Net Change	**1138.84**	**126.85**	**1265.69**
Indebtedness at the end of the financial year			
i) Principal Amount	7160.60	1398.96	8559.56
ii) Interest accrued but not due	31.17	6.43	37.60
Total (i+ii)	**7191.77**	**1405.39**	**8597.17**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Director and/or Manager: Not Applicable

B. Remuneration to other directors:

Sl.No.	Particulars of Remuneration	Name of Directors					Total Amount (in ₹)
		RK*	VSR	SKV	RG$	BS#	
1.	Independent Directors						
	Fee for attending board / committee meetings	80,000	1,60,000	1,50,000	90,000	1,10,000	5,90,000
	Commission	3,18,936	12,00,000	12,00,00	8,38,440	5,62,248	41,19,624
	Others						
	Total (1)	3,98,936	13,60,000	13,50,000	9,28,440	6,72,248	47,09,624
		VS	SV	KNR	TKB		Total Amount (in ₹)
2.	Other Non–Executive Directors						
	Fee for attending board / committee meetings	60,000	1,10,000	1,70,000	30,000		3,70,000
	Commission	-	-	-	-		-
	Others						
	Total (2)	60,000	1,10,000	1,70,000	30,000		3,70,000
	Total Remuneration (1)+(2)						50,79,624
	Overall Ceiling as per the Act	₹613 lakhs					

RK - Mr R Ramakrishnan; VSR – Mr V Srinivasa Rangan; SKV – Ms Sasikala Varadachari; RG– Mr R Gopalan; BS – Mr B Sriram; VS – Mr Venu Srinivasan; TKB – Mr T K Balaji; SV – Mr Sudarshan Venu; KNR – Mr K N Radhakrishnan.

* paid for the period from 1st April 2019 to 7th July 2019.

$ was appointed as an Independent Director w.e.f 20th July 2019.

was appointed as an Independent Director w.e.f 12th October 2019.

C. Remuneration to KMP:

(₹ in lakhs)

S.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	393.60	130.40	10.17	534.17
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	0.10	-	0.10
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-
5.	Others, Contribution to Provident and other funds	12.03	4.66	-	16.69
	Total	**405.63**	**135.16**	**10.17**	**550.96**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Not Applicable

For and on behalf of the Board of Directors

Place: Chennai
Date: 27th May 2020

Venu Srinivasan
Chairman

Annexure - III to Directors' Report to the shareholders

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

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

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

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

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

   Web-link to the CSR policy and projects or programmes - https://www.tvscredit.com/investors/rbi-compliance

3. Composition of the CSR Committee.

S.No.	Name of the Director (M/s.)	Designation	Status
1.	Venu Srinivasan	Non-Independent director	Chairman
2.	R Gopalan*	Independent Director	Member
3.	K N Radhakrishnan	Non-Independent director	Member

*with effect from 20th July 2019

5. Average net profit of the Company for last three financial years - ₹ 186.59 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) - ₹ 3.80 Cr

7. Details of CSR spent during the financial year

   (a) Total amount spent for the financial year - ₹11.80 Cr (including ₹8 Cr spent towards PM Cares fund)

   (b) Amount unspent, if any - Not Applicable

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

1.	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No: 044-28332115 Mail ID: swaran@tvssst.org	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES)
2.	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act 2013	(i) Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; (ii) Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; (iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and (v) rural development projects	• Undertaking and supporting relief or assistance of any kind relating to a public health emergency or any other kind of emergency, calamity or distress, either man-made or natural, including the creation or upgradation of healthcare or pharmaceutical facilities, other necessary infrastructure, funding relevant research or any other type of support. • Rendering financial assistance, provide grants of payments of money to the affected population.
3.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure	Citizen Assistance and Relief in Emergency Situations
4.	Local Area / Others:	• Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills • Mysuru and Chamrajanagar • Himachal Pradesh	Being a trust, established by the Central Government, the area of activity is not limited to a particular area and covers the whole of India.
	State & district:	- Tamil Nadu: Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts - Karnataka : Mysuru, Bengaluru Urban, and Chamrajanagar districts - Himachal Pradesh : Solan district	
	Amount outlay (budget) project or program-wise:	₹2100 Lakhs	
5.	Amount spent on the projects or programmes:	₹766 lakhs (including contribution of the Company - ₹380 lakhs)	₹800 lakhs

6.	Sub-heads:		Not Applicable
	Direct expenses on projects / programs:	₹2008 Lakhs (including contribution of the Company of ₹380 Lakhs)	
	Overheads:	Nil	
	Cumulative expenditure upto the reporting period:	₹2008 Lakhs (including contribution of the Company of ₹380 Lakhs)	

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

- Not applicable -

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

   To discharge the duties cast under provisions of the Act, 2013 members of the CSR Committee visit places where SST is doing service.

For and on behalf of the Board of Directors

Place: Chennai
Date: 27th May 2020

Venu Srinivasan
Chairman & Chairman of CSR Committee

Annexure - IV to Directors' Report to the shareholders

Form AOC-I

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

Part "A"

Subsidiaries - Statement containing salient features of the financial statement of subsidiaries:-
(Information in respect of each subsidiary to be presented with amounts ` in Lakhs)

S.No.	Particulars	Name of the Company					
1.	Name of the subsidiary	TVS Two Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Ltd	TVS Commodity Financial Solutions Pvt Ltd	TVS Housing Finance Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020	01.04.2019 to 31.03.2020
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR
4.	Share capital / Contribution	0.25	0.25	0.25	0.25	0.25	1200
5.	Reserves & Surplus	(0.64)	(0.64)	(0.65)	(0.65)	(0.64)	113.12
6.	Total assets	0.24	0.24	0.25	0.25	0.24	1313.24
7.	Total Liabilities	0.24	0.24	0.25	0.25	0.24	1313.24
8.	Investments	-	-	-	-	-	-
9.	Turnover	-	-	-	-	-	-
10.	Profit/(Loss) before taxation	(0.18)	(0.18)	(0.18)	(0.18)	(0.18)	71.26
11.	Provision for taxation	-	-	-	-	-	17.98
12.	Profit/(Loss) after taxation	(0.18)	(0.18)	(0.18)	(0.18)	(0.18)	53.28
13.	Proposed Dividend	-	-	-	-	-	-
14.	% of shareholding	100%	100%	100%	100%	100%	100%

Notes:

1. All the subsidiaries are yet to commence the operations
2. Subsidiaries which have been liquidated or sold during the year - Nil.

As per our report annexed

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V.Sathyanarayanan
Partner
Membership No.: 027716
May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

Place : Chennai
Date : May 27, 2020

Annexure - V to Directors' Report to the shareholders

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

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

The Company would constantly endeavour to improve on these aspects. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the board and the duly constituted committees of the Board.

A summary of the corporate governance measures adopted by the Company is given below:

i) The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

ii) The size of the Board is commensurate with the size and business of the Company. As on 31st March 2020, the board comprises of eight Directors, viz.,

S.No.	Name of the directors (M/s.)	Designation
1.	Venu Srinivasan	Non-Executive Chairman
2.	Sudarshan Venu	Non-Executive Director
3.	T K Balaji	Non-Executive Director
4.	K N Radhakrishnan	Non-Executive Director
5.	V Srinivasa Rangan	Non-Executive Independent Director
6.	Sasikala Varadachari	Non-Executive Independent Director
7.	R Gopalan *	Non-Executive Independent Director
8.	B Sriram $	Non-Executive Independent Director

* With effect from 20th July 2019

$ With effect from 12th October 2019

Meetings of the Board

The meetings of the Board of Directors shall be held at least four times a year, with a maximum time-gap of four months between any two consecutive meetings. During the year, the Board met 6 (Six) times on the following dates;

FY 2019-20	Meeting date
April – June 2019 (Q1)	29th April 2019
July – September 2019 (Q2)	20th July 2019
October- December 2019 (Q3)	12th October 2019
January- March 2020 (Q4)	4th February 2020 10th March 2020 31st March 2020

Necessary quorum was present at the meetings. In compliance with the applicable provisions of the Companies Act, 2013 (the Act) and the Rules made thereunder, the Company facilitates the participation of the Directors in Board / Committee meetings through video conferencing or other audio-visual mode except in respect of such meetings/items, which are not permitted to be transacted through video conferencing as notified under the Act.

S.No.	Name of Director (M/s.)	Board Meetings		Whether present at previous AGM held on 27th June 2019
		Held	Attended	
1.	Venu Srinivasan	6	5	Yes
2.	R Ramakrishnan *	6	1	No
3.	T K Balaji	6	3	No
4.	Sudarshan Venu	6	6	No
5.	V Srinivasa Rangan	6	6	No
6.	K N Radhakrishnan	6	5	Yes
7.	Sasikala Varadachari	6	4	No
8.	R Gopalan#	6	4	NA
9.	B Sriram$	6	4	NA

*Ceased due to demise on 7th July 2019.

With effect from 20th July 2019

$ With effect from 12th October 2019

Committees of the Board

The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee, Information Technology (IT) Strategy Committee and Credit Sanction Committee.

i. Audit Committee:

The Company has in place an Audit Committee constituted in accordance with the provisions of Para 11 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and as required under Section 177 of the Act, 2013. The composition of the Committee is in accordance with the requirements of Section 177 of the Act, 2013.

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

Brief description of terms of reference:

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

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Examination of the financial statement and the auditor's report thereon;
- approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings of assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;

- Monitoring the end use of funds raised through public offers and related matters.
- Monitoring, reviewing, recommending and approving all related party transactions including granting omnibus approval for RPTs having value not exceeding ₹1 cr per transaction for a period of one year.
- Ratification of any RPT involving amount not exceeding ₹1 Cr entered into by a director or officer of the Company without obtaining the approval of the Audit Committee within three months from the date of the transaction.

Roles and Responsibilities:

- Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are fair and transparent, sufficient and credible.
- The role of the Audit Committee would include the review and audit the working of the management of the Company in terms of the profitability, cost control and performance of credit exposures.
- Recommending the appointment of and removal of external and internal auditors, fixation of audit fee and approval for payment for any other services.
- Approval of Annual Plans before it is placed before the Board
- Reviewing with the management the quarterly and annual financial statements before submission to the Board, focusing, primarily on the following as may be applicable.
  i. Accounting policies and practices followed and any deviations or changes with reference to the earlier policies and practices.
  ii. Major accounting entries based on exercise of judgment by management.
  iii. Qualifications in draft audit report.
  iv. Significant adjustments arising out of audit.
  v. The going concern assumption.
  vi. Compliance with accounting standards.
  vii. Compliance with the legal requirements concerning financial statements.
  viii. Any related party transaction i.e. transactions of Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.
- Reviewing with the management, reports of external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit, plan and scope of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud, irregularity, or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- Review of Company’s asset position, realisability and other related matters in respect of collateral securities, sale of properties etc.,
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividends declared) and creditors.
- To review the quarterly and annual financial statements before submission to the Board and ensure compliance of internal control systems.
- Authority to investigate into any matter referred to it by the Board.

The Audit Committee also ensures that an Information System Audit of the internal systems and processes is conducted every year to assess operational risks faced by the Company.

Consequent to the demise of Mr R Ramakrishnan, Mr R Gopalan was appointed as member and Chairman of the Committee at the board meeting held on 20th July 2019.

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

Date of the meetings	Members present (M/s)			
	R Ramakrishnan*	V Srinivasa Rangan	K N Radhakrishnan	R Gopalan#
29th April 2019	✔	✔	✔	NA
20th July 2019	NA	✔	✔	NA
12th October 2019	NA	✔	LOA	✔
4th February 2020	NA	✔	✔	✔

*Ceased due to demise on 7th July 2019

#Appointed effective 20th July 2019

ii. Corporate Social Responsibility Committee:

In accordance with the provisions of Section 135 of the Act, 2013 read with Rules made there under, the Board of Directors of the Company have constituted the Corporate Social Responsibility Committee (CSR Committee). The Committee has formulated and recommended a CSR Policy to the Board and various recommendations of the Committee including the amount of expenditure to be incurred on CSR activities are submitted to the Board for its approval. The Committee has framed a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company and also monitors CSR policy from time to time.

Roles and Responsibilities:

- To review, agree and establish the Company's corporate strategy to ensure that CSR is and remains an integral part of its business strategy;
- To review the standards, policies and conduct of the Company relating to the application of CSR principles;
- To review the effectiveness of the compliance programme, including compliance with the Code of Conduct;
- To review reports of CSR progress and audits of CSR performance against key performance indicators across programme areas;
- To review an annual budget for CSR activities approved by the Board, as part of the overall budget;
- To ensure that the Company's website communicates and reports its CSR approach and performance in a timely, complete and coherent manner; and
- To perform such other function related or incidental to the CSR Policy of the Company, at the request of the Board.

Consequent to the demise of Mr R Ramakrishnan, Mr R Gopalan was appointed as member of the Committee at the board meeting held on 20th July 2019.

Based on the recommendation of the CSR Committee, the board has approved the projects / programs to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed ₹380 lakhs constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2019-20.

SST, over 24 years of service, has played a pivotal role in changing lives of people in many villages in rural India by creating self-reliant communities that are models of sustainable development.

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

During the year under review, the Committee met on 29th April 2019 and all the members were present at the meeting.

iii. **Nomination and Remuneration Committee:**

The Company has in place the Nomination & Remuneration Committee (NRC). It was constituted to formulate and recommend to the board of directors, the Company's policies relating to identification of directors, key managerial personnel and senior management personnel one level below the board and remuneration payable to them and the criteria for determining qualifications, positive attributes and independence of a director.

The NRC lays down the evaluation criteria for evaluating the performance of every director, committees of the board and the board as a whole and also the performance of key managerial personnel (KMP) and senior management personnel (SMP).

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

The performance evaluation of individual director will be carried out based on his / her commitment to the role and fiduciary responsibilities as a board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as members of various sub-committees etc.

The performance of SMP was measured against the achievement of the business plans approved by the board during and at the completion of the financial year and their annual at risk remuneration reflects their business plan achievements.

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

The NRC also ensures 'fit and proper' status of proposed and existing directors and on a continual basis.

Brief description of terms of reference:

1.1 Guiding the board of TVS CS ("Board") to lay down the terms and conditions in relation to appointment and removal of Director(s), KMP and SMP.

1.2 Evaluating the performance of the Director(s) and providing necessary report to the Board for its further evaluation and consideration.

1.3 Recommending to the Board on remuneration payable to the Director(s), KMP and SMP of TVS CS based on (i) TVS CS's structure and financial performance and (ii) remuneration trends and practices that prevail in peer companies across automobile industry.

1.4 Retaining, motivating and promoting talent among the employees and ensuring long term sustainability of talented SMP by creation of competitive advantage through a structured talent review.

1.5 Devise a policy on diversity in the Board.

1.6 Develop a succession plan for the Board and SMP.

Consequent to the demise of Mr R Ramakrishnan, Mr R Gopalan was appointed as a member and Chairman of the Committee at the board meeting held on 20th July 2019.

The board at its meeting held on 4th February 2020, reconstituted the Committee by designating Mr K N Radhakrishnan as Chairman of the Committee in the place of Mr R Gopalan, who continues to be a member of the Committee.

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

Date of the meetings	Members present (M/s)			
	R Ramakrishnan*	V Srinivasa Rangan	K N Radhakrishnan	R Gopalan#
29th April 2019	✔	✔	✔	NA
20th July 2019	NA	✔	✔	NA
22nd July 2019	NA	✔	✔	LOA
12th October 2019	NA	✔	LOA	✔
10th March 2020	NA	✔	✔	✔

*Ceased due to demise on 7th July 2019

#Appointed effective 20th July 2019

Remuneration criteria to Directors:

The non - executive / independent director(s) receive remuneration by way of fees for attending meetings of board or any committee in which director(s) is member.

In addition to the sitting fees, the non - executive independent director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the limit as prescribed under the provisions of the Act, 2013.

iv. Risk Management Committee:

The Company has laid down procedures to inform board about the risk assessment and mitigation procedures, to ensure that executive management controls risk through means of a properly defined framework.

This Committee ensures that the risks associated with the functioning of the Company are identified, controlled and mitigated and also lay procedures regarding managing and mitigating the risk through integrated risk management systems, strategies and mechanism.

In conformity with the Corporate Governance guidelines issued by RBI vide its circular (DNBR (PD) CC.No.053/03.10.119/2015-16) the Committee meets periodically to review the effectiveness of progressive risk management system that has been put in place, to review the risk management practices , policies and risk mitigation/minimization plans, engagement of services of external consultant by covering gap assessment of risk practices, risk mitigation and to strengthen the existing Risk Management framework.

Roles and Responsibilities :

- To review various risks measures adopted by the Company for identification, measurement, monitoring and mitigation of risks involved in various areas of functioning.
- To approve and review various credit policies including its amendments laid down by the Company and monitor performance levels.
- To review and discuss the issues reported in Asset Liability Management Committee in relation to risk aspects.
- Monitoring risk levels and also reviews of results and progress in implementation of decisions taken in earlier meeting.
- To approve and review Enterprise Risk Management framework inter alia approving Risk rating criteria and review of key risks along with mitigants and Risk register.
- To approve and review Risk management policy and its amendments.

Consequent to the demise of Mr R Ramakrishnan the Board at its meeting held on 12th October 2019 appointed Mr B Sriram as a member and Chairman of the Committee with effect from 12th October 2019.

The Board at its meeting held on 10th March 2020, reconstituted the Committee by designating Ms Sasikala Varadachari as Chairman of the Committee and appointing Mr V Srinivasa Rangan as a member of the Committee.

Mr B Sriram ceased to be a member of the Committee effective 10th March 2020.

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

Date of the meetings	Members present (M/s)				
	R Ramakrishnan*	Sasikala Varadachari	K N Radhakrishnan	B Sriram#	V Srinivasa Rangan$
29th April 2019	✔	✔	LOA	NA	NA
6th September 2019	NA	✔	✔	NA	NA
12th October 2019	NA	✔	LOA	✔	NA
10th March 2020	NA	✔	✔	✔	NA

*Ceased due to demise on 7th July 2019

#Appointed effective 12th October 2019

$ Appointed effective 10th March 2020

v. Asset Liability Management Committee (ALCO):

The Company constituted an Asset Liability Management Committee (ALCO), in terms of Guidelines issued by RBI to NBFCs in order to manage liquidity risk, market risks, and other funding / asset related risks for effective risk management in its portfolios.

Roles and responsibilities :

- Adherence to the financial and credit limits set by the Board in its operations.
- Deciding business strategy on the assets and liabilities side in line with the budget and risk management objectives of the Company.
- Responsible for balance sheet planning from risk return perspective and asset liability mix position.
- Strategic management of interest rate risks, liquidity risks and other market risks.
- Responsible for business issues like product pricing for its asset and liability products.
- To review funding plan, ALM coverage, Interest rate sensitivity statements, liquid coverage ratios, fixation of limits and monitoring against limits.
- Approve credit facilities from various banks / financial institutions and to authorize directors / officials of the Company for this purpose credit facilities upto the limits delegated by the Board
- Approve and review ALCO policy and its amendments.

Consequent to the demise of Mr R Ramakrishnan, the Board at its meeting held on 12th October 2019 appointed Mr B Sriram as a member and Chairman of the Committee with effect from 12th October 2019.

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

Date of the meetings	Members present (M/s)			
	R Ramakrishnan*	Sudarshan Venu	Sasikala Varadachari	B Sriram#
9th April 2019	✔	✔	✔	NA
14th May 2019	✔	✔	✔	NA
29th June 2019	✔	LOA	✔	NA
6th September 2019	NA	✔	✔	✔
12th October 2019	NA	✔	✔	✔
3rd February 2020	NA	LOA	✔	✔

*Ceased due to demise on 7th July 2019

#appointed effective 12th October 2019

vi. Information Technology (IT) Strategy Committee:

In line with the information technology / information systems directions issued by RBI vide their circular dated 8th June 2017, in addition to IT Governance, the Company constituted an IT strategy committee which shall consist of an independent director as chairman of the Committee and Chief Information Officer (CIO) and Chief Technology Officer (CTO) shall be part of the Committee.

Roles and Responsibilities:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls; and
- To review the effectiveness of IT outsourced operations.

Consequent to the demise of Mr R Ramakrishnan, Mr B Sriram was appointed asmember of the Committee and Mr K N Radhakrishnan was designated as Chairman of the Committee with effect from 12th October 2019.

The Board at its meeting held on 4th February 2020, reconstituted the Committee by appointing Mr B Sriram as Chairman of the Committee.

Further, the Board at its meeting held on 10th March 2020 appointed Ms Sasikala Varadachari as a member and Chairman of the Committee in the place of Mr B Sriram, who ceased to be a member and Chairman of the Committee, effective 10th March 2020.

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

Date of the meetings	Members present (M/s)							
	RK*	SV	SKV$	BS#	KNR	GV	VGK	CA
18th June 2019	LOA	✔	NA	NA	✔	✔	✔	✔
14th December 2019	NA	LOA	NA	✔	✔	✔	✔	✔

RK –Mr R Ramakrishnan; SV- Mr Sudarshan Venu; SKV- Ms Sasikala Varadachari ; BS- Mr B Sriram; KNR – Mr K N Radhakrishnan; GV- Mr G Venkatraman; VGK- Mr V Gopalakrishnan ; CA- Mr C Arulanandam

*Ceased due to demise on 7th July 2019

$ appointed effective 10th March 2020

#appointed effective 12th October 2019

vii. Credit Sanction Committee

The Board at its meeting held on 10th March 2020 constituted the Credit Sanction Committee (CSC) to consider and approve credit proposals of material nature.

Roles and Responsibilities:

- The Committee will consider all large credit proposals recommended by Business heads / Credit heads within the specified thresholds delegated to it by the board from time to time;

- Review Credit Appraisal Memo (CAM) before approving each sanction
- Review existing credit facilities on an annual basis and deferral of customer annual reviews;
- CSC shall assess and recommend to the board any credit proposals above threshold limits of CSC and to take appropriate action on the inputs / suggestion provided by the Board.
- Annual review of Committee charter

The Committee to assess the credit proposal of prospective borrowers. The Credit Appraisal Memo (CAM) to incorporate (as applicable case to case basis) some of the qualitative information such as borrower's background, exposure details, details about KMP, shareholding pattern, track record of directors, bankers report, rating reports and quantitative information such as financial details, group exposure details, collateral details, networth of promoters, and repayment track records.

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

Date of the meetings	Members present (M/s)				
	B Sriram	Sudarshan Venu	G Venkatraman	V Gopalakrishnan	K Gopala Desikan
10th March 2020	✔	LOA	✔	✔	✔

viii. Senior Management Committee

The Company constituted the Senior Management Committee to ensure adherence and compliance by monitoring and controlling the outsourcing activities engaged by the Company in accordance with the requirements of RBI guidelines issued on 9th November 2017 in this regard.

Roles and Responsibilities :

- Evaluating the risks and materiality of all existing and prospective outsourcing, based on the framework approved by the Board;
- Developing and implementing sound and prudent outsourcing policies and procedures commensurate with the nature, scope and complexity of the outsourcing;
- Reviewing annually the effectiveness of policies and procedures;
- Communicating information pertaining to material outsourcing risks to the Board in a timely manner;
- Ensuring that contingency plans, based on realistic and probable disruptive scenarios, are in place and tested;
- Ensuring that there is independent review and regular audit for compliance with set policies;
- Undertaking quarterly review of outsourcing arrangements to identify new material outsourcing risks as they arise;
- Reviewing central record of all material outsourcing arrangements quarterly and placing the records before the Board / RMC half yearly;
- Reviewing compliance with contractual conditions by outsourcing service providers quarterly based on pre-defined criteria for assessment; and
- Any other activity which is required to be carried out in order to adhere to the guidelines.

During the year under review, the committee met four times on 10th June 2019, 4th September 2019, 10th December 2019 and 11th March 2020.

Related Party Transactions Policy

The Company has formulated a policy on related party transactions (RPTs). The Audit Committee reviews and approves said transactions between the Company and related parties, as defined under the Act, 2013, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated on an arm's length basis. The Committee meets prior to each scheduled Board meeting to review all RPTs of the Company.

Copy of the said policy is available in the Company's website with the following link https://www.tvscredit.com/

iii) Pursuant to the guidelines on 'Fair Practices Code' issued by RBI, the Company has adopted a "Code", which is posted on the website of the Company and also a regular review on the implementation of the same is conducted by the Committee members.

iv) The Company has adopted a Code of conduct for employees of the Company and due care is taken that the employees adhere to it.

v) The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy.

The Capital adequacy ratio of the Company is well within the limit prescribed by RBI. The Fair Practices Code and KYC norms framed by the Company seek to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency so that customers have a better understanding of what they can reasonably expect of the services being offered, encourage market forces through competition to achieve higher operating standards, promote fair and cordial relationships between customers and the Company and foster confidence in the finance system.

The Company has put in place a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms & Credit policies as approved by the Board of Directors.

vi) The Board of directors of the Company reviews, records and adopts the minutes of the meetings of various committees constituted by the Company.

The Company is keeping with proper responsibility and authority matrix inculcated in the structure of certification to ensure compliance from diversified and various locations.

vii) The Company proposes to pay commission to the Non-executive directors (NEDs) of the Company for the year ended 31st March 2020. None of the NEDs holds equity shares of the Company.

viii) Sitting fees for attending the meetings of the Board and Committees of are paid to NEDs within the maximum prescribed limits.

ix) Sitting fees paid to NEDs for the meetings held during 2019-20 are as follows:-

S.No.	Name of the directors (M/s.)	Sitting Fees (Amount in ₹)	Commission (Amount in ₹)
1	Venu Srinivasan	60,000	NA
2	T K Balaji	30,000	NA
3	Sudarshan Venu	1,10,000	NA
4	K N Radhakrishnan	1,70,000	NA

S.No.	Name of the directors (M/s.)	Sitting Fees (Amount in ₹)	Commission (Amount in ₹)
5	R Ramakrishnan	80,000	3,18,936
6	V Srinivasa Rangan	1,60,000	12,00,000
7	Sasikala Varadachari	1,50,000	12,00,000
8	R Gopalan	90,000	8,38,440
9	B Sriram	1,10,000	5,62,248

x) The certification from Mr G Venkatraman, Chief Executive Officer and Mr V Gopalakrishnan, Chief Financial Officer on the financial statements has been obtained.

xi) For further clarification / information, stakeholders are requested to visit the Company's website at www.tvscredit.com/

SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

CIN: U65920TN2008PLC069758

Authorised Capital: ₹200,00,00,000/-

Paid up capital: ₹185,18,23,000/-

To

The Members
TVS CREDIT SERVICES LIMITED,
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam,
Chennai 600 006

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by TVS CREDIT SERVICES LIMITED, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

iii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;

iv) The Company has received External Commercial Borrowings of USD 40 Million from HSBC Bank (Mauritius) Ltd. and USD 35 Million from MUFG Bank Ltd., Singapore Branch in compliance with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings is applicable. Besides this, the Company has not received any Foreign Direct Investment, Overseas Direct Investment and hence the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings is not applicable;

v) Though the Company is a unlisted public limited company, the Company being a subsidiary company of a listed company, viz. TVS Motor Company Ltd., whose income or net worth exceeds 20% of the consolidated income or net-worth respectively of the listed entity, in the immediately preceding accounting year, it will be treated as a material subsidiary of the listed entity and hence the Company has to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable which it is observed the Company has complied during the year under review.

   Besides this, the Company being a unlisted public limited company the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company viz.

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Rules 2009;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

vi) The Company has complied with the provisions of the other laws as applicable to the Company which inter alia includes:-

1) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

2) Contract Labour (Regulations & Abolition) Act, 1970

3) Compliance with the requirements of Foreign Exchange Management Act and Non Banking Finance Companies (Reserve Bank) Directions 1998 with regard to non-acceptance of Deposits from Public;

4) Compliance under Prevention of Money Laundering Act, (PMLA) 2002 for the purpose of compliance with the obligations under Know your Customer Norms/ Anti Money Laundering (AMC) standards & fair pricing code (FPC) and Combating of Finance of Terrorism (CFT) obligations under PMLA,2002.

5) Motor Vehicles Act, 1938;

6) Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;

7) Profession Tax, 1992;

8) Labour laws like Equal Remuneration Act, 1976 and rules made thereunder; Employees Provident Fund and Miscellaneous Provisions Act, 1952 & Employees Provident Fund Scheme, 1952; Apprentice Act, 1961; Employees' State Insurance Act, 1948; Payment of Wages Act, 1936; Payment of Gratuity Act, 1972 & the Payment of Gratuity (Central) Rules, 1972.; Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975 and other applicable employee welfare or labour legislations covering the Company and its establishments;

9) Goods and Services Tax & Rules made thereunder;

10) Indian & State Stamp Act and Rules;

11) Competition Act, 2002;

12) Trade & Merchandise Marks Act, 1958;

13) Patents Act, 1970

14) Copyright Act, 1957 or any licences issued thereunder.

I have also examined compliance with the applicable clauses of the following:

i) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of sub-section 10 of Section 118 of the Companies Act, 2013, for the financial year under review;

ii) The Company has listed its Commercial papers with National Stock Exchange of India Ltd (NSE) pursuant to SEBI circular dated 22nd October 2019. The Company has duly complied with the compliances as prescribed in the above mentioned circular.

iii) From the verification of records and as per the information and explanation furnished to me, during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, wherever applicable.

I further report that:-

i) The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However on perusal of the minutes of the board or Audit Committee or Nomination & Remuneration Committee, or Asset Liability Management Committee, or Corporate Social Responsibility Committee meetings, or Risk Management Committee it was observed that there was no dissenting note made by any of the member.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The Company has

i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy' in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;

ii) Constituted the Audit Committee of directors in terms of Section 177 of the Companies Act, 2013;

iii) Constituted Corporate Social Responsibility Committee of Directors (CSR) and has formulated CSR Policy and the projects/programmes, to be undertaken for CSR spending in terms of the Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

It was observed on verification of records and based on the information furnished to me that an amount of ₹11.80 Crores, constituting more than 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2019-20 on the projects/programs that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST), an independent Trust (NGO) in existence since 1996 and a contribution of ₹8 Cr to PM CARES;

iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the board, may threaten the existence of the Company;

v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;

vi) Constituted Asset Liability Management Committee as required to be formed as per RBI directions for Non-Banking Finance Companies as part of their overall system for effective risk management in their various portfolios.

vii) has appointed woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

viii) has provided Vigil Mechanism and approved Whistle Blower Policy in terms of Section 177(9) of Companies Act, 2013.

ix) has complied with the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

I further report that from the information and explanations furnished to me, during the audit period under review, the Company has

i) Made following Preferential allotment aggregating to 69,76,600 equity shares of ₹10/- each at a premium of ₹119/- per equity share total aggregating to ₹89,99,81,400/- on private placement basis, during the year, comprised in two allotments on the following dates to the allottees as given below and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

Date of allotment	Name of the allottee	No. of Equity shares allotted	Nominal value of shares @ ₹10/- per share (₹)	Premium @ ₹119/- per equity share (₹)	Total Amount of preferential allotment (₹)
29/06/2019	TVS Motor Foundation	34,88,300	3,48,83,000/-	41,51,07,700/-	44,99,90,700/-
12/10/2019	TVS Motor Company Ltd.	34,88,300	3,48,83,000/-	41,51,07,700/-	44,99,90,700/-
Total		69,76,600	6,97,66,000/-	83,02,15,400/-	89,99,81,400/-

ii) Not done any Redemption/ buyback of securities;

iii) Obtained the approval of the shareholders in the 11th Annual General Meeting of the Company held on 27th June, 2019, delegating the borrowing powers to the board of directors u/s.180(1)(c) of the Companies Act, 2013 for borrowing upto ₹10,000 Crores and also approval u/s.180(1)(a)of the Companies Act, 2013 for creation of charge/ mortgage over the properties of the companies to secure the borrowings made as aforesaid.

iv) No Merger/ amalgamation/ reconstruction etc. took place during the year under review.

v) Not entered into any Foreign technical collaborations during the year under review.

Signature:

Place: Chennai
Date: 19th May 2020

Name of the Company Secretary: T N Sridharan
Certificate of Practice No. 4191
UDIN:F003797B000255004

CIN: U65920TN2008PLC069758

Authorised Capital: ₹200,00,00,000/-

Paid up capital: ₹185,18,23,000/-

To

The Members

TVS CREDIT SERVICES LIMITED,
"Chaitanya", No.12, Khader Nawaz Khan Road,
Nungambakkam,
Chennai 600 006

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Name of the Company Secretary: T N Sridharan
Membership No. FCS 3797
Certificate of Practice No. 4191
UDIN:F003797B000255004

Place: Chennai
Date: 19/05/2020

To the Members of TVS Credit Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of TVS Credit Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.No.	Key Audit Matter	Auditor's Response.
1	**Allowance for Impairment under IND AS 109** The standard prescribes provisioning of stage wise Expected Credit Loss (ECL) against the loans issued by the Company, with the value of provisioning being based upon the number of days the receivable is past its due. RBI vide its directive issued on 13th March 2020 has mandated that ECL provision under IND AS and the provision as required under IRACP norms of RBI shall be compared. In the event the provisioning under ECL norms of IND AS is lower than that of the IRACP norms the shortfall shall be provided by way of an appropriation from Profit after Tax to an "Impairment Reserve".	**Principal Audit Procedures** We have understood the Company's estimation of the stage allocation of the loan assets and understood the policy in place for computation of parameters required to arrive at the expected credit loss and verified for the consistency in application of the policy. We have performed, substantive checks on the calculation, including independent calculation of the parameters, that are estimated by the Company as part of computation of ECL. We have also engaged in analytical tests including but not limited to trend analysis of the ECL number against the loan receivables in comparison to some of the other companies in the same business profile. We have compared ECL provision as computed under IND AS and the comparative requirement under IRACP norms of RBI, ECL provision computed under IND AS was found to be higher than the requirement under IRACP. Hence there was no requirement for an "Impairment Reserve. The Company has also made adequate disclosure in the notes forming part of financial statements regarding the provisions held and adhered to the disclosure requirements prescribed by the RBI.

S.No.	Key Audit Matter	Auditor's Response.
2	**Application of IND AS 116** From 1st April 2019, IND AS 116 has to be applied on all applicable leasing contracts with the application and appropriate accounting treatment of identifying lease liability, right to use asset, interest on such lease.	**Principal Audit Procedures** The Company has employed an external agency to assist with the transition into IND AS 116 during the financial year and has extensively documented, for each of its leases, based on a policy of general materiality, the applicability or non-applicability of the standard, to such lease. We have verified the new leases during the year for additional locations and have found that the approach applied is consistent to the policy in place and also in line with the requirements of the standard. We have also performed an independent verification of the calculation of the lease liability, interest on lease and right to use assets based on the information made available to us and found the results satisfactory.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon.

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter

As described in the note no 36 to the annual financial results, in respect of accounts overdue but standard as on 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as on 31st March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package and accordingly, the prescribed provision has also been carried in books for such accounts. Our opinion is not modified in respect of the above matter.

Responsibilities of the Management and Board of Directors, for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 standalone financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work; and (ii) To evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law Not Sure or regulation precludes public disclosure about the matter, or when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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 A" a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

As required by the 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 our audit.

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

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with book of accounts.

(d) In our opinion, the aforesaid standalone financial statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014.

(e) On the basis of written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as directors in term of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over the financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the renumeration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 the financial position in its standalone financial statements- Refer Note 41(3) to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, the Investor Education and Protection Fund by the Company.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May 2020
UDIN : 20027716AAAAFH6789

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

b) Fixed assets are physically verified by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such verifications;

c) The title deeds of the immovable properties of the Company are held in the name of the Company;

ii) The Company is in the business of lending, and does not carry any inventory. Hence, clause (ii) to paragraph 3 of the order does not apply here;

iii) The Company has granted loans to a party covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest;

The Company has granted loans to a party covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular;

There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days;

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments, as applicable. The Company has not provided any guarantees or securities;

v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76. Hence, reporting under sub-clause (v) of paragraph 3 of the Order is not applicable to the Company;

vi) The Central Government has not specified the maintenance of cost records under section 148(1) of the Act. Therefore, the provisions of clause (vi) of paragraph 3 of the Order are not applicable to the Company;

vii) a) According to the information and explanation given to us, and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, Income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax and any other material statutory dues with the appropriate authorities except for few marginal delays;

b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, custom duty, excise duty, service tax, value added tax, cess, goods and services tax, were is arrears as at 31st March 2020 for a period of more than six months from the date they became payable;

c) According to the information and explanations given to us, following are the details of the disputed dues that were not been deposited on account of any dispute as on 31st March 2020:

Description	March 31, 2020 (₹ in Crores.)
Disputed Income Tax Demand (adjusted out of refunds)	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of Rs 0.29 crores)	7.70

viii) Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of borrowings, to financial institutions or banks. The Company does not have any borrowings from the government or debenture holder;

ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. The term loans availed by the Company have been utilized for the purpose for which they were obtained;

x) Based on the audit procedures adopted and the information and explanation given to us, no fraud by the Company or on the Company, by its officers or employees has been noticed or reported during the course of our audit, except for the 18 cases identified as committed upon the Company, during the year (with individual cases not exceeding ₹1 crore), in the nature of misappropriation or criminal breach of trust. The total value of such frauds committed upon the Company during the year were ₹0.60 crores of which the Company has recovered ₹0.07 crores and appropriately provided for the balance;

xi) In our opinion and according to the information and explanations given to us, Managerial remuneration paid/provided are in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act;

xii) The Company is not a Nidhi Company and as such this clause of the order is not applicable;

xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the act and details of such transactions have been disclosed in standalone Ind AS financial statements as required by the applicable accounting standards;

xiv) According to the information and explanation given to us and in our opinion, the Company has made a preferential allotment of shares during the year under review, and the requirements of Section 42 of the Act have been complied with in this regard. The amounts raised have been used for the purpose for which the funds have been raised;

xv) According to the information and explanation given to us and in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them;

xvi) The Company is registered under section 45-IA of the Reserve Bank Act, 1934 and has obtained the certificate of registration dated 13th April 2010.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May 2020
UDIN : 20027716AAAAFH6789

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

We have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** ("the Company"), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, as of **31st March 2020** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's and Board of Directors Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone 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 standalone financial statements.

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020**,** 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 **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May 2020
UDIN : 20027716AAAAFH6789

TVS CREDIT

(All amounts in ₹ Crores, unless otherwise stated)

S. No.	Particulars	Note No.	As at 31st Mar 2020	As at 31st Mar 2019
	ASSETS			
1	**Financial Assets**			
(a)	Cash and Cash Equivalents	2	357.36	77.04
(b)	Bank balances other than (a) above	3	11.62	27.27
(c)	Derivative Financial Instruments	4	23.63	15.03
(d)	Receivables			
	i) Trade Receivables	5	54.35	52.10
(e)	Loans	6	9,455.55	8,224.91
(f)	Investments	7	12.01	12.01
(g)	Other Financial Assets	8	113.52	136.04
	Total		**10,028.04**	**8,544.40**
2	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	9	14.88	6.76
(b)	Deferred Tax Assets (Net)	10	75.82	68.65
(c)	Investment Property	11	85.16	85.16
(d)	Property, Plant and Equipment	12	19.09	21.04
(e)	Other Intangible Assets	12	6.17	8.46
(f)	Other Non-Financial Assets	13	54.57	15.65
	Total		**255.69**	**205.70**
	Total Assets		**10,283.73**	**8,750.10**
	LIABILITIES AND EQUITY			
	LIABILITIES			
1	**Financial Liabilities**			
(a)	Payables			
	I. Trade Payables			
	i) Total outstanding dues of micro enterprises and small enterprises	14	0.02	-
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	168.61	139.87
(b)	Debt Securities	15	496.19	492.44
(c)	Borrowings other than debt securities	16	7,450.59	6,185.56
(d)	Subordinated Liabilities	17	612.77	639.76
(e)	Other Financial Liabilities	18	129.70	105.12
	Total		**8,857.88**	**7,562.76**
2	**Non-Financial Liabilities**			
(a)	Provisions	19	36.42	21.59
(b)	Other Non-Financial Liabilities	20	17.40	14.65
	Total		53.82	36.24
3	**Equity**			
(a)	Equity Share Capital	21	185.18	178.21
(b)	Other Equity	22	1,186.85	972.89
	Total		1,372.03	1,151.10
	Total Liabilities and Equity		**10,283.73**	**8,750.10**
Significant Accounting Policies forming part of financial statements		**1**		
Additional Notes forming part of financial statements		**41**		

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts in ₹ Crores, unless otherwise stated)

S. No.	Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
	Revenue from Operations			
i)	Interest Income	23	1,821.51	1,457.43
ii)	Fees and Commission Income	24	168.13	143.89
I)	**Total Revenue from Operations**		**1,989.64**	**1,601.33**
II)	Other Income	25	25.04	32.85
III)	**Total Income (I + II)**		**2,014.68**	**1,634.17**
	Expenses			
i)	Finance Costs	26	699.81	557.46
ii)	Fees and Commission Expenses	27	129.35	80.78
iii)	Net Loss on Derecognition of Financial Instruments under Amortised Cost Category	28	209.40	151.19
iv)	Impairment of Financial Instruments	28a	64.33	33.25
v)	Employee Benefit Expenses	29	477.73	391.95
vi)	Depreciation, Amortization and Impairment		20.10	15.22
vii)	Other Expenses	30	195.65	188.35
IV)	**Total Expenses**		**1,796.37**	**1,418.20**
V)	Profit / (Loss) before exceptional items and tax (III - IV)		**218.31**	**215.97**
VI)	Exceptional items		8.00	-
VII)	Profit / (Loss) before tax (V - VI)		**210.31**	**215.97**
VIII)	Tax Expenses	31		
	Current Tax		60.00	82.39
	Deferred Tax		(0.20)	(14.72)
IX)	Profit / (Loss) for the period (VII - VIII)		150.51	148.30
X)	Other Comprehensive Income	32		
A.	Items that will not be reclassified to Profit or Loss			
	Remeasurement of the defined benefit plans		(3.54)	(0.93)
	Income Tax relating to these items		0.89	0.32
B.	Items that will be reclassified to Profit or Loss			
	Fair value change on cash flow hedge		(20.05)	-
	Income Tax relating to these items		5.05	-
	Other Comprehensive Income (A+B)		(17.65)	(0.60)
XI)	**Total Comprehensive Income for the period (Comprising Profit / (Loss) and Other Comprehensive Income for the period) (IX + X)**		**132.86**	**147.70**
XII)	Earnings Per Share	33		
	Basic (₹)		8.25	8.67
	Diluted (₹)		8.25	8.67
Significant Accounting Policies forming part of financial statements		**1**		
Additional Notes forming part of financial statements		**41**		

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Cash Flow From Operating Activity		
Profit Before Income Tax	210.31	215.97
Adjustment For:-		
Depreciation and amortisation expense	20.10	15.22
Impairment of Financial Assets	64.33	33.25
Profit / (Loss) on disposal of PPE	(0.01)	(0.21)
Finance Charges Paid	699.81	557.46
Foreign currency (gain) / loss	(15.18)	14.55
Fair value (gain) / loss on derivatives not designated as hedges	15.03	(13.75)
Unwinding of discount on security deposits	(9.71)	(16.67)
Remeasurement of defined benefit plans	(3.54)	(0.93)
Employee Benefit Obligations	6.38	(0.66)
Cash generated from operations before working capital changes	777.21	588.27
Change in operating assets and liabilities		
(Increase) / Decrease in Trade Receivables	(5.04)	(31.54)
(Increase) / Decrease in Loans	(1,283.72)	(2,126.78)
(Increase) / Decrease in other financial assets	22.52	38.27
(Increase) / Decrease in Other Non-Financial Assets	(38.91)	2.87
Increase / (Decrease) in Trade Payables	28.75	2.14
Increase / (Decrease) in Other financial liabilities	22.60	29.55
Increase / (Decrease) in Other Non-financial liabilities	2.74	(1.55)
Financing Charges paid	(699.81)	(551.86)
Cash generated from operations	(963.36)	(1,834.65)
Income taxes paid	(68.12)	(82.45)
Net cash inflow from operating activities	**(1,031.48)**	**(1,917.10)**
Cash flows from investing activities		
Payments for property, plant and equipment and Investment Property	(8.77)	(26.02)
Proceeds from sale of property, plant and equipment and Investment Property	0.01	1.00
Decrease in Deposits with Bank	15.65	26.93
Net cash inflow / (outflow) from investing activities	**6.89**	**1.92**
Cash flows from financing activities		
Proceeds from issue of Shares	90.00	119.99
Proceeds from Issue / (Repayment) of Debt Securities	3.75	98.42
Increase in / (Repayment) of Borrowings	1,222.20	1,362.82
Increase in / (Repayment) of Subordinated Liabilities	(26.99)	77.13
Payments for Principal Portion of Lease Liabilities (Refer Note 39)	(6.83)	-
Net cash inflow from financing activities	**1,282.13**	**1,658.37**
Net Increase Or (Decrease) in Cash & Cash Equivalent	**257.54**	**(256.82)**
Cash and cash equivalents at the beginning of the financial year	**(1,609.54)**	**(1,352.72)**
Cash and cash equivalents at end of the year	**(1,352.00)**	**(1,609.54)**

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

(All amounts in ₹ Crores, unless otherwise stated)

I) Equity Share Capital

	Notes	Amounts
Balance as at April 1st, 2018		166.89
Changes in equity share capital during the year	21	11.32
Balance as at March 31st 2019		178.21
Changes in equity share capital during the year	21	6.98
Balance as at Mar 31, 2020		**185.18**

II) Other equity

		Reserves and surplus				
	Notes	Securities Premium Account	Statutory Reserve	Retained earnings	Other Reserves - Hedge Reserve	Total
Balance as at April 1, 2018		**437.72**	**60.99**	**217.81**	**-**	**716.52**
Profit for the Year	22	-	-	148.30	-	148.30
Other comprehensive income	22	-	-	(0.60)	-	(0.60)
<u>Transaction in the capacity as owners</u>						
Transfer to Statutory reserve	22	-	29.66	(29.66)	-	-
Issue of equity shares	22	108.67			-	108.67
Balance as at March 31, 2019		**546.39**	**90.65**	**335.85**	**-**	**972.89**
Change in accounting Policy (Refer Note 39)		-	-	(1.93)	-	(1.93)
Profit for the Year	22	-	-	150.51	-	150.51
Other comprehensive income	22	-	-	(2.65)	(15.00)	(17.65)
<u>Transaction in the capacity as owners</u>						
Transfer to Statutory reserve	22	-	30.10	(30.10)	-	-
Issue of equity shares	22	83.02	-	-	-	83.02
Balance as at Mar 31, 2020		**629.41**	**120.75**	**451.69**	**(15.00)**	**1,186.86**

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

1. Significant Accounting Policies forming part of Financial Statements

COMPANY BACKGROUND

TVS Credit Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Chaitanya", No. 12 Khader Nawaz Khan Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India. The Company is a subsidiary of TVS Motor Company Limited.

The Company has received Certificate of Registration dated 13th April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity there on. The Company is categorized as Systemically Important Non-Banking Finance (Non-Deposit Accepting or Holding) Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged predominantly in Automobile Financing. The Company falls under the new category of "NBFC - Investment and Credit Company (NBFC-ICC)" post RBI merger of the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) during the February 2019.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts:

The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015] as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other accounting principles generally accepted in India.

The Company has adopted Ind-AS from April 1, 2018 with effective transition date of April 1, 2017 pursuant to MCA notification dated March 31, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on October 11, 2018. Further, the Company follows application guidance, clarifications, circulars and directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC) or other regulators, as and when they are issued and applicable.

b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value as stated in notes;
- Defined benefit plans – plan assets measured at fair value.

c. Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d. Significant Estimates and Judgements

The areas involving critical estimates are:

- Determining inputs into the ECL measurement model - (Refer Note 36)
- Estimation of defined benefit obligation - (Refer Note 34)

The areas involving critical judgements are:

- Classification of financial assets: Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI (Solely Payments of Principal and Interest) on the principal amount outstanding.
- Derecognition of financial assets and securitization.
- Categorization of loan portfolios

e. Property, Plant and Equipment (PPE):

Items of property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

f. Depreciation:

Depreciation is provided on straight-line basis over the estimated useful lives of the assets. Useful life estimated by the Company is in line with the useful life prescribed under Part C of Schedule II of the Companies Act, 2013 except in the case of mobile phone, based on the technical evaluation wherein the useful life is considered as 2 years.

Depreciation on PPE individually costing ₹5,000/- or less is provided 100% in the year of acquisition.

An asset's carrying amount is written down immediately to its estimated recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

Depreciation on fixed assets added/disposed off during the year is calculated on pro-rata basis with reference to the date of addition/disposal.

g. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

h. Intangible Assets

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight line basis over its useful life. Software is amortised over 3 years period or the license period whichever is lower on Straight Line basis.

i. Financial Assets and financial liabilities:

1. Classification

The Company classifies its financial assets in the following categories, those to be measured subsequently at

a) Fair value through other comprehensive income (FVOCI),

b) Fair value through profit or loss (FVTPL), and

c) Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

<u>Business Model Assessment</u>

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial liabilities

The Company classifies its financial liabilities, other than fully hedged foreign currency loans, financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

2. Measurement:

At initial recognition, the Company measures a financial assets that are not at fair value through profit or loss at its fair value plus/(minus), transaction costs / origination Income that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

i. Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

ii. Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

3. Revenue Recognition

i. Income from financing activity

a. Interest income is recognized using the Effective Interest Rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to its gross carrying amount. The calculation of the effective interest rate includes transaction costs and transaction income that are directly attributable to the acquisition of a financial asset.

b. For financial assets that are not Purchases Originally Credit Impaired “POCI” but have subsequently become credit-impaired (or ‘stage-3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost and interest recognised is net of expected credit loss provision.

c. Income by way of additional interest on account of delayed payment by the customers is recognized on realization basis, due to uncertainty in collection.

ii. Other revenue from operations

a. Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognized as the performance obligations are performed and there is no significant financing component of the consideration.

b. Dividend income is recognized when the right to receive income is established.

c. Incomes in the nature of bounce and related charges are recognized on realisation, due to uncertainty in collection.

4. Impairment of financial assets:

The Company recognizes loss allowance for Expected Credit Loss “ECL” on the following financials instruments that are not measured at FVTPL:

i. Loans

ii. Trade receivables

iii. Other receivables

i. Loans and Other receivables

The Company measures loss allowances at an amount equal to lifetime ECL, except for financial instruments whose credit risk has not increased significantly since initial recognition, for which a 12-month ECL is computed.

Life-time ECL is based on the result from all possible default events over the expected life of the financial instrument.

12-month ECL is based on the result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company categorizes loan assets into stages based on the Days Past Due status:

Stage	Past due	ECL	Regulatory standards
Stage 1	30 days past due	12 Month ECL	Equivalent to standard assets as per RBI
Stage 2	31-90 Days Past Due	Life-time ECL	
Stage 3	More than 90 Days Past Due	Life-time ECL	Equivalent to NPA assets as per RBI

<u>Measurement of ECL</u>

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ii. Trade Receivables:

For trade receivables only, the Company applies the simplified approach which requires life-time ECL to be recognised from initial recognition of the receivables.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

Write-off

Loans are written off when there is no reasonable expectation of recovering in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5. Derecognition of financial assets and financial liabilities:

A financial asset is derecognized only when:

The Company has transferred the contractual rights to receive cash flows from the financial asset or the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

A financial liability is derecognized when its contractual obligations are discharged or cancelled, or expires.

6. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates derivatives taken on External Commercial Borrowings (ECB) as Cashflow Hedges (hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 35. Movements in the hedging reserve in shareholders' equity are shown in Note 22.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the "other comprehensive income". The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

7. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

j. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. They are recognised initially at their fair value and subsequently measured at amortised cost.

k. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the balance sheet.

l. Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

i. Deferred income tax provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

ii. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognized in the statement of profit and loss.

m. Employee Benefits:

i. Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

ii. The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

c) Post-employment Obligation:

The Company operates the following post-employment schemes:

- Defined benefit plans such as gratuity for its eligible employees, pension plan for its senior managers; and
- Defined contribution plans such as provident fund.

i. Pension and gratuity obligation

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

ii. Provident fund:

Contributions to Provident Fund made to Regional Provident Fund Commissioner in respect of Employees' Provident Fund based on the statutory provisions are charged to Statement of Profit and Loss on accrual basis.

n. Functional Currency:

i. Functional and presentation currencies:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e., in Indian rupees (INR) and all values are rounded off to nearest crores except where otherwise indicated.

ii. Transactions and balances

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

o. Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain/(loss).

Finance charges are expensed in the period in which they are incurred.

p. **Borrowings cost:**

Borrowing costs are expensed in the period in which they are incurred.

q. **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of the transactions of non-cash nature.

r. **Earnings Per Share**

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

s. **Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period

t. **Lease**

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company as a lessee, assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:–

i. The use of an identified asset,

ii. The right to obtain substantially all the economic benefits from use of the identified asset,

iii. The right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the incremental borrowing rate.

For short-term leases and low value assets (assets of less than INR 500,000 in value) the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying Ind AS 17

Lease payments have been classified as Cash flow used in financing activities

The new standard is mandatory for financial years commencing on or after April 1, 2019 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Accordingly, the Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective method of transition. Adoption of this standard did not have a material effect on audited financial results for the year ended 31 March 2020.

u. Segment reporting

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

v. Provisions

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

w. Contingent liabilities

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

x. Share based payments:

Equity-settled share-based payments for receipt of services are measured at the estimated average fair value of the equity instruments over the vesting period. The average fair value is determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

y. Equity

Equity shares are classified as equity. Distributions to holders of an equity instrument are recognized by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 2 Cash and Cash Equivalents

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Cash on hand*	1.71	31.47
b)	Balance with banks		
	- current accounts	355.65	45.57
	Total	357.36	77.04

* Represents cash collected from borrowers as on Balance Sheet date, deposited with Bank subsequently in the process of being deposited.

Cash and Cash Equivalents for the purpose of Cash Flow Statement

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Cash and Cash Equivalents as shown above	357.36	77.04
b)	Less: overdrafts utilised	1,709.36	1,686.58
	(Grouped under Borrowings (other than debt securities) - Note 16)		
	Total	(1,352.00)	(1,609.54)

NOTE 3 Bank Balance other than Cash and Cash Equivalents*

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Bank Balance other than Cash and Cash Equivalents	11.62	27.27
	Total	11.62	27.27

* Balance maintained in Fixed Deposits as Cash Collateral towards Assets transferred on assignment of receivables, lien marked favouring SPVs (represent Fixed Deposits exceeding 3 months and Less than 12 months).

NOTE 4 Derivative Financial Instruments

S.No.	Description	As at 31st Mar, 2020	
		Notional amounts	Fair Value - Assets
a)	Other Derivatives - Cross Currency Swap - designated as hedges	634.84	23.63
	Total		23.63
S.No.	Description	As at 31st Mar, 2019	
		Notional amounts	Fair Value - Assets
b)	Derivatives not designated as hedges	237.50	15.03
	Total		15.03

NOTE 5 Trade Receivables

S. No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Receivables considered good - Unsecured	58.38	53.34
b)	Less: Impairment Loss Allowance	4.03	1.24
c)	Receivables considered good - Unsecured (Net) (a) -(b)	54.35	52.10

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 6 Loans

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
A		Amortised Cost	
a)	Bills Purchased and Bills discounted	21.30	0.80
b)	Term Loans		
	i) Automobile Financing	8,278.96	7,157.67
	ii) Consumer Lending	1,138.30	1,075.95
	iii) Small Business Lending	209.10	129.52
c)	Total Loans - Gross (a)+(b)	9,647.66	8,363.94
d)	Less: Impairment Loss Allowance	192.11	139.03
e)	Total Loans - Net (c)-(d)	9,455.55	8,224.91
B	**Nature**		
	Secured by Tangible Assets	8,307.11	7,157.67
	Unsecured Loans	1,340.55	1,206.27
	Total Gross	9,647.66	8,363.94
	Less: Impairment Loss Allowance	192.11	139.03
	Total - Net	9,455.55	8,224.91
C i)	Loans in India		
	Public Sector	-	-
	Others	9,647.66	8,363.94
	Total Gross	9,647.66	8,363.94
	Less: Impairment Loss Allowance	192.11	139.03
	Total - Net	9,455.55	8,224.91
ii)	Loans Outside India	-	-
iii)	Total Loans (i)+(ii)	9,455.55	8,224.91

a. The stock of loan (automobile finance) includes 13998 nos repossessed vehicles as at Balance Sheet date. (March 31, 2019: 11526 nos).

b. Automobile financing is secured by hypothecation of vehicles supported by Registration Certificate book issued by Regional Transport Officer and undertaking given by the borrower to register the vehicle with RTO.

Details of Registration are in progress or Registration No. not available:

Product	As at 31st Mar, 2020		As at 31st Mar, 2019	
	Nos	Value	Nos	Value
Two Wheeler	257,142	1,000.97	507,109	1,978.48
Used Car	4,786	151.18	4,412	132.76
Tractor	8,473	312.13	4,964	172.42

c. **Transferred Loans**

The carrying amounts of the automobile financing include Loans which are subject to a Securitisation arrangement. Under this arrangement, Company has transferred the relevant Loans to the Securitisation trust in exchange for cash. However, Company has provided credit enhancements which in substance has been concluded as retention of risk and reward. The Company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the securitisation agreement is presented as secured borrowing.

	31-Mar-20	31-Mar-19
Total transferred receivables	12.57	62.86
Associated Secured Borrowing (Note 16)	12.57	62.86

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 7 Investments

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Investments		
	Equity instruments		
	Subsidiaries*		
i)	TVS Housing Finance Private Limited (1,20,00,000 equity shares @ ₹10/- each fully paid up)	12.00	12.00
ii)	TVS Two Wheeler Mall Private Ltd (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
iii)	TVS Commodity Financial Solutions Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
iv)	Harita ARC Private Limited (2,500 equity shares @ ₹10 each fully paid up)	0.00	0.00
v)	TVS Micro Finance Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
vi)	Harita Collection Services Private Limited (2,500 equity shares @ ₹10/- each fully paid up)	0.00	0.00
	Total – Gross (A)	12.01	12.01
	(i) Investments outside India	-	-
	(ii) Investments in India	12.01	12.01
	Total (B)	12.01	12.01
	Total	12.01	12.01
	Less: Allowance for Impairment Loss (C)	-	-
	Total - Net (D) = (A)-(C)	12.01	12.01

* The amounts mentioned are below the rounding off norms of the Company.

*Investments in subsidiaries is carried at cost as per IND AS 27.

NOTE 8 Other Financial Assets

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Loan to Employees	8.72	7.03
b)	Security deposit for leased premises	7.54	6.60
c)	Advances to Related Parties	80.86	112.83
d)	Other Financial Assets - Related Parties	0.03	0.18
e)	Other Financial Assets - Non Related Parties	13.03	6.48
f)	Deposit with Service Providers	3.34	2.91
	Total	113.52	136.04

NOTE 9 Current Tax Assets

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Opening Balance	6.76	6.69
b)	Add: Taxes paid	68.12	82.45
c)	Less: Taxes Payable	(60.00)	(82.39)
	Total	14.88	6.76

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 10 Deferred Tax Assets/(liabilities)

The balance comprises temporary differences attributable to:

S.No.	Description	As at 31st Mar, 2020	Created/ (Provided) during the year	Balance as on 01st Apr, 2019	As at 31st Mar, 2019
	Deferred tax assets/(Liabilities) on account of :				
a)	Depreciation	4.60	(1.37)	5.97	5.97
b)	Provision for compensated absence	4.03	0.56	3.48	3.48
c)	Provision for expected credit loss	34.76	(0.71)	35.47	35.47
d)	General Loss Provisions	2.13	2.13	-	-
e)	Provision for gratuity	0.18	0.17	0.01	0.01
f)	Expenses Disallowed under Sec 40 (a) (ia)	4.22	(1.14)	5.37	5.37
g)	Provision for pension	2.82	(0.68)	3.50	3.50
h	Investment property	-	(3.51)	3.51	3.51
i)	Automobile financing	14.47	10.25	4.22	4.22
i)	Other Receivables from holding Company	2.73	(4.33)	7.06	7.06
j)	Mark to market on derivative	5.05	4.99	0.05	0.05
k)	Lease Accounting	0.82	(0.22)	1.03	-
	Total deferred tax Assets/(liabilities)	**75.82**	**6.14**	**69.68**	**68.65**

Balance as on 01st Apr, 2019 considers the effect of lease accounting (Refer Note 39).

Break-up of deferred tax expense/(benefit)	
- to statement of profit and loss	0.20
- to other comprehensive income	5.94
Total	6.14

NOTE 11 Investment Property

Description	Land	Building	Total
Period Ended 31st Mar '20			
Gross carrying amount as on 31st Mar'19	85.16	0.00	85.16
Additions	-	-	-
Sub-total	**85.16**	**0.00**	**85.16**
Disposals	-	-	-
Closing gross carrying amount (A)	**85.16**	**0.00**	**85.16**
Depreciation and amortisation			
Openig accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-		-
Sub-total	**-**	**-**	**-**
Disposals	-	-	-
Closing accumulated depreciation and amortisation(B)	**-**	**-**	**-**
Net Carrying value as at 31-03-2020 (A)-(B)	**85.16**	**0.00**	**85.16**
Net Carrying value as at 31-03-2019	**85.16**	**0.00**	**85.16**

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 11 Investment Property (Contd.)

Description	Land	Building	Total
Period Ended 31st Mar'19			
Gross carrying amount as on 31st Mar'18	85.47	0.40	85.86
Additions		-	-
Sub-total	85.47	0.40	85.86
Disposals	0.30	0.40	0.70
Closing gross carrying amount (A)	85.16	-	85.16
Depreciation and amortisation			
Opening accumulated depreciation	-		-
Depreciation/amortisation charge during the year	-	-	-
Sub-total	-	-	-
Disposals	-	-	-
Closing accumulated depreciation and amortisation(B)	-	-	-
Net Carrying value as at 31-03-2019 (A)-(B)	85.16	-	85.16

(i) Fair value

	As at 31st Mar, 2020	As at 31st Mar, 2019
Investment properties	414.90	414.90

NOTE 12 Property, Plant and Equipment

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total	
Period Ended 31st Mar'20						
Gross carrying amount as on 31st Mar'19	15.67	10.33	9.72	0.02	35.74	12.78
Additions	4.78	1.00	1.50	-	7.29	1.48
Sub-total	**20.45**	**11.33**	**11.22**	**0.02**	**43.03**	**14.26**
Disposals	0.01	0.05	0.05	-	0.10	-
Closing gross carrying amount (A)	**20.44**	**11.29**	**11.17**	**0.02**	**42.93**	**14.26**
Depreciation and amortisation						
Opening accumulated depreciation	6.65	3.95	4.10	0.00	14.71	4.32
Depreciation/amortisation charge during the year*	5.31	1.94	1.97	0.00	9.21	3.77
Sub-total	**11.96**	**5.89**	**6.07**	**0.00**	**23.93**	**8.09**
Disposals	0.00	0.04	0.05	-	0.09	-
Closing accumulated depreciation and amortisation(B)	**11.96**	**5.85**	**6.02**	**0.00**	**23.83**	**8.09**
Net Carrying value as at 31-03-2020 (A)-(B)	**8.49**	**5.44**	**5.14**	**0.02**	**19.09**	**6.17**
Net Carrying value as at 31-03-2019	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**

* The amounts mentioned are below the rounding off norms of the Company.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 12 Property, Plant and Equipment (Contd.)

Description	Property, Plant and Equipment					Other Intangible Assets (Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total	
Period Ended 31st Mar'19						
Gross carrying amount as on 31st Mar'18	8.10	7.33	6.92	0.02	22.37	3.17
Additions	9.07	3.37	4.01	-	16.45	9.61
Sub-total	**17.17**	**10.70**	**10.92**	**0.02**	**38.82**	**12.78**
Disposals	1.50	0.37	1.20	-	3.07	-
Closing gross carrying amount (A)	**15.67**	**10.33**	**9.72**	**0.02**	**35.75**	**12.78**
Depreciation and amortisation						
Opening accumulated depreciation	1.81	1.86	1.85	0.00	5.52	1.23
Depreciation/amortisation charge during the year*	4.96	2.14	5.03	0.00	12.12	3.09
Sub-total	**6.77**	**4.00**	**6.87**	**0.00**	**17.64**	**4.32**
Disposals	0.12	0.04	2.77	-	2.93	-
Closing accumulated depreciation and amortisation (B)	**6.65**	**3.95**	**4.10**	**0.00**	**14.71**	**4.32**
Net Carrying value as at 31-03-2019 (A)-(B)	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**

* The amounts mentioned are below the rounding off norms of the Company.

NOTE 13 Other Non Financial Assets

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Dealer Commission Advance	0.72	0.41
b)	Prepaid Expenses	6.05	11.10
c)	Vendor Advance	19.81	0.69
d)	Balance with GST/Service Tax Department	2.21	3.46
e)	Right-to-use asset (Refer Note 39)	25.78	-
	Total	54.57	15.65

NOTE 14 Trade Payables

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Total outstanding dues to micro enterprises and small enterprises*	0.02	-
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	168.61	139.87
	Total	168.63	139.87

*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 15 Debt Securities

Description	As at 31st Mar, 2020	As at 31st Mar, 2019
At Amortised Cost		
Others		
Commercial Paper	496.19	492.44
Total (A)	496.19	492.44
Debt securities in India	496.19	492.44
Debt securities outside India	-	-
Total (B)	496.19	492.44

NOTE 16 Borrowings (Other Than Debt Securities)

Description	As at 31st Mar, 2020	As at 31st Mar, 2019
At Amortised Cost		
(a) Term loans		
i) from banks	5,728.66	4,436.11
ii) from other parties	-	-
(b) Loans repayable on demand		
(i) from banks	1,709.36	1,686.58
(c) Securitised trust borrowing	12.57	62.86
Total (A)	7,450.59	6,185.56
Borrowings in India	6,772.06	6,185.56
Borrowings outside India	678.53	-
Total (B)	7,450.59	6,185.56

NOTE 17 Subordinated Liabilities

Description	As at 31st Mar, 2020	As at 31st Mar, 2019
At Amortised Cost		
Perpetual Debt Instruments to the extent that do not qualify as equity	99.81	99.79
Other Subordinated Liabilities:		
From Banks	199.87	261.22
From Others	313.09	278.76
Total (A)	612.77	639.76
Subordinated Liabilities in India	612.77	639.76
Subordinated Liabilities outside India	-	-
Total (B)	612.77	639.76

Refer annexure for the terms of the debt securities, borrowings and subordinated liabilities.

(All amounts in ₹ Crores, unless otherwise stated)

Annexure

Institution	Amount outstanding as on 31st March 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
Loans repayable on demand	1,569.36	Secured		Repayable On Demand			
	140.00	Unsecured					
	1,709.36						
Term Loan							
Bank	99.98	Secured	8.05%	10	Quarterly	31/12/2020	31/03/2023
Bank	75.00	Secured	8.20%	10	Quarterly	15/07/2020	15/10/2022
Bank	199.95	Secured	8.10%	10	Quarterly	24/11/2020	24/02/2023
Bank	399.93	Secured	8.30%	10	Quarterly	27/11/2019	27/02/2022
Bank	74.99	Secured	9.00%	10	Quarterly	10/01/2019	10/03/2021
Bank	49.99	Secured	8.40%	2	2 Installment	25/09/2019	25/09/2020
Bank	79.93	Secured	9.00%	10	Quarterly	15/11/2019	15/02/2022
Bank	25.00	Secured	7.99%	1	Bullet	01/06/2020	01/06/2020
Bank	50.00	Secured	8.05%	1	Bullet	23/10/2020	23/10/2020
Bank	100.00	Secured	8.20%	1	Bullet	06/05/2021	06/05/2021
Bank	66.66	Secured	8.40%	6	Half Yearly	28/06/2019	28/12/2021
Bank	33.34	Secured	8.40%	6	Half Yearly	28/07/2019	28/01/2022
Bank	150.00	Unsecured	8.35%	1	Bullet	19/05/2020	19/05/2020
Bank	24.99	Secured	8.30%	12	Quarterly	16/02/2018	16/11/2020
Bank	63.33	Secured	8.85%	12	Quarterly	23/06/2018	23/03/2021
Bank	125.00	Secured	8.65%	36	Monthly	26/10/2018	26/09/2021
Bank	241.62	Secured	7.25%	36	Monthly	30/09/2019	30/08/2022
Bank	166.67	Secured	7.50%	36	Monthly	30/10/2019	30/09/2022
Bank	500.00	Secured	7.00%	36	Monthly	19/04/2020	19/03/2023
Bank	59.96	Secured	8.95%	10	Quarterly	21/08/2018	21/11/2020
Bank	477.58	Secured	8.75%	10	Quarterly	04/11/2019	04/02/2022
Bank	290.05	Secured	8.35%	12	Quarterly	28/03/2019	27/12/2021
Bank	249.95	Secured	8.35%	12	Quarterly	06/05/2020	06/02/2023
Bank	112.50	Secured	8.40%	4	Half Yearly	17/03/2020	17/09/2021
Bank	100.00	Secured	8.30%	4	Half Yearly	18/06/2021	18/12/2022
Bank	20.00	Secured	8.40%	10	Quarterly	29/05/2018	29/08/2020
Bank	50.00	Secured	8.40%	12	Quarterly	01/10/2018	01/06/2021
Bank	150.78	Secured	8.25%	1	Bullet	26/08/2022	26/08/2022
Bank	150.78	Secured	8.25%	1	Bullet	16/09/2022	16/09/2022
Bank	30.00	Secured	8.65%	10	Quarterly	21/09/2018	21/12/2020
Bank	188.48	Secured	8.63%	1	Bullet	29/05/2022	29/05/2022
Bank	188.48	Secured	8.63%	1	Bullet	10/06/2022	10/06/2022
Bank	139.78	Secured	9.00%	10	Quarterly	30/09/2019	30/12/2021
Bank	200.00	Secured	8.25%	1	Bullet	13/10/2020	13/10/2020
Bank	199.93	Secured	8.40%	2	Bullet	19/11/2022	19/11/2022
Bank	299.95	Secured	8.40%	10	Quarterly	20/05/2020	20/08/2022
Bank	44.27	Secured	6.43%	10	Quarterly	10/03/2020	10/06/2022
Bank	249.78	Secured	8.20%	10	Quarterly	20/12/2020	20/03/2023
	5,728.66						
Securitised Trust Borrowings	**12.57**						

(All amounts in ₹ Crores, unless otherwise stated)

Institution	Amount outstanding as on 31st March 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
Subordinated Liabilities							
Perpetual Debt	99.81	Unsecured	11.50%	1	Bullet	Nov-27	Nov-27
Bank	24.94	Unsecured	9.70%	1	Bullet	Sep-22	Sep-22
Bank	25.00	Unsecured	9.70%	1	Bullet	Sep-22	Sep-22
Bank	49.97	Unsecured	9.50%	1	Bullet	May-23	May-23
Bank	50.00	Unsecured	9.90%	1	Bullet	Jul-23	Jul-23
Bank	49.96	Unsecured	10.09%	1	Bullet	Apr-22	Apr-22
Others	14.50	Unsecured	9.20%	1	Yearly	Jun-20	Jun-20
Others	49.92	Unsecured	11.25%	1	Bullet	Sep-21	Sep-21
Others	98.71	Unsecured	10.90%	1	Bullet	Aug-24	Aug-24
Others	49.96	Unsecured	12.25%	1	Bullet	Sep-20	Sep-20
Others	50.00	Unsecured	11.75%	1	Bullet	Jul-21	Jul-21
Others	50.00	Unsecured	11.25%	1	Bullet	May-22	May-22
	612.77						

Institution	Amount outstanding as on 31st March 2019	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Loans repayable on demand	**1,686.58**	Secured		Repayable On Demand			
Term Loan							
Bank	10.08	Secured	8.75%	4	Quarterly	01/06/2019	01/03/2020
Bank	30.31	Secured	8.65%	2	Quarterly	01/06/2019	01/09/2019
Bank	8.38	Secured	8.40%	1	Quarterly	01/06/2019	30/06/2019
Bank	0.00	Secured	8.70%	1	Quarterly	30/06/2018	31/03/2019
Bank	25.00	Secured	8.76%	1	Bullet	11/12/2018	07/06/2019
Bank	10.00	Secured	8.95%	2	Quarterly	01/04/2019	01/07/2019
Bank	12.50	Secured	9.15%	1	Half Yearly	01/08/2019	01/08/2019
Bank	50.00	Secured	9.10%	1	Bullet	25/09/2018	25/09/2019
Bank	8.33	Secured	8.95%	2	Quarterly	01/06/2019	01/09/2019
Bank	28.66	Secured	8.50%	9	Monthly	01/04/2019	01/01/2020
Bank	24.99	Secured	8.35%	3	Quarterly	01/06/2019	01/12/2019
Bank	75.57	Secured	8.95%	3	Quarterly	01/06/2019	01/12/2019
Bank	39.99	Secured	8.65%	4	Quarterly	01/06/2019	01/03/2020
Bank	16.67	Secured	8.55%	4	Quarterly	01/06/2019	01/03/2020
Bank	12.50	Secured	8.55%	1	Quarterly	01/06/2019	01/06/2019
Bank	37.50	Secured	8.60%	3	Quarterly	01/06/2019	01/12/2019
Bank	60.00	Secured	8.85%	6	Quarterly	01/05/2019	01/08/2020
Bank	39.67	Secured	8.15%	3	Quarterly	01/06/2019	01/12/2019
Bank	99.98	Secured	9.61%	2	Bullet	01/09/2019	01/09/2020
Bank	199.98	Secured	7.95%	2	Bullet	30/10/2017	30/10/2019
Bank	58.32	Secured	8.70%	7	Quarterly	01/05/2019	01/11/2020
Bank	70.00	Secured	9.10%	7	Quarterly	01/06/2019	01/12/2020
Bank	140.95	Secured	8.75%	7	Quarterly	01/05/2019	01/11/2020
Bank	126.67	Secured	8.40%	8	Quarterly	01/06/2019	01/03/2021
Bank	100.00	Secured	9.10%	1	Quarterly	18/05/2018	01/05/2021
Bank	83.33	Secured	8.85%	10	Quarterly	01/04/2019	01/06/2021

(All amounts in ₹ Crores, unless otherwise stated)

Institution	Amount outstanding as on 31st March 2019	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Bank	150.00	Secured	8.40%	4	Half Yearly	01/03/2020	01/09/2021
Bank	208.32	Secured	8.80%	30	Monthly	01/04/2019	01/09/2021
Bank	136.00	Secured	8.80%	9	Quarterly	01/04/2019	01/03/2021
Bank	209.69	Secured	9.50%	8	Quarterly	01/07/2019	01/04/2021
Bank	140.00	Secured	9.80%	8	Quarterly	01/08/2019	01/05/2021
Bank	201.34	Secured	9.75%	10	Quarterly	01/09/2019	01/12/2021
Bank	150.00	Secured	9.40%	6	Half Yearly	01/06/2019	01/12/2021
Bank	456.12	Secured	9.50%	11	Quarterly	01/06/2019	01/12/2021
Bank	99.89	Secured	9.10%	10	Quarterly	01/11/2019	01/02/2022
Bank	499.89	Secured	8.80%	10	Quarterly	01/11/2019	01/02/2022
Bank	601.06	Secured	9.40%	10	Quarterly	01/11/2019	01/02/2022
Bank	214.43	Secured	8.90%	1	Bullet	29/01/2018	29/11/2019
	4,436.11						
Securitised Trust Borrowings	**62.86**						
Subordinated Liabilities							
Perpetual Debt	99.79	Unsecured	11.50%	1	Bullet	24/11/2017	01/11/2027
Bank	25.00	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Others	29.00	Unsecured	9.30%	2	Annual	01/06/2019	01/06/2020
Bank	12.50	Unsecured	9.75%	2	Annual	01/06/2019	01/06/2020
Others	49.94	Unsecured	12.25%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.88	Unsecured	11.30%	1	Bullet	01/09/2021	01/09/2021
Others	49.94	Unsecured	10.02%	1	Bullet	01/04/2022	01/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	24.92	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	50.39	Unsecured	10.05%	1		27/11/2013	01/05/2023
Bank	50.00	Unsecured	10.39%	1	Bullet	24/01/2018	01/07/2023
Bank	98.41	Unsecured	10.90%	1	Annual	01/08/2024	01/08/2024
	639.76						

Details of Security

i. Term Loan received from Banks and Other Parties of ₹ 5578.66 inclusive of Current and Non-Current Dues (Previous Year: 4436.11 as on 31st March, 2019) is secured against hypothecation of receivables under the financing activity of the Company.

ii. Working Capital Demand Loan and Cash Credit of ₹ 1,569.36 (Previous Year: ₹ 1,546.58 as at 31st March 2019) is secured by hypothecation of receivables under the financing activity of the Company

External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹ 634.84 (equivalent to USD 90 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the directions issued by the RBI.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 18 Other Financial Liabilities

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Interest Accrued But Not Due	37.60	13.72
b)	Employee Related Liabilities	24.05	38.05
c)	Security Deposit	39.02	48.04
d)	Delinquency Fund	-	5.31
e)	Lease liability	29.03	-
	Total	129.70	105.12

NOTE 19 Provisions

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Pension	11.22	10.02
b)	Gratuity	0.73	0.04
c)	Compensated absences	16.02	11.53
d)	General Loss Provisions*	8.45	-
	Total	36.42	21.59

*Refer note 36 and note 41.10.5

NOTE 20 Other Non Financial Liabilities

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
	Others		
a)	Statutory Dues	17.40	14.65
	Total	17.40	14.65

NOTE 21 Equity Share capital

	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	**Authorised Share Capital:**		
	20,00,00,000 Equity shares of ₹10 each	200.00	200.00
	(Previous Year 20,00,00,000 Equity Shares)		
		200.00	**200.00**
b)	**Issued, Subscribed and Fully Paid up Share Capital:**		
	18,51,82,300 number of Equity shares of ₹10 each	185.18	178.21
	(Previous year 17,82,05,700 Equity Shares of ₹10 each)		
c)	**Par Value per Share**	₹10 each	₹10 each
d)	**Number of equity shares at the beginning of the year**	178,205,700	166,885,700
	Add: Preferential Allotment made during the year	6,976,600	11,320,000
	Number of equity shares at the end of the year	185,182,300	178,205,700

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 21 Equity Share capital (Contd.)

e	Equity Shares held by Holding Companies		
	Particulars	**No. of Shares**	**No. of Shares**
	Holding Company - TVS Motor Company Limited	155,469,528	18,329,753
	Sundaram Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250
	Holding Company in Previous year - TVS Motor Services Limited (including nominees)	1,090,125	134,741,600

f	Number of shares held by shareholders holding more than 5% of total shares as at the end of the year				
	Name of the Shareholders	**As at 31st Mar, 2020**		**As at 31st Mar 2019**	
		No. of Shares	**% of Holding**	**No. of Shares**	**% of Holding**
	TVS Motor Company Limited	155,469,528	83.95	18,329,753	10.29%
	Lucas-TVS Limited	11,337,297	6.12	11,337,297	6.36%
	TVS Motor Services Limited	1,090,125	0.59	134,741,600	75.61%

NOTE 22 Other Equity

Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a) Securities premium reserves	629.41	546.39
b) Statutory Reserve	120.75	90.65
c) Retained earnings	451.69	335.85
d) Other Reserves - Hedging Reserve	(15.00)	-
Total reserves and surplus	**1,186.85**	**972.89**

a) Securities premium reserves	As at 31st Mar, 2020	As at 31st Mar, 2019
Opening balance	546.39	437.72
Additions during the year	83.02	108.67
Deductions/Adjustments during the year	-	-
Closing balance	**629.41**	**546.39**

b) Statutory Reserve	As at 31st Mar, 2020	As at 31st Mar, 2019
Opening balance	90.65	60.99
Transfer from retained earnings	30.10	29.66
Deductions/Adjustments during the year	-	-
Closing balance	**120.75**	**90.65**

c) Retained earnings	As at 31st Mar, 2020	As at 31st Mar, 2019
Opening balance	335.85	217.81
Lease Equivalisation restatement on 01st April, 2019*	(1.93)	-
Balance as on 01st April, 2019	333.92	217.81
Net profit for the period	150.51	148.30
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net off tax	(2.64)	(0.60)
Transaction in the capacity as owners		
Statutory Reserve	(30.10)	(29.66)
Closing balance	**451.69**	**335.85**

* Refer note 39

d) Other Reserves - Hedge Reserve	As at 31st Mar, 2020	As at 31st Mar, 2019
Opening balance	-	-
Add: Change in fair value of hedging instruments, net off tax	(15.00)	-
Closing balance	**(15.00)**	

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 22 Other Equity (Contd.)

Statutory Reserves:

According to Section 45 - IC of the Reserve Bank of India Act, 1934, the Company transfers a sum not less than 20% of its net profit every year as disclosed in the statement of Profit and Loss and before declaration of any dividend to the Statutory reserves.

Securities Premium

The reserve represents premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

Retained Earnings:

Represents Company's cumulative undistributed earnings since its inception. This is available for distribution to shareholders through dividends/capitalisation.

NOTE 23 Interest Income

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
On Financial assets measured at amortised cost:		
Interest on Loans	1,820.49	1,454.17
Interest on Deposits with Bank	1.02	3.27
Total	**1,821.51**	**1,457.43**

NOTE 24 Fees And Commission Income

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Fee based Income	112.80	88.36
Commission income	11.17	15.31
Service Income	44.16	40.22
Total	**168.13**	**143.89**

NOTE 25 Other Income

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Bad Debts Recovered	11.57	9.16
Other Non-Operating Income	3.75	7.02
Unwinding of discount on security deposits and receivable for investments	9.72	16.67
Total	**25.04**	**32.85**

NOTE 26 Finance Costs

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
On Financial liabilities measured at amortised cost		
Interest Cost	665.85	535.14
- Interest on Borrowings	553.55	425.24
- Interest on Debt Securities	50.12	71.30
- Interest on subordinated Liabilities	62.18	38.60
Other Finance Charges	33.96	22.31
Total	**699.81**	**557.46**

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 27 Fee And Commission Expenses

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Business Promotion and Recovery Cost	129.35	80.78
Total	**129.35**	**80.78**

NOTE 28 Net Loss on derecognition of financial instruments under amortised cost category

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Loss on Sale of Repossessed Assets	53.80	74.37
Bad Debts Written off	155.60	76.82
Total	**209.40**	**151.19**

NOTE 28a Impairment of Financial Instruments

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Impairment on standard Assets (Stage 1 & 2)	14.32	12.58
Impairment on NPA (Stage 3)	38.77	19.43
Impairment on Trade Receivables	2.79	1.24
General Loss Provisions*	8.45	-
Total	**64.33**	**33.25**

* Refer note 36 & note 41.10.5

NOTE 29 Employee Benefit Expenses

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Salaries and Wages	427.28	352.97
Contribution to Provident and other funds	28.97	18.52
Staff Welfare	21.48	20.47
Total	**477.73**	**391.95**

NOTE 30 Other Expenses

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Auditors Fees and Expenses*	0.51	0.45
Communication Costs	55.84	42.91
Directors Fees, Allowances & expenses	0.50	0.56
Corporate Social Responsibility **	3.80	2.60
Donation	4.20	6.42
Repairs & Maintenance	2.05	1.40
Rent, Taxes and Energy Costs (refer note 39)	15.64	23.69
Insurance Expenses	1.80	1.46
Legal and Prof Charges	48.95	44.27
Others	15.89	12.49
Printing and Stationery	3.07	2.82
Travelling and Conveyance	43.40	49.27
Total	**195.65**	**188.35**

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 30 Other Expenses (Contd.)

Auditors Fees and Expenses*

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Statutory Audit	0.24	0.25
Tax Audit	0.07	0.07
Certification	0.15	0.05
Reimbursement of Expenses	0.05	0.02
Auditors Fees and Expenses	**0.51**	**0.39**

** **Expenditure incurred on Corporate Social Responsibility activities:**

a. Gross amount required to be spent during the year is ₹3.80 crores

b. Amount spent during the year - ₹11.80 crores

c. Amounts spent towards PM Cares Fund: ₹8 crores which is shown as exceptional items in the Statement of Profit and Loss.

S.No.	Particulars	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
a.	Construction/acquisition of any asset	-	-
b.	Expenses incurred through trusts	3.80	2.60
c.	Donation to PM Cares Fund	8.00	-
	Total	**11.80**	**2.60**

NOTE 31 Income Tax Expenses

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
(a) Income tax expense		
Current tax		
Current tax on profits for the year	60.00	82.39
Tax profits relating to prior period	-	-
Total current tax expense	**60.00**	**82.39**
Deferred tax		
Decrease (increase) in deferred tax assets	(0.20)	(14.72)
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	**(0.20)**	**(14.72)**
Income tax expense	59.80	67.67
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	210.31	215.97
Tax at the Indian tax rate of 25.17% (PY – 34.61%)	52.93	74.75
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	6.87	(7.08)
Income tax expense	59.80	67.67

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 32 Other Comprehensive Income

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit plans	(3.54)	(0.93)
Fair value change on cash flow hedge	(20.05)	-
Income tax relating to these items	5.94	0.33
Other Comprehensive Income	**(17.65)**	**(0.60)**

NOTE 33 Earnings per share

	Year Ended 31st Mar, 2020	Year Ended 31st Mar, 2019
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	8.25	8.67
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	8.25	8.67
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	150.51	148.30
Diluted earnings per share		
Profit attributable to equity holders of the Company		
- used in calculating basis earnings per share	150.51	148.30
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	182,496,787	170,988,778
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	182,496,787	170,988,778

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 34 Employee Benefit Obligations

Defined Benefit Obligation

The Company provides for gratuity employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised fund in India.

The Company operates defined benefit pension plan, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
April 1, 2018	**10.03**	**(6.44)**	**3.59**	**10.02**	**-**	**10.02**	**8.65**	**-**	**8.65**
Current service cost	1.48		1.48	0.18	-	0.18	-		-
Interest expense/(income)	0.66	(0.62)	0.04		-	-	0.54		0.54
Total amount recognised in profit or loss	**2.14**	**(0.62)**	**1.52**	**0.18**	**-**	**0.18**	**0.54**	**-**	**0.54**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)		0.01	0.01			-			-
(Gain)/loss from change in financial assumptions	0.04		0.04	0.21		0.21	0.05		0.05
Experience (gains)/losses	0.91		0.91	(0.39)		(0.39)	3.88		3.88
Total amount recognised in other comprehensive (income)/Losses	**0.95**	**0.01**	**0.96**	**(0.18)**	**-**	**(0.18)**	**3.93**	**-**	**3.93**
Employer contributions	-	(6.02)	(6.02)	-	-	-	-	-	-
Benefit payments	(0.96)	0.96	(0.00)			-	(1.59)		(1.59)
March 31, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**11.53**
April 1, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**11.53**
Current service cost	1.90		1.90	-	-	-	-		-
Interest expense/(income)	0.93	(0.89)	0.04	0.71	-	0.71	0.80		0.80
Total amount recognised in profit or loss	**2.83**	**(0.89)**	**1.94**	**0.71**	**-**	**0.71**	**0.80**	**-**	**0.80**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)		0.19	0.19			-			-
(Gain)/loss from change in financial assumptions	0.48		0.48	1.83		1.83	0.44		0.44
Experience (gains)/losses	2.37		2.37	(1.33)		(1.33)	5.43		5.43
Total amount recognised in other comprehensive (income)/Losses	**2.85**	**0.19**	**3.04**	**0.49**	**-**	**0.49**	**5.87**	**-**	**5.87**
Employer contributions	-	(4.30)	(4.30)	-	-	-	-	-	-
Benefit payments	(1.73)	1.73	-			-	(2.19)		(2.19)
March 31, 2020	**16.11**	**(15.38)**	**0.73**	**11.22**	**-**	**11.22**	**16.02**	**-**	**16.02**

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 34 Employee Benefit Obligations (Contd.)

Details	Gratuity		Pension		Compensated Absence	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Discount Rate	5.46%	6.72%	6.32%	7.27%	5.30%	6.68%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

i. Sensitivity Analysis

Particulars	Gratuity 2019-20			Pension 2019-20			Compensated Absences 2019-20		
	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion
Discount Rate	0.50%	15.91	16.31	1%	9.65	13.15	0.50%	15.85	16.20
Salary Growth Rate	0.50%	16.31	15.91	1%	13.22	9.57	0.50%	16.20	15.85
Mortality	5.00%	16.11	16.11	5%	11.13	11.31	5.00%	16.02	16.02

Particulars	Gratuity 2018-19			Pension 2018-19			Compensated Absences 2018-19		
	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion
Discount Rate	0.50%	12.02	12.3	1%	8.45	11.57	0.50%	11.41	11.65
Salary Growth Rate	0.50%	12.29	12.02	1%	11.65	8.38	0.50%	11.65	11.41
Mortality	5.00%	12.15	12.15	5%	9.79	9.92	5.00%	11.53	11.53

ii. The following payments are expected contributions to the defined benefit plan in future years:

Particulars	
Within the next 12 months (next annual reporting period)	4.93
Between 2 and 5 years	10.45
Beyond 5 years	2.83
Total	**18.21**

iii. Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yield;

Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

iv. Defined contribution plans:

The Company's contribution to defined contribution plan viz., provident fund, of ₹ 17.86 (March 31, 2019: ₹ 10.56) has been recognised in the Statement of Profit and Loss. There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated February 28, 2019 on components / allowances paid to employees that need to be taken into account while computing an employer's contribution to provident fund under the EPF Act. The Company is in the process of evaluating the method of computation of its PF contribution in relation to above judgement and would record any further effect in its financial statements, on receiving further clarification on the subject.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 35 Fair value measurements

Financial instruments by category

	Measurement Level	31st March 2020	31st March 2019
Financial assets carried at amortised cost			
Loans	Level 3	9,455.55	8,224.91
Trade Receivables	Level 3	54.35	52.10
Cash and Cash Equivalents		357.36	77.04
Other bank balances		11.62	27.27
Loan to Employees	Level 3	8.72	7.03
Advances to Related Parties	Level 3	80.86	110.17
Other Financial Assets - Related Parties	Level 3	0.03	2.85
Other Financial Assets - Non Related Parties	Level 3	13.03	6.48
Security deposit for leased premises	Level 3	7.54	6.60
Deposit with Service Providers	Level 3	3.34	2.91
Financial assets carried at fair value through profit and loss			
Cross currency swap	Level 2	-	15.03
Financial assets carried at fair value through Other Comprehensive Income			
Derivative Financial Instruments	Level 2	23.63	-
Total financial assets		**10,016.03**	**8,532.39**
Financial liabilities carried at amortised cost			
Trade Payables	Level 3	168.63	139.87
Debt Securities	Level 3	496.19	492.44
Borrowings other than debt securities	Level 3	7,450.59	6,185.56
Subordinated Liabilities	Level 3	612.77	639.76
Security Deposit Received	Level 3	39.02	48.04
Other financial liabilities	Level 3	90.68	57.09
Total financial liabilities		**8,857.88**	**7,562.76**

i. Fair value hierarchy

Ind AS 113, 'Fair Value Measurement' requires classification of the valuation method of financial instruments measured at fair value in the Statement of Balance sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 113 are described below.

Financial assets and liabilities measured at fair value - recurring fair value measurements (Level 2)	**31st March 2020**	**31st March 2019**
Financial assets		
Cross currency swap	**-**	15.03
Derivative Financial Instruments	23.63	-
Total financial assets	23.63	15.03
Fair value of Financial assets and liabilities carried at amortised cost (Level - 3)	**31st March 2020**	**31st March 2019**
Financial assets		
Loan to Employees	8.72	7.03
Advances to Related Parties	86.11	114.35
Security deposit for leased premises	7.54	6.60
Total financial assets	**102.38**	**127.98**

There were no transfers between any levels during the year.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 35 Fair value measurements (Contd.)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes publicly traded derivatives and mutual funds that have a quoted price. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

ii. Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- The fair value of forward foreign exchange contracts and cross currency interest rate swaps (CCIRS) is determined using forward exchange rates at the balance sheet date
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 3 where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

iii. Valuation process

Discount rates are determined using a market interest rate for a similar asset adjusted to the risk specific to the asset.

iv. Fair value of financial assets and liabilities measured at amortised cost

31st March 2020	Carrying amount	Fair value
Financial assets		
Loan to Employees	8.72	8.72
Advances to Related Parties	80.86	86.11
Security deposit for leased premises	7.54	7.54
Total financial assets	**97.13**	**102.38**
31st March 2019	**Carrying amount**	**Fair value**
Loan to Employees	7.03	7.03
Advances to Related Parties	110.17	114.35
Security deposit for leased premises	6.60	6.60
Total financial assets	**123.80**	**127.98**

The fair values for receivable from holding company and rent advance were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 36 Financial Risk Management

(A) Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

Other Financial Assets

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

Particulars	31st March 2020	31st March 2019
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	8,407.16	7,767.27
Stage-2 (31-90 Days)	869.84	321.98
Stage-3 (More than 90 Days)	370.66	274.69
Total Gross Carrying value on Reporting Date	**9,647.66**	**8,363.94**

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under ECL model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the Days Past Due status:

- Stage 1: 30 Days Past Due
- Stage 2: 31-90 Days Past Due
- Stage 3: More than 90 Days Past Due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model:

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 36 Financial Risk Management (Contd.)

- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has offered moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers.

For staging classification under ECL computation, the Company has exercised standstill option of asset classification for overdue standard accounts classified under Stage 2 as at 29th February 2020, for which moratorium has been granted. Above relaxation has not been deemed to be automatically triggering significant increase in credit risk based on assessment of the Company. During the moratorium period, the Company continues to recognize interest income and has made the judgment that the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 3 classification criteria.

COVID-19 has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. The Company has followed same methodologies and assumptions for impairment loss allowance calculations followed in earlier quarters with additional consideration for Covid related impact and the associated support packages in the measurement of impairment loss allowance. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, Loans to be in default when it is more than 90 days past due. The financial services business considers Loans under default as 'credit impaired'.

Impairment loss

The expected credit loss allowance provision is determined as follows:

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st Mar'20	8,407.16	869.84	370.66	9,647.66
Expected Credit Loss	39.23	9.50	143.38	192.11
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of Impairment Provision	8,367.93	860.34	227.28	9,455.55

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st Mar'19	7,767.27	321.98	274.69	8,363.94
Expected Credit Loss	30.99	3.43	104.61	139.03
Expected Credit Loss Rate	0.40%	1.06%	38.08%	1.66%
Net of Impairment Provision	7,736.28	318.55	170.08	8,224.91

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 36 **Financial Risk Management (Contd.)**

Reconciliation of Expected Credit Loss

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
Balance as at 1st April 2018	**19.75**	**2.08**	**82.94**	104.77
Transfer to Stage 1	(2.14)	1.06	1.08	-
Transfer to Stage 2	0.21	(1.18)	0.98	-
Transfer to Stage 3	1.34	0.63	(1.97)	-
Loans that have derecognised during the period	(4.32)	(0.60)	(25.43)	(30.36)
New Loans originated during the year	22.44	1.47	13.25	37.16
Net Remeasurement of Loss Allowance	(6.28)	(0.02)	33.75	27.45
Balance as at 31st March 2019	**30.99**	**3.43**	**104.61**	**139.03**
Transfer to Stage 1	(4.92)	3.27	1.66	-
Transfer to Stage 2	0.28	(1.90)	1.61	-
Transfer to Stage 3	0.71	1.33	(2.04)	-
Loan that have derecognised during the period	(6.58)	(0.72)	(25.18)	(32.49)
New Loans originated during the year	25.12	3.91	12.98	42.02
Net Remeasurement of Loss Allowance	(6.37)	0.18	49.74	43.55
Balance as at 31st March 2020	**39.23**	**9.50**	**143.38**	**192.11**

Concentration of Credit Risk

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

	31st March 2020	31st March 2019
Carrying value		
Concentration by geographical region in India		
South	3,822.92	3,356.79
West	2,091.72	1,999.24
East	1,602.03	1,227.55
North	2,130.99	1,780.36
Total Loans as at reporting period	**9,647.66**	**8,363.94**

(B) Liquidity risk

The liquidity risk is a risk that an entity will encounter difficulty in meeting financial obligations.

As per Company's policy, management ensures availability of sufficient fund either through Installment receivables/ sourcing through debts at each point of time. The Fund requirement ascertained at the beginning of the period by taking into consideration Installment receivable, likely disbursement, Loan installment payment & other operational expenses. The Company is continuously getting good supports from Bankers & Financial Institutions at the time of need.

i. Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31st March 2020	31st March 2019
Floating rate		
Expiring within one year (bank overdraft and other facilities)	332.04	653.09
Expiring beyond one year (bank loans)	-	-
	332.04	653.09

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 36 Financial Risk Management (Contd.)

ii. Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a. All non-derivative financial liabilities, and

b. Net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
31st Mar 2020						
Non-derivatives						
Borrowings	956.35	582.44	3,187.76	3,733.20	99.81	8,559.56
Security Deposit Received	-	17.78	21.24	-	-	39.02
Trade Payables	13.55	120.47	34.61	-	-	168.63
Other financial liabilities	40.62	1.76	25.32	20.11	9.34	97.15
Total non-derivative liabilities	**1,010.52**	**722.45**	**3,268.93**	**3,753.31**	**109.15**	**8,864.36**

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
31st Mar 2019						
Non-derivatives						
Borrowings	700.70	384.42	2,765.44	2,569.02	898.18	7,317.76
Security Deposit Received	-	22.27	22.48	3.29	-	48.04
Trade Payables	8.78	93.89	37.21	-	-	139.87
Other financial liabilities	22.01	0.91	34.17	-	-	57.09
Total non-derivative liabilities	**731.49**	**501.48**	**2,859.30**	**2,572.31**	**898.18**	**7,562.76**

NOTE 37 Financial Risk Management

(a) Foreign currency risk exposure:

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity. The Company is exposed to foreign exchange risk due to continuous fluctuation in the foreign currency (USD) of the loan originated. The Company has entered into cross currency swaps (CCS) /forward contracts/ Interest rate swap to fully hedge all foreign currency exchange risk on the principal and interest amount payable on borrowings.

	31st March 2020	31st March 2019
Financial liabilities		
Variable Foreign Currency Borrowings	634.84	252.68
Derivative liabilities		
Hedged through derivatives	634.84	-
Hedged through CCS	-	257.59
Net exposure to foreign currency risk (liabilities)	-	(4.90)

(b) Sensitivity analysis

The Company has hedged all its foreign currency exposures by entering into CCS/ Forwards contracts, it shall not be subject to any sensitivity on settlement due to foreign currency fluctuation (USD). Forward Contract & Cross Currency Swap are to buy USD for Hedging Foreign Currency Loan.

Impact on profit after tax		
USD sensitivity	31st March 2020	31st March 2019
INR/USD Increases by 5%	-	(0.16)
INR/USD Decreases by 5%	-	0.16

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 37 Financial Risk Management

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31 March 2020 and 31 March 2019, the Company's borrowings at variable rate were mainly denominated in INR, USD.

The Company's floating rate borrowings are carried at amortised cost. For NBFC business loan is the major source for running the business. In India loans are mostly available at Floating rate Interest. And there are no such option available to obtain an option for swapping the Floating rate Interest with Fixed Interest. Hence except foreign currency loans`, other loans are not hedged.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31st March 2020	31st March 2019
Variable rate borrowings	7,173.54	6,324.62
Total borrowings	**8,559.56**	**7,317.76**

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	31st March 2020		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	8.30%	7,173.54	83.81%
	31st March 2019		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	9.12%	6,324.62	86.43%

An analysis by maturities is provided in note 36 B (ii) above.

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

	Impact on profit after tax	
	31st March 2020	31st March 2019
Interest rates – increase by 50 basis points*	32.03	23.93
Interest rates – decrease by 50 basis points*	(32.03)	(23.93)

* Holding all other variables constant.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 38 Capital management

(a) Risk management

The Risk Management policy includes identification of element of risks, including those which in the opinion of Board may lead to Company not meeting its financial objectives. The risk management process has been established across the Company and designed to identify, access & frame a response to threat that affect the achievement of its objectives. Further it is embedded across all the major functions and revolve around the goals and objectives of the Company.

Maintaining optimal capital to debt is one such measure to ensure healthy returns to the shareholders. Company envisages maintaining gearing ratio of 6 times to the total equity, the Company monitors the ratio as below Net Debt divided by total equity

	31st March 2020	31st March 2019
Net debt (total borrowings, less cash and cash equivalents)	8,202.20	7,240.72
Total Equity (as shown in the balance sheet)	1,372.03	1,151.10
Net debt to equity ratio	**5.98**	**6.29**

(b) Externally imposed capital restrictions

- As per RBI requirements Capital Adequacy Ratio should be minimum 15%, not meeting RBI requirements will lead cancellation of NBFC licenses issued by RBI
- As per various lending arrangements with banks TOL (Total Outside Liability) to TNW (Total Net Worth) ratio should be less than 8, not meeting the said requirements may lead to higher interest rates.

The Company has complied with these covenants throughout the reporting period.

NOTE 39 Transition Notes on adoption of Ind AS 116

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Company has applied the below practical expedients:

a. The Company has not reassessed whether a contract is, or contains, a lease at the date of initial application

b. The Company applied a single discount rate for all leases arrangements since they have reasonably similar characteristics

c. The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets

d. The Company has treated the leases with remaining lease term of less than 12 months as "short term leases"

e. The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition

f. The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

g. Effective 1st April 2019, the Company has applied Ind AS 116 "Leases", using the modified retrospective approach. As a result, the Company has recognised Right of Use - assets amounting to ₹21.93 crores and lease liability of ₹24.89 crores, with net impact of ₹1.93 crores recognised in retained earnings as at 01.04.2019 and ₹1.03 crores in deferred tax.

Measurement of lease liabilities

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019	47.36
Weighted average incremental borrowing rate as at 1 April 2019	8.75%
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	37.44
Adjustments as a result of a different treatment of extension and termination options	(12.54)
Lease liabilities as at 1 April 2019	24.89

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 39 Transition Notes on adoption of Ind AS 116 (Contd.)

Lease Disclosures pertaining to Right to use Asset

Particulars	Amount
Gross Block - Building	
Opening/(On transition to Ind AS 116)	21.93
Additions during the year	10.97
Deletions during the year	-
Closing Balance during the year	32.90
Amortisation	
Additions	-
Amortisation for the year	7.12
Closing Balance during the year	25.78

Company has exercised the option of short-term leases and low value asset exemption.

Lease Disclosures pertaining to Statement of Profit & Loss

Particulars	Amount
Finance charges	
Interest expense	2.32
Depreciation	
Amortisation of Right to use asset	7.12
Other expenses	
Rent expenses	
Expense relating to short-term leases (included in other expenses)	8.33
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-
Total	8.33

Lease Disclosures pertaining to Cash Flow Statement

Particulars	Amount
Cash flow from financing activities	
Principal repayments related to lease liabilities	6.83
Interest payments related to lease liabilities	2.32

Note 40

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognized in the statement of profit and loss.

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020

1. **Capital Commitments**

Description	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.18	2.58

2. **Other Commitments**

Description	March 31, 2020	March 31, 2019
Undrawn Loans sanctioned to borrowers	1.99	29.58

3. **Contingent Liabilities not provided for:**

Claims against the Company not acknowledged as debts.

Description	March 31, 2020	March 31, 2019
Disputed Income Tax Demand (adjusted out of refunds)	1.06	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of Rs 0.29 crs)	7.70	6.72
Legal cases filed by borrowers against the Company	1.64	1.29

The Company's pending litigations comprise of claims against the Company and proceedings pending with Statutory Authorities. The future cash flows on the above items are determinable only on receipt of decisions/ judgments that are pending at various forums/authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

4. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21st April 2010, the Company acquired the retail finance business of TVSFS as a going concern along with the related assets (comprising of fixed assets, receivables, loans and advances and Bank balances) of ₹ 50.75 crores and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of ₹ 298.75 crores. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of ₹ 248 crores. The bonds are redeemable between 7th and 12th year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), during 2010-11 at book value and the same is repayable by TVSMS in 6 years. Instalment of ₹ 41.33 crores due in March 2020 has been paid by TVSMS. Accordingly, the advance from TVSMS to the Company pertaining to this transaction stands at ₹ 78.20 crores as at March 31, 2020 as per Ind AS fair valuation. Advance is partly secured to the extent of ₹ 52.15 crores and balance portion of ₹ 26.05 crores is unsecured. Considering the intrinsic value of land lying with TVSMS and equity shares held by TVSMS in the Company, the unsecured advance is considered good and recoverable.

5. Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.

6. As at the balance sheet date, the Company has received dues of ₹ 0.01 crores (PY – ₹ 0.38 crores) included under bank balances, arising out of the assigned asset and the same is shown under payables (Note No. 14)

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

7. Related Party Disclosure

Nature of Relationship	Parties name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Company Limited Sundaram-Clayton Limited
Ultimate Holding Company	TV Sundram Iyengar & Sons Private Limited
Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited TVS Two Wheeler Mall Private Limited TVS Micro Finance Private Limited Harita Collection Services Private Limited TVS Commodity Financial Solutions Private Limited
Fellow Subsidiary	TVS Motor Services Sundaram Auto Components Limited TVS Automobile Solutions Private Limited
Fellow Associate	Emerald Haven Realty Limited

Transactions with Related Parties and Balance Outstanding as at the end of the year

S. No.	Name of the Related Party	Nature of Transactions	Amount 2019-20	Amount 2018-19
1	TVS Motor Services Limited	Advance received	41.33	25.16
		Unwinding of advance	9.36	16.18
		Balance outstanding (Dr)	80.86	112.83
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	3.49	11.32
		Contribution towards Security Premium	41.51	108.67
		Services Rendered	42.51	19.33
		Availing of services	5.76	4.79
		Balance outstanding (Dr)	18.92	16.66
3	Sundaram Clayton Limited	EMI Payment	0.10	0.11
		Availing of services	4.23	3.98
		Balance outstanding (Cr)	0.16	0.43
4	Sundaram Auto Components Limited	EMI Payment	0.10	0.10
		Balance outstanding (Dr)	0.26	0.38
5	Harita ARC Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
6	TVS Commodity Financial Solutions Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
7	TVS Two Wheeler Mall Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)		-
8	TVS Micro Finance Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)	-	-
9	Harita Collection Services Private Limited**	Investments in Equity	-	-
		Pre operative Expenses	-	-
		Balance outstanding (Dr)		-
10	TVS Housing Finance Private Limited	Investments in Equity	-	-
		Advance Repaid	0.16	
		Pre operative Expenses	-	0.05
		Balance outstanding (Dr)	-	0.16
11	Emerald Haven Realty Limited	EMI Payment	0.47	0.18
		Balance outstanding (Dr)	-	0.47
12	TVS Automobile Solutions Private Limited (TASL)	Working Capital Financing	45.78	-
		Receivable Financing to Franchisees of TASL	13.68	-
		Balance outstanding (Dr)	2.06	-

** Transaction value and balance outstanding is below the rounding off norms of the Company, wherever applicable.

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

8. Segment Reporting

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

9. The Company has the process, whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, Company has reviewed and ensured that adequate provision as required under any law/ accounting standard for material foreseeable losses on such long-term contracts have been made in the books of accounts.

10. **1. Disclosure pursuant to Reserve Bank of India Notification DBNS.193DG (VL) – 2007 dated February 22,2007**

(As required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

S.No.	Description	Amount Outstanding	Amount Overdue
		as at March 31, 2020	
	Liabilities		
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
A	Debentures	-	-
	- Secured	-	-
	- Unsecured (other than falling within the meaning of public deposits)	99.81	-
B	Deferred Credits	-	-
C	Term Loans (including Sub Ordinated Debt)	6,241.63	-
D	Inter-corporate loans and borrowings	-	-
E	Commercial paper	496.19	-
F	Other loans:		-
	i. Cash Credit	1,709.36	
	ii. Securitised Trust Borrowing	12.57	
	Total	**8,559.56**	-

	Assets		
(2)	**Break-up of Loans and Advances including bills receivable(other than those included in (4) below) :**		
(a)	Secured	8,307.11	-
(b)	Unsecured considered good	1,340.55	-
(3)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
	(iii) Other Loan counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
	Total	**9,647.66**	

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

S.No.	Description	Amount Outstanding	Amount Overdue
		as at March 31, 2020	
4.	**Current Investments:**		
	1 Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
	2 Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
	Long term Investments:		
	1 Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others	-	-
	2 Unquoted:		
	(i) Shares: (a) Equity	12.01	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Pass through Certificates - Securitisation)	-	-
	Total	-	-

(5)	**Borrower group-wise classification of assets financed as in (2) and (3) above**			
	Category	**Amount (Net of provisions for Non-performing assets)**		
		Secured	**Unsecured**	**Total**
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	0.86	2.06	2.92
	(c)Other related parties	-	-	-
	2. Other than related parties	8211.49	1289.87	9501.36
	Total	8212.35	1291.93	9504.28

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

(6)	Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
	Category	**Market value / Break up or fair value of NAV**	**Book value (Net of provisions)**
1	Related parties		
	(a) Subsidiaries	12.01	12.01
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	-	-

(7)	Other Information	Amount
(i)	Gross Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	370.66
(ii)	Net Non-performing assets	
	(a) Related Parties	-
	(b) Other than related parties	227.28
(iii)	Assets acquired in satisfaction of debt	-

Disclosure pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD CC. No. 002/03/10/001/2014-15 dated November 10, 2014

Capital Adequacy Ratio

Description	2019-20	2018-19
Tier I Capital	1401.89	1142.42
Tier II Capital	265.72	357.14
Total Capital	**1667.61**	**1499.56**
Total Risk Weighted Assets	**9813.40**	**8566.28**
Amount of Subordinated Debt as Tier II Capital (Discounted Value)	220.00	322.73
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	14.29%	13.34%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	2.71%	4.17%
Total (%)	**17.00%**	**17.51%**
Amount of perpetual debt raised and qualifying as Tier I capital during the year	-	99.79
Amount of sub-ordinated debt raised and qualifying as Tier II capital during the year	-	98.41

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

a. Investments

S.No.	Description	2019-20	2018-19
1	**Value of Investments**		
	i) Gross Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
	ii) Provision for Depreciation		
	a) In India	-	-
	b) Outside India	-	-
	iii) Net Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
2	**Movement of Provisions held towards depreciation on Investments**		
	i) Opening Balance	-	-
	ii) Add: Provisions made during the year	-	-
	iii) Less: Write off/write back of excess provisions during the year	-	-
	iv) Closing Balance	-	-

b. Exposure to Real Estate sector, both Direct and Indirect

Description	2019-20	2018-19
(a) Direct/Indirect Exposure (Net of Advances from Customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
- individual housing loans up to ₹15 Lakhs		
- individual housing loans more than ₹15 Lakhs	-	-
(ii) Commercial Real Estate -	-	-
Lending secured by mortgages on commercial real estates (office building, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.).	-	-
- Fund Based	-	-
- Non- Fund Based	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures-	-	-
a. Residential	-	-
b. Commercial Real Estate.	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies(HFC's)	12.00	12.00

Note: The above summary is prepared based on the information available with the Company and relied upon by the auditors.

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

c. **Exposure to Capital Market**

S.No.	Description	2019-20	2018-19
i	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	-	-
ii	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	-	-
iii	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken a primary security.	-	-
iv	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	-	-
v	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	-	-
vi	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
vii	Bridge loans to companies against expected equity flows/issues.	-	-
viii	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

d. **Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities.**

Time Bucket	As at 31st March, 2020					
	Deposits	Advances	Invest-ments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Up to 1 Month	-	232.00	-	256.99	-	-
Over 1 month up to 2 months	-	151.25	-	541.06	-	-
Over 2 month up to 3 months	-	208.70	-	158.30	-	
Over 3 month up to 6 months		1,054.70	-	582.44	-	
Over 6 month up to 1 year	11.62	3,311.71	-	3,187.76	-	
Over 1 year up to 3 year	-	3,929.12	-	2,830.99	-	678.53
Over 3 year up to 5 year	-	580.91	-	223.68	-	-
Over 5 years	-	35.89	12.01	99.81	-	-
Grand Total	11.62	9,504.28	12.01	7,881.03	-	678.53

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

e. **Category-wise classification of frauds reported during the year vide DNBS.PPD.01/66.15.001/2016-17 dtd 29th September, 2016**

	Category	Less than ₹ 1 lakh		₹ 1 lakh- ₹ 25 lakhs		₹ 25 Lakhs and above		Total	
		Count	Value	Count	Value	Count	Value	Count	Value
A	**Person Involved**								
	Staff	6	0.03	11	0.28	1	0.29	18	0.60
	Customers/Showroom Managers	-	-	-	-	-	-	-	-
	Others	1	0.004	1	0.12	-	-	2	0.12
	Staff and Customers	**7**	**0.03**	**12**	**0.40**	**1**	**0.29**	**20**	**0.72**
B	**Type of Fraud**								
	Misappropriation and Criminal breach of trust	6	0.03	11	0.37	-	-	17	0.40
	Fraudulent encashment / manipulation of books of accounts	-	-	-	-	-	-	-	-
	Unauthorised credit facility extended	-	-	-	-	-	-	-	-
	Cheating and Forgery	1	0.004	1	0.03	1	0.29	3	0.32
	Total	**7**	**0.03**	**12**	**0.40**	**1**	**0.29**	**20**	**0.72**

Note:

Out of the above, ₹0.07 crores has been recovered and the Company has made adequate provision for the balance recoverable.

The above information is prepared based on the information available with the Company and relied upon by the auditors.

10.2. Note on Securitization

a. Disclosure pursuant to Reserve Bank of India Notification DNBS.PD.No.301/3.10.01/2012-13 dated August 21, 2012 and DNBR (PD) CC.No.0029/03.10.001/2014-15 dated April 10, 2015 –

During the year, the Company has without recourse securitized on 'at Par' basis through Pass through Certificate (PTC) route, and derecognized the said loan receivables from the books. In terms of the accounting policy stated in Note No.1 (g), securitization income is recognized as per RBI guidelines dated 21st August 2012.

S. No.	Description	2019-20	2018-19
1	No of SPVs sponsored by the NBFC for securitisation transactions	1 nos	3 nos
2	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	12.31	54.16
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	- First loss (cash collateral term deposits with banks) - Second Loss	7.54 2.08	19.08 6.37
	- Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	- First loss	-	-
	- loss	-	-
	ii) Exposure to third party securitizations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitizations		
	- First loss	-	-
	- Others	-	-

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

b. The value of "excess interest spread receivable" and "unrealized gain" on securitization transactions undertaken in terms of guidelines on securitization transaction issued by Reserve bank of India on 21st August 2012 are given below:

S.No.	Description	2019-20		2018-19	
		Non-Current	Current	Non-Current	Current
1	Excess Interest Spread receivable	0.88	0.18	1.40	3.99
2	Unrealised gain on Securitisation Transactions	0.88	0.18	1.40	3.99

c. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Description	2019-20	2018-19
No. of Accounts	-	-
Aggregate value (net of Provisions) of accounts sold to SC/RC	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

d. Details of Assignment Transactions undertaken by NBFCs

Description	2019-20	2018-19
No. of Accounts	-	-
Aggregate value (net of Provisions) of accounts sold	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

10.3. Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated April 10 2015

S.No.	NPA Movement	2019-20	2018-19
(I)	**Net NPA to Net advances (%)**	**2.39%**	**2.06%**
(II)	**Movement of Stage 3 (gross)***		
	a. Opening Balance	274.69	221.09
	b. Additions during the year	361.34	235.34
	c. Reductions during the year	109.77	104.28
	d. Write off during the year	155.60	77.47
	e. Closing Balance	370.66	274.69
(III)	**Movement of Stage 3 (net)**		
	a. Opening Balance	170.08	138.14
	b. Additions during the year	179.13	134.42
	c. Reductions during the year	77.47	73.46
	d. Write off during the year	44.46	29.02
	e. Closing Balance	227.28	170.08
(IV)	**Movement of Provision for Stage 3***		
	a. Opening Balance	104.61	82.94
	b. Provisions made during the Year	83.54	59.78
	c. Reductions/Write off during the year	44.77	38.11
	d. Closing Balance	143.38	104.61

*Stage 3 figures mentioned above includes provision on assets takenover from Chennai business consulting services limited (erstwhile TVS finance services LTD vide BTA dated 21/04/2010)

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

b. Movement of Contingent Standard Assets Provision

S. No.	Description	March 31, 2020	March 31, 2019
(i)	Movement of Contingent Provision against Standard Assets (Stage 1 & Stage 2)		
	a) Opening Balance	34.41	21.83
	b) Additions during the year	21.63	17.51
	c) Reductions during the year	7.31	4.93
	d) Closing Balance	48.73	34.41

c. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the Head Expenditure in Statement of Profit and Loss

Description	March 31, 2020	March 31, 2019
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA (Stage 3 Assets) (Net)	38.77	19.43
Provision/Impairment allowance towards Standard Assets (Stage 1 & 2 Assets)	14.32	12.58
Provision for General Loss	8.45	-
Provision/Impairment allowance for trade receivables	2.79	1.24
Provision made towards Income Tax	60.00	82.39
	124.33	115.64

10.4. Disclosure as required by DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS 109	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing Assets						
Standard	Stage 1	8,407.16	39.23	8,367.93	33.63	5.60
	Stage 2	869.84	9.50	860.34	3.48	6.02
Subtotal		9,277.00	48.73	9,228.27	37.11	11.62
Non-Performing Assets (NPA)						
Substandard	Stage 3	275.52	80.35	195.17	50.99	29.36
Doubtful - up to 1 year	Stage 3	38.09	18.97	19.12	13.09	5.88
1 to 3 years	Stage 3	27.30	15.73	11.57	12.28	3.45
More than 3 years	Stage 3	4.27	2.85	1.42	2.47	0.38
Subtotal for doubtful		69.66	37.55	32.11	27.84	9.71
Loss	Stage 3	25.48	25.48	-	25.48	-
Subtotal for NPA		370.66	143.38	227.28	104.31	39.07
Total	**Stage 1**	**8,407.16**	**39.23**	**8,367.93**	**33.63**	**5.60**
	Stage 2	**869.84**	**9.50**	**860.34**	**3.48**	**6.02**
	Stage 3	**370.66**	**143.38**	**227.28**	**104.31**	**39.07**
	Total	**9,647.66**	**192.11**	**9,455.55**	**141.42**	**50.69**

In terms of the above notification on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at 31 March 2020 and accordingly, no amount is required to be transferred to impairment reserve.

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

10.5. Disclosure on Asset Classification under the prudential norms on Income Recognition, Asset Classification as required by circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020

a.	Amounts outstanding in SMA / Overdue category for the cases where moratorium benefit extended	321.49
b.	Amounts outstanding where the asset classification benefit is extended	168.92
c.	Amount of provision made for the quarter ended 31st Mar, 2020	8.45
d.	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	-

10.6. Concentration of Advances, Exposures & NPAs (Stage 3 Assets)

a) **Concentration of Advances**

Description	2019-20	2018-19
Total Advances to Twenty Largest Borrowers	81.32	13.29
Percentage of advances to twenty largest borrowers to Total Advances	0.76%	0.16%

b) **Concentration of Exposures**

Description	2019-20	2018-19
Total Exposures to Twenty Largest Borrowers/Customers	81.32	13.29
Percentage of Exposures to twenty largest borrowers to Total Advances	0.76%	0.16%

c) **Concentration of NPAs**

Description	2019-20	2018-19
Total Exposure to Top Four NPA Accounts	1.15	1.05

e) **Sector-wise distribution of NPA's**

S.No.	Sector	Percentage of NPA's to Total Advances in that Sector	
		2019-20	2018-19
1	Agriculture and Allied Activities	3.87%	3.71%
2	MSME	-	-
3	Corporate Borrowers	0.20%	2.13%
4	Services	-	-
5	Unsecured Personal Loans	8.47%	15.08%
6	Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited)	3.90%	3.36%
7	Others	2.37%	-

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

10.7. Customer Complaints

Description	2019-20 (Nos)	2018-19 (Nos)
No. of Complaints pending at the beginning of the year	19	79
No. of Complaints received during the year	2,389	1,690
No. of Complaints redressed during the year	2,347	1,750
No. of Complaints Pending at the end of the year	61	19

10.8. Details of non-performing financial assets purchased/sold

Description	2019-20	2018-19
No of accounts	62	-
Aggregate Outstanding	0.06	-
Aggregate Consideration Received	0.02	-

10.9. Registration under Other Regulators

S.No.	Regulator	Registration No.
1	Ministry of Company Affairs	CIN:U65920TN2008PLC069758
2	Reserve Bank of India	Certificate of Registration dt 13/04/2010 No. 07-00783

10.10. Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and other regulators during the FY 2019-20 and FY 2018-19.

10.11. Details of Financing of Parent Company Products.

During the year the Company has financed 5,70,679 nos. of two wheelers and 2,329 nos. of three wheelers of TVS Motor Company Limited as against 6,53,690 lakhs nos. of two wheelers and 2,387 nos. of three wheelers in the previous year.

10.12. Ratings assigned by Credit Rating Agencies

Description	2019-20	2018-19
Commercial paper	CRISIL/ICRA:A1+	CRISIL/ICRA:A1+
Working Capital Demand Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Cash Credit	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Bank Term Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Non-Convertible Debentures - Long Term	CRISIL:AA-	CRISIL:AA-
Perpetual Debt	CRISIL/BWR: A+	CRISIL/BWR: A+
Subordinated Debt	CRISIL:AA-	CRISIL:AA-

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

10.13. Directors' Sitting Fees and Commission

S.No.	Name of the Director	Nature	2019-20#	2018-19#
1	Mr. Venu Srinivasan	Sitting Fees*	0.00	0.00
		Commission	-	-
2	Mr. T.K.Balaji	Sitting Fees*	0.00	0.00
		Commission	-	-
3	Mr. R.Ramakrishnan	Sitting Fees	0.01	0.02
		Commission	0.13	0.12
4	Mr. Sudarshan Venu	Sitting Fees	0.01	0.01
		Commission	-	-
5	Mr. S.Santhanakrishnan	Sitting Fees*		0.00
		Commission	0.04	0.12
6	Mr. K.N.Radhakrishnan	Sitting Fees	0.02	0.01
		Commission	-	-
7	Mr. V.Srinivasa Rangan	Sitting Fees	0.02	0.01
		Commission	0.13	0.12
8	Mr. Anupam Thareja	Sitting Fees*	-	0.00
		Commission	-	-
9	Ms. Sasikala Varadhachari	Sitting Fees	0.01	0.01
		Commission	0.10	0.09
10	Mr. Balasubramanyam Sriram	Sitting Fees	0.01	-
		Commission		
11	Mr. R. Gopalan	Sitting Fees	0.01	-
		Commission		
	Total		**0.50**	**0.52**

* The amounts mentioned are below the rounding off norms of the Company.
# Based on payments made during the respective financial years.

10.14. Details of Single Borrower Limits (SBL)/Group Borrower Limits (GBL) exceeded

Company has not exceeded the single borrower limit as set by Reserve Bank of India.

10.15. Advance against Intangible Securities

Company has not given any loans against intangible securities.

10.16. Derivatives

1. **Forward Rate Agreement/Interest Rate Swap**

S.No.	Description	2019-20	2018-19
(i).	Notional principal of swap agreements	634.84	237.50
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	Fair value of the swap books	658.47	252.68

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

2. Exchange Traded Interest Rate (IR) Derivatives

S.No.	Description	Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	-
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March, 2020 (instrument wise)	-
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not " highly effective"(instrument wise)	-
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not" highly effective" (instrument -wise)	-

3. Disclosure on Risk Exposure in Derivatives

Towards the foreign currency loan availed, the Company has taken forward cover to hedge the foreign current risks and cross currency interest rate swap.

S.No.	Description	March 31, 2020	March 31, 2019
i)	Outstanding Derivatives		
	For Hedging (Currency/Interest Rate Derivatives)	658.47	252.68
ii)	Marked to Market Positions		
	a) Asset (+)	23.63	15.18
	b) Liability (-)		
iii)	Credit Exposure	634.84	237.50
iv)	Unhedged Exposures	-	-

10.17. Overseas assets (for those with JV and Subsidiaries abroad)

There are no overseas assets owned by the Company.

10.18. Draw down from Reserves

No draw down from reserve existed for the year.

10.19. Off balance sheet SPV sponsored

There are no SPVs which are required to be consolidated.

10.20. There are no prior period items accounted during the year.

10.21. There are no circumstances in which revenue recognition postponed pending the resolution of significant uncertainties.

10.22 Disclosures as required for liquidity risk as required by circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	As at 31 March 2020
Number of significant counter parties*	21
Amount (₹ In Crore)	8,128.76
Percentage of funding concentration to total deposits	NA
Percentage of funding concentration to total liabilities	79.04%

* Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD)

CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies.

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

(ii) Top 10 borrowings (amount in ₹ crore and % of total borrowings)

Particulars	As at 31 March 2020
Total amount of top 10 borrowings	3,461.85
Percentage of amount of top 10 borrowings to total borrowings	40.44%

(iii) Funding Concentration based on significant instrument/product*

Particulas	As at 31 March 2020	Percentage of total liabilities
Loans from Bank	6,759.49	65.73%
External Commercial Borrowings	678.53	6.60%
Sub-ordinated debts	512.96	4.99%
Perpetual Debt Instrument	99.81	0.97%
Commercial Paper	496.19	4.83%

* Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD)

CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(iv) Stock Ratios:

Particulars	As at 31st March 2020
(i) Commercial papers as a % of total liabilities	4.83%
(ii) Commercial papers as a % of total assets	4.83%
(iii) Other short- term Liabilities as a % of total liabilities	48.52%
(iv) Other short- term Liabilities as a % of total assets	48.52%

(v) Institutional set-up for liquidity risk management

The Company constituted an Asset Liability management committee as per guideline issued by RBI to NBFCs. ALCO consists of members having requisite skill set and expertise of the business of the Company. ALCO monitors asset liability mismatches to ensure that there are no excessive imbalances on either side of the balance sheet and reviews Asset Liability Management (ALM) strategy. ALCO also reviews the liquidity risk of the company at regular intervals. The company maintains adequate liquidity to manage its commitments.

The company has diversified its borrowing mix by sourcing different type of borrowings. During the year, the company had raised nearly USD 90 Million in the form External Commercial Borrowing (ECB) on fully hedged basis from reputed foreign banks. As on 31st Mar'20, the company has positive ALM of 9.5% as against stipulated negative limits of 15% by RBI.

(All amounts in ₹ Crores, unless otherwise stated)

41. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

10.23. Summary of total borrowings, receivables and provision

Category-wise breakup	2019-20	2018-19
Secured:		
Term Loan from Banks	5,578.67	4,436.11
Working Capital Demand Loan	1,569.36	1,546.58
Securitised Trust Borrowing	12.57	62.86
Unsecured:		
Term Loan from Banks	150.00	140.00
Working Capital Demand Loan	140.00	
Commercial Paper	496.19	492.44
Subordinated Debts	512.96	539.97
Perpetual Debt	99.81	99.79
Total	8,559.56	7,317.75

Total Loans

Description	2019-20	2018-19
Category wise breakup		
Secured Loans	8307.11	7157.67
Unsecured Loans	1340.55	1206.27
Total Loans	9647.66	8363.94
Less: Impairment Allowance	192.11	139.03
Net Loans	9445.55	8224.91

Total Assets Provisions

Description	March 31, 2020	March 31, 2019
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA (Stage 3 Assets)	143.38	104.61
Provision/Impairment allowance towards Standard Assets (Stage 1 & 2 Assets)	48.73	34.41
Provision/Impairment allowance for trade receivables	4.03	1.24
Provision for General Loss	8.45	-
	204.59	104.77

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

To the members of TVS Credit Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of TVS Credit Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act 2013, ('the Act') in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2020, the consolidated profit, consolidated total comprehensive Income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics issued by Institute of Chartered Accountants of India (ICAI)*, together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013 and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion on the consolidated financial statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.No.	Key Audit Matter	Auditor's Response.
1	**Allowance for Impairment under IND AS 109** The standard prescribes provisioning of stage wise Expected Credit Loss against the loans issued by the Company, with the value of provisioning being based upon the number of days the receivable is past its due. RBI vide its directive issued on 13th March 2020 has mandated that ECL provision under IND AS and the provision as required under IRACP norms of RBI shall be compared. In the event the provisioning under ECL norms of IND AS is lower than that of the IRACP norms the shortfall shall be provided by way of an appropriation from Profit after Tax to an "Impairment Reserve".	**Principal Audit Procedures** We have understood the Company's estimation of the stage allocation of the loan assets and understood the policy in place for computation of parameters required to arrive at the expected credit loss and verified for the consistency in application of the policy. We have performed, substantive checks on the calculation, including independent calculation of the parameters, that are estimated by the Company as part of computation of ECL. WE have also engaged analytical tests including but not limited to trend analysis of the ECL number against the loan receivables in comparison to some of the other companies in the same business profile. We have compared ECL provision as computed under IND AS and the comparative requirement under IRACP norms of RBI, ECL provision computed under IND AS was found to be higher than the requirement under IRACP. Hence there was no requirement for an "Impairment Reserve. The Company has also made adequate disclosure in the notes forming part of financial statements regarding the provisions held and adhered to the disclosure requirements prescribed by the RBI.

S.No.	Key Audit Matter	Auditor's Response.
2	**Application of IND AS 116** From 1st April 2019, IND AS 116 has to be applied on all applicable leasing contracts with the application and appropriate accounting treatment of identifying lease liability, right to use asset, interest on such lease.	**Principal Audit Procedures** The Company has employed an external agency to assist with the transition into IND AS 116 during the financial year and has extensively documented, for each of its leases, based on a policy of general materiality, the applicability or non-applicability of the standard, to such lease. We have verified the new leases during the year for additional locations and have found that the approach applied is consistent to the policy in place and also in line with the requirements of the standard. We have also performed an independent verification of the calculation of the lease liability, interest on lease and right to use assets based on the information made available to us and found the results satisfactory.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report. Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter

As described in the note no 35 to the consolidated financial statements, in respect of accounts overdue but standard as on 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as on 31st March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package and accordingly, the prescribed provision has also been carried in books for such accounts. Our opinion is not modified in respect of the above matter.

Responsibilities of Management and Board of Directors, for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation Of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group, in accordance with the Ind AS and other accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the each of the companies in the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group, are responsible for overseeing the financial reporting process of each of the companies in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher, than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company, its subsidiary companies and its which are companies incorporated in India and outside India, has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and board of directors;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the companies in the Group, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements/financial information of six subsidiaries, whose financial statements / financial information reflect total assets of ₹13.14 crores as at 31st March 2020, total revenues of ₹0.72 crores and net cash outflows amounting to ₹0.28 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) Of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group consisting of subsidiaries, which are all incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

    i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. - Refer Note 40(3) to the consolidated financial statements.

    ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

    iii. There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Holding Company and its subsidiary companies.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May 2020
UDIN : 20027716AAAAFI1221

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2020, we have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** (hereinafter referred to as the 'Holding Company'), "Chaitanya", No.12, Khader Nawaz Khan Road, Chennai 600 006, and its subsidiaries.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company, its subsidiary companies, are responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (" the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary companies, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, 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 were established and maintained, and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiaries, which are companies incorporated in India.

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 and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies which are all incorporated in India, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at **31st March 2020,** based on internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to of its subsidiary companies and, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

for **Raghavan, Chaudhuri & Narayanan**
Chartered Accountants
FRN: 007761S

V. Sathyanarayanan
Partner
Membership No. 027716
Place : Bangalore
Date : 27th May 2020
UDIN : 20027716AAAAFI1221

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Particulars	Note No.	As at 31st Mar 2020	As at 31st Mar 2019
	ASSETS			
1	**Financial Assets**			
(a)	Cash and Cash Equivalents	2	357.74	77.71
(b)	Bank balances other than (a) above	3	24.37	39.43
(c)	Derivative Financial Instruments	4	23.63	15.03
(d)	Receivables			
	i) Trade Receivables	5	54.35	52.10
(e)	Loans	6	9,455.55	8,224.91
(f)	Other Financial Assets	7	113.48	135.85
	Total		**10,029.12**	**8,545.03**
2	**Non Financial Assets**			
(a)	Current Tax Assets (Net)	8	14.89	6.71
(b)	Deferred Tax Assets (Net)	9	75.82	68.65
(c)	Investment Property	10	85.16	85.16
(d)	Property, Plant and Equipment	11	19.09	21.04
(e)	Other Intangible Assets	11	6.17	8.46
(f)	Other Non Financial Assets	12	54.57	15.65
	Total		**255.70**	**205.67**
	Total Assets		**10,284.82**	**8,750.70**
	LIABILITIES AND EQUTY			
	LIABILITIES			
1	**Financial Liabilities**			
(a)	Payables			
	I. Trade Payables			
	i) Total outstanding dues of micro enterprises and small enterprises	13	0.02	-
	ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	168.61	139.87
(b)	Debt Securities	14	496.19	492.44
(c)	Borrowings other than debt securities	15	7,450.59	6,185.56
(d)	Subordinated Liabilities	16	612.77	639.76
(e)	Other financial liabilities	17	129.70	105.13
	Total		**8,857.88**	**7,562.76**
2	**Non-Financial Liabilities**			
(a)	Provisions	18	36.42	21.59
(b)	Other Non Financial Liabilities	19	17.40	14.65
	Total		53.82	36.24
3	**EQUITY**			
(a)	Equity Share capital	20	185.18	178.21
(b)	Other Equity	21	1,187.94	973.49
	Total		1,373.12	1,151.70
	Total Liabilities and Equity		**10,284.82**	**8,750.70**
	Significant Accounting Policies forming part of financial statements	**1**		
	Additional Notes forming part of financial statements	**40**		

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts in ₹ Crores, unless otherwise stated)

	Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
	Revenue from Operations			
i)	Interest income	22	1,822.23	1,458.19
ii)	Fee and Commission Income	23	168.13	143.89
I)	**Total Revenue from Operations**		**1,990.36**	**1,602.08**
II)	Other Income	24	25.04	32.85
III)	**Total Income (I + II)**		**2,015.40**	**1,634.93**
	Expenses			
i)	Finance Costs	25	699.81	557.46
ii)	Fees and commission expenses	26	129.35	80.78
iii)	Net Loss on derecognition of financial instruments under amortised cost category	27	209.40	151.19
iv)	Impairment of Financial instruments	27a	64.33	33.25
v)	Employee Benefit expenses	28	477.73	391.95
vi)	Depreciation, Amortization and impairment		20.10	15.22
vii)	Other expenses	29	195.66	188.37
IV)	**Total Expenses**		**1,796.38**	**1,418.22**
V)	Profit/(Loss) before exceptional items and tax (III - IV)		**219.02**	**216.71**
VI)	Exceptional items		8.00	-
VII)	Profit/(Loss) before tax (V - VI)		**211.02**	**216.71**
VIII)	Tax Expenses	30		
	Current Tax		60.18	82.64
	Deferred Tax		(0.20)	(14.72)
IX)	Profit/(Loss) for the period (VII - VIII)		151.04	148.79
X)	Profit/(Loss) attributable to non-controlling interest		-	-
XI)	Profit for the year attributable to owners (IX - X)		151.04	148.79
XII)	Other Comprehensive Income	31		
A.	Items that will not be reclassified to Profit or Loss - Itemwise			
	Remeasurement of the defined benefit plans		(3.54)	(0.93)
	Income Tax relating to these items		0.89	0.32
B.	Items that will be reclassified to Profit or Loss - Itemwise			
	Fair value change on cash flow hedge		(20.05)	
	Income Tax relating to these items		5.05	
	Other Comprehensive Income for the year, net of tax (A+B)		(17.65)	(0.60)
XIII)	Other Comprehensive Income attributable to non-controlling interest		-	-
XIV)	Other Comprehensive Income attributable to owners (XIII - XIV)		(17.65)	(0.60)
XV)	Total Comprehensive Income attributable to the owners (XI + XIV)		**133.39**	**148.19**
XVI)	Earnings Per share	32		
	Basic (₹)		8.28	8.70
	Diluted (₹)		8.28	8.70

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2020

TVS CREDIT

(All amounts in ₹ Crores, unless otherwise stated)

Particulars	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Cash Flow From Operating Activity		
Profit Before Income Tax	211.02	216.71
Adjustment For:-		
Depreciation and amortisation expense	20.10	15.22
Impairment of Financial Assets	64.33	33.25
Profit/(Loss) on disposal of PPE	(0.01)	(0.21)
Finance Charges Paid	699.81	557.46
Foreign currency gain	(15.18)	14.55
Fair Value Losses on derivatives not designated as hedges	15.03	(13.75)
Unwinding of discount on security deposits	(9.71)	(16.67)
Remeasurement of defined benefit plans	(3.54)	(0.93)
Employee Benefit Obligations	6.38	(0.66)
Cash generated from operations before working capital changes	777.21	588.27
Change in operating assets and liabilities		
(Increase)/Decrease in Trade Receivables	(5.04)	(31.54)
(Increase)/Decrease in Loans	(1,283.72)	(2,126.78)
(Increase) in other financial assets	22.36	38.34
(Increase)/Decrease in Other Non Financial Assets	(38.91)	2.87
Increase/(Decrease) in Trade Payables	28.75	2.14
Increase/(Decrease) in Other financial liabilities	22.60	29.55
Increase/(Decrease) in Other Non financial liabilities	2.74	(1.55)
Financing Charges paid	(699.81)	(551.86)
Cash generated from operations	(962.80)	(1,833.85)
Income taxes paid	(68.36)	(82.60)
Net cash inflow from operating activities	(1,031.16)	(1,916.45)
Cash flows from investing activities		
Payments for property, plant and equipment and Investment Property	(8.77)	(26.02)
Proceeds from sale of property, plant and equipment and Investment Property	0.01	1.00
Decrease in Deposits with Bank	15.06	26.33
Net cash outflow from investing activities	6.30	1.32
Cash flows from financing activities		
Proceeds from issue of Shares	90.00	119.99
Proceeds from Issue/(Repayment) of Debt Securities	3.75	98.42
Proceeds/(Repayment) of Borrowings	1,222.20	1,362.82
Proceeds/(Repayment) of Subordinated Liabilities	(26.99)	77.13
Payments for Principal Portion of Lease Liabilities (Refer Note 38)	(6.83)	-
Net cash inflow (outflow) from financing activities	**1,282.13**	**1,658.37**
Net Increase Or (Decrease) in Cash & Cash equivalent	**257.27**	**(256.76)**
Cash and cash equivalents at the beginning of the financial year	**(1,608.88)**	**(1,352.72)**
Cash and cash equivalents at end of the year	**(1,351.61)**	**(1,608.88)**

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

(All amounts in ₹ Crores, unless otherwise stated)

1. Equity Share Capital

	Notes	Amounts
Balance as at April 1st, 2018		166.89
Changes in equity share capital during the year	20	11.32
Balance as at March 31st 2019		178.21
Changes in equity share capital during the year	21	6.98
Balance as at Mar 31, 2020		**185.18**

2. Other equity

	Notes	Reserves and surplus				
		Securities Premium Account	Statutory Reserve	Retained earnings	Other Reserves - Hedge Reserve	Total
Balance as at April 1, 2018		**437.72**	**60.99**	**217.92**	**-**	**716.63**
Profit for the Year	21	-	-	148.79	-	148.79
Other comprehensive income	21	-	-	(0.60)	-	(0.60)
Transaction in the capacity as owners						
Transfer to Statutory reserve	21	-	29.66	(29.66)	-	-
Issue of equity shares	21	108.67	-	-	-	108.67
Balance as at March 31, 2019		**546.39**	**90.65**	**336.45**	**-**	**973.49**
Change in accounting Policy (Refer Note 38)		-	-	(1.93)	-	(1.93)
Profit for the Year	21	-	-	151.04	-	151.04
Other comprehensive income	21	-	-	(2.65)	(15.00)	(17.65)
Transaction in the capacity as owners						
Transfer to Statutory reserve	21	-	30.10	(30.10)	-	-
Issue of equity shares	21	83.02	-	-	-	83.02
Balance as at Mar 31, 2020		**629.41**	**120.75**	**452.78**	**(15.00)**	**1,187.94**

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

1. Significant Accounting Policies forming part of Financial Statements

BRIEF DESCRIPTION OF THE GROUP

TVS Credit Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Chaitanya", No. 12 Khader Nawaz Khan Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India. The Company with its subsidiaries is collectively referred to as the "Group".

The Company has received Certificate of Registration dated 13th April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity there on. The Company is categorized as Systemically Important Non-Banking Finance (Non-Deposit Accepting or Holding) Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged predominantly in Automobile Financing. The Company falls under the new category of "NBFC - Investment and Credit Company (NBFC-ICC)" post RBI merger of the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) during February 2019.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts:

The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015] as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other accounting principles generally accepted in India.

The Company has adopted Ind-AS from April 1, 2018 with effective transition date of April 1, 2017 pursuant to MCA notification dated March 31, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on October 11, 2018. Further, the Company follows application guidance, clarifications, circulars and directions issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC) or other regulators, as and when they are issued and applicable.

Principles of Consolidation

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the group.

Non-controlling interests (if any) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet, respectively.

The subsidiary companies considered in consolidated financial statements are:

S. No.	Name of the Subsidiary	Proportion of Ownership (interest/voting power -%)		Reporting Date
		2019-20	2018-19	
1	Haritha ARC Services Private Limited	100%	100%	31-03-2020
2	Haritha Collection Services Private Limited	100%	100%	31-03-2020
3	TVS Commodity Financial Solutions Private Limited	100%	100%	31-03-2020
4	TVS Housing Finance Private Limited	100%	100%	31-03-2020
5	TVS Micro Finance Private Limited	100%	100%	31-03-2020
6	TVS Two Wheeler Mall Private Limited	100%	100%	31-03-2020

All the subsidiaries are incorporated in India

b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value as stated in notes;
- Defined benefit plans – plan assets measured at fair value.

c. Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d. Significant Estimates and Judgments

The areas involving critical estimates are:

- Determining inputs into the ECL measurement model - (Refer Note 35)
- Estimation of defined benefit obligation - (Refer Note 33)

The areas involving critical judgements are:

- Classification of financial assets: Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI (Solely Payments of Principal and Interest) on the principal amount outstanding.
- Derecognition of financial assets and securitization.
- Categorization of loan portfolios

e. Property, Plant and Equipment (PPE):

Items of property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

f. Depreciation:

Depreciation is provided on straight-line basis over the estimated useful lives of the assets. Useful life estimated by the Company is in line with the useful life prescribed under Part C of Schedule II of the Companies Act, 2013 except in the case of mobile phone, based on the technical evaluation wherein the useful life is considered as 2 years.

Depreciation on PPE individually costing ₹5,000/- or less is provided 100% in the year of acquisition.

An asset's carrying amount is written down immediately to its estimated recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount. Gain and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

Depreciation on fixed assets added/disposed off during the year is calculated on pro-rata basis with reference to the date of addition/disposal.

g. Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

h. Intangible Assets

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight line basis over its useful life. Software is amortised over 3 years period or the license period whichever is lower on Straight Line basis.

i. **Financial Assets and financial liabilities:**

1. **Classification**

The Company classifies its financial assets in the following categories, those to be measured subsequently at

a. Fair value through other comprehensive income (FVOCI),

b. Fair value through profit or loss (FVTPL), and

c. Amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

<u>Business model assessment</u>

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

<u>Assessment of whether contractual cash flows are solely payments of principal and interest</u>

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

<u>Reclassifications</u>

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial liabilities

The Company classifies its financial liabilities, other than fully hedged foreign currency loans, financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

2. **Measurement:**

At initial recognition, the Company measures a financial assets that are not at fair value through profit or loss at its fair value plus/(minus), transaction costs / origination Income that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

a. Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

b. Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

3. Revenue Recognition

a. Income from financing activity

i. Interest income is recognized using the Effective Interest Rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to its gross carrying amount. The calculation of the effective interest rate includes transaction costs and transaction income that are directly attributable to the acquisition of a financial asset.

ii. For financial assets that are not Purchases Originally Credit Impaired “POCI” but have subsequently become credit-impaired (or ‘stage-3’), for which interest revenue is calculated by applying the effective interest rate to their amortised cost and interest recognised is net of expected credit loss provision.

iii. Income by way of additional interest on account of delayed payment by the customers is recognized on realization basis, due to uncertainty in collection.

b. Other revenue from operations

i. Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognized as the performance obligations are performed and there is no significant financing component of the consideration.

ii. Dividend income is recognized when the right to receive income is established.

iii. Incomes in the nature of bounce and related charges are recognized on realisation, due to uncertainty in collection.

4. Impairment of financial assets:

The Company recognizes loss allowance for Expected Credit Loss “ECL” on the following financials instruments that are not measured at FVTPL:

i. Loans

ii. Trade receivables

iii. Other receivables

i. Loans and Other receivables

The Company measures loss allowances at an amount equal to lifetime ECL, except for financial instruments whose credit risk has not increased significantly since initial recognition, for which a 12-month ECL is computed.

Life-time ECL is based on the result from all possible default events over the expected life of the financial instrument.

12-month ECL is based on the result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company categorizes loan assets into stages based on the Days Past Due status:

Stage	Past due	ECL	Regulatory standards
Stage 1	30 days past due	12 Month ECL	Equivalent to standard assets as per RBI
Stage 2	31-90 Days Past Due	Life-time ECL	
Stage 3	More than 90 Days Past Due	Life-time ECL	Equivalent to NPA assets as per RBI

Measurement of ECL

ECL is a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ii. Trade Receivables:

For trade receivables only, the Company applies the simplified approach which requires life-time ECL to be recognised from initial recognition of the receivables.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

Write-off

Loans are written off when there is no reasonable expectation of recovering in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5. Derecognition of financial assets and financial liabilities:

A financial asset is derecognized only when:

The Company has transferred the contractual rights to receive cash flows from the financial asset or the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

A financial liability is derecognized when its contractual obligations are discharged or cancelled, or expires.

6. Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates derivatives taken on foreign external currency borrowings (ECB) as Cashflow Hedges (hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 34. Movements in the hedging reserve in shareholders' equity are shown in Note 21.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the "other comprehensive income". The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

7. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

j. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured. They are recognised initially at their fair value and subsequently measured at amortised cost.

k. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the balance sheet.

l. Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted on substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

i. Deferred income tax provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

ii. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognized in the statement of profit and loss.

m. Employee Benefits:

a) Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

b) The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

c) Post-employment Obligation:

The Company operates the following post-employment schemes:

- Defined benefit plans such as gratuity for its eligible employees, pension plan for its senior managers; and
- Defined contribution plans such as provident fund.

i. Pension and gratuity obligation

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

ii. Provident fund:

Contributions to Provident Fund made to Regional Provident Fund Commissioner in respect of Employees' Provident Fund based on the statutory provisions are charged to Statement of Profit and Loss on accrual basis.

n. Functional Currency:

a) Functional and presentation currencies:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e., in Indian rupees (INR) and all values are rounded off to nearest lakhs except where otherwise indicated.

b) Transactions and balances

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction.

- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

o. Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain/(loss).

Finance charges are expensed in the period in which they are incurred.

p. Borrowings cost:

Borrowing costs are expensed in the period in which they are incurred**.**

q. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of the transactions of non-cash nature.

r. Earnings Per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

s. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period

t. Lease

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company as a lessee, assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves:–

(a) The use of an identified asset,

(b) The right to obtain substantially all the economic benefits from use of the identified asset,

(c) The right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments are discounted using the incremental borrowing rate.

For short-term leases and low value assets (assets of less than INR 500,000 in value) the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying Ind AS 17

Lease payments have been classified as Cash flow used in financing activities

The new standard is mandatory for financial years commencing on or after April 1, 2019 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Accordingly, the Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective method of transition. Adoption of this standard did not have a material effect on audited financial results for the year ended 31 March 2020.

u. Segment reporting

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

v. Provisions

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

w. Contingent liabilities

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

x. Share based payments:

Equity-settled share-based payments for receipt of services are measured at the estimated average fair value of the equity instruments over the vesting period. The average fair value is determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

y. Equity

Equity shares are classified as equity. Distributions to holders of an equity instrument are recognized by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 2 Cash and Cash Equivalents

S. No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Cash on hand*	1.71	31.47
b)	Balance with banks		
	- current accounts	356.03	46.23
	Total	357.74	77.71

* Represents cash collected from borrowers as on Balance Sheet date, deposited with Bank subsequently in the process of being deposited.

Cash and Cash Equivalents for the purpose of Cash Flow Statement

S. No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Cash and Cash Equivalents as shown above	357.74	77.71
b)	Less: overdrafts utilised	1,709.36	1,686.58
	(Grouped under Borrowings (other than debt securities) - Note 16)		
	Total	(1,351.61)	(1,608.88)

NOTE 3 Bank Balance other than Cash and Cash Equivalents*

S. No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Bank Balance other than Cash and Cash Equivalents	24.37	39.43
	Total	24.37	39.43

* Balance maintained in Fixed Deposits as Cash Collateral towards Assets transferred on assignment of receivables, lien marked favouring SPVs (represent Fixed Deposits exceeding 3 months and Less than 12 months)

NOTE 4 Derivative Financial Instruments

S. No.	Description	As at 31st Mar, 2020	
		Notional amounts	Fair Value - Assets
a)	Other Derivatives - Cross Currency Swap - designated as hedges	634.84	23.63
	Total		23.63
S. No.	**Description**	**As at 31st Mar, 2019**	
		Notional amounts	Fair Value - Assets
b)	Derivatives not designated as hedges	237.50	15.03
	Total		15.03

NOTE 5 Trade Receivables

S. No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Receivables considered good - Unsecured	58.38	53.34
b)	Less: Impairment Loss Allowance	4.03	1.24
c)	Receivables considered good - Unsecured (Net) (a) -(b)	54.35	52.10

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 6 Loans

S. No.		Description	As at 31st Mar, 2020	As at 31st Mar, 2019
			Amortised Cost	
A	a)	Bills Purchased and Bills discounted	21.30	0.80
	b)	Term Loans		
		i) Automobile Financing	8,278.96	7,157.67
		ii) Consumer Lending	1,138.30	1,075.95
		iii) Small Business Lending	209.10	129.52
	c)	Total Loans - Gross (a)+(b)	9,647.66	8,363.94
	d)	Less: Impairment Loss Allowance	192.11	139.03
	e)	Total Loans - Net (c)-(d)	9,455.55	8,224.91
B		**Nature**		
		Secured by Tangible Assets	8,307.11	7,157.67
		Unsecured Loans	1,340.55	1,206.27
		Total Gross	9,647.66	8,363.94
		Less: Impairment Loss Allowance	192.11	139.03
		Total - Net	9,455.55	8,224.91
C	i)	Loans in India		
		Public Sector	-	-
		Others	9,647.66	8,363.94
		Total Gross	9,647.66	8,363.94
		Less: Impairment Loss Allowance	192.11	139.03
		Total - Net	9,455.55	8,224.91
	ii)	Loans Outside India	-	-
	iii)	Total Loans (i)+(ii)	9,455.55	8,224.91

a. The stock of loan (automobile finance) includes 13998 nos repossessed vehicles as at Balance Sheet date. (March 31, 2019: 11526 nos)

b. Automobile financing is secured by hypothecation of vehicles supported by Registration Certificate book issued by Regional Transport Officer and undertaking given by the borrower to register the vehicle with RTO.

Details of Registration are in progress or Registration No. not available:

Product	As at 31st Mar, 2020		As at 31st Mar, 2019	
	Nos	Value	Nos	Value
Two Wheeler	257,142	1,000.97	507,109	1,978.48
Used Car	4,786	151.18	4,412	132.76
Tractor	8,473	312.13	4,964	172.42

c. **Transferred Loans**

The carrying amounts of the automobile financing include Loans which are subject to a Securitisation arrangement. Under this arrangement, Company has transferred the relevant Loans to the Securitisation trust in exchange for cash. However, Company has provided credit enhancements which in substance has been concluded as retention of risk and reward. The Company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the securitisation agreement is presented as secured borrowing.

	31-Mar-20	31-Mar-19
Total transferred receivables	12.57	62.86
Associated Secured Borrowing (Note 16)	12.57	62.86

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 7 Other Financial Assets

S. No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Loan to Employees	8.72	7.03
b)	Security deposit for leased premises	7.54	6.60
c)	Advances to Related Parties	80.86	112.83
d)	Other Financial Assets - Related Parties	-	-
e)	Other Financial Assets - Non Related Parties	13.02	6.48
f)	Deposit with Service Providers	3.34	2.91
	Total	113.48	135.85

NOTE 8 Current Tax Assets

S. No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Opening Balance	6.76	6.74
b)	Add: Taxes paid	68.32	82.60
c)	Less: Taxes Payable	(60.18)	(82.64)
	Total	14.89	6.71

NOTE 9 Deferred Tax Assets/(liabilities)

The balance comprises temporary differences attributable to:

S. No.	Description	As at 31st Mar, 2020	Created/ (Provided) during the year	Balance as on 01st Apr, 2019	As at 31st Mar, 2019
	Deferred tax assets/(Liabilities) on account of:				
a)	Depreciation	4.60	(1.37)	5.97	5.97
b)	Provision for compensated absence	4.03	0.56	3.48	3.48
c)	Provision for expected credit loss	34.76	(0.71)	35.47	35.47
d)	General Loss Provisions	2.13	2.13	-	-
e)	Provision for gratuity	0.18	0.17	0.01	0.01
f)	Expenses Disallowed under Sec 40 (a) (ia)	4.22	(1.14)	5.37	5.37
g)	Provision for pension	2.82	(0.68)	3.50	3.50
h	Investment property	-	(3.51)	3.51	3.51
i)	Automobile financing	14.47	10.25	4.22	4.22
i)	Other Receivables from holding company	2.73	(4.33)	7.06	7.06
j)	Mark to market on derivative	5.05	4.99	0.05	0.05
k)	Lease Accounting	0.82	(0.22)	1.03	-
	Total deferred tax Assets/(liabilities)	**75.82**	**6.14**	**69.68**	**68.65**

Balance as on 01st Apr, 2019 considers the effect of lease accounting (Refer Note 38)

Break-up of deferred tax expense/(benefit)	
- to statement of profit and loss	0.20
- to other comprehensive income	5.94
Total	6.14

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 10 Investment Property

Description	Land	Building	Total
Period Ended 31st Mar '20			
Gross carrying amount as on 31st Mar'19	85.16	0.00	85.16
Additions	-	-	-
Sub-total	**85.16**	**0.00**	**85.16**
Disposals	-	-	-
Closing gross carrying amount (A)	**85.16**	**0.00**	**85.16**
Depreciation and amortisation			
Openig accumulated depreciation	-	-	-
Depreciation/amortisation charge during the year	-		-
Sub-total	**-**	**-**	**-**
Disposals	-	-	-
Closing accumulated depreciation and amortisation (B)	**-**	**-**	**-**
Net Carrying value as at 31-03-2020 (A)-(B)	**85.16**	**0.00**	**85.16**
Net Carrying value as at 31-03-2019	**85.16**	**0.00**	**85.16**

Description	Land	Building	Total
Period Ended 31st Mar'19			
Gross carrying amount as on 31st Mar'18	85.47	0.40	85.86
Additions		-	-
Sub-total	85.47	0.40	85.86
Disposals	0.30	0.40	0.70
Closing gross carrying amount (A)	85.16	-	85.16
Depreciation and amortisation			
Opening accumulated depreciation	-		-
Depreciation/amortisation charge during the year	-	-	-
Sub-total	-	-	-
Disposals	-	-	-
Closing accumulated depreciation and amortisation (B)	-	-	-
Net Carrying value as at 31-03-2019 (A)-(B)	85.16	-	85.16

(i) Fair value

	As at 31st Mar, 2020	As at 31st Mar, 2019
Investment properties	414.90	414.90

The fair values of investment properties have been determined by independent valuers.

TVS CREDIT

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 11 Property, Plant and Equipmen

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total	
Period Ended 31st Mar'20						
Gross carrying amount as on 31st Mar'19	15.67	10.33	9.72	0.02	35.74	12.78
Additions	4.78	1.00	1.50	-	7.29	1.48
Sub-total	**20.45**	**11.33**	**11.22**	**0.02**	**43.03**	**14.26**
Disposals	0.01	0.05	0.05	-	0.10	-
Closing gross carrying amount (A)	**20.44**	**11.29**	**11.17**	**0.02**	**42.93**	14.26
Depreciation and amortisation						
Opening accumulated depreciation	6.65	3.95	4.10	0.00	14.71	4.32
Depreciation/amortisation charge during the year*	5.31	1.94	1.97	0.00	9.21	3.77
Sub-total	**11.96**	**5.89**	**6.07**	**0.00**	**23.93**	**8.09**
Disposals	0.00	0.04	0.05	-	0.09	-
Closing accumulated depreciation and amortisation (B)	**11.96**	**5.85**	**6.02**	**0.00**	**23.83**	**8.09**
Net Carrying value as at 31-03-2020 (A)-(B)	**8.49**	**5.44**	**5.14**	**0.02**	**19.09**	**6.17**
Net Carrying value as at 31-03-2019	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**

Description	Property, Plant and Equipment					Other Intangible Assets (Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total	
Period Ended 31st Mar'19						
Gross carrying amount as on 31st Mar'18	8.10	7.33	6.92	0.02	22.37	3.17
Additions	9.07	3.37	4.01	-	16.45	9.61
Sub-total	**17.17**	**10.70**	**10.92**	**0.02**	**38.82**	**12.78**
Disposals	1.50	0.37	1.20	-	3.07	-
Closing gross carrying amount (A)	**15.67**	**10.33**	**9.72**	**0.02**	**35.75**	**12.78**
Depreciation and amortisation						
Opening accumulated depreciation	1.81	1.86	1.85	0.00	5.52	1.23
Depreciation/amortisation charge during the year*	4.96	2.14	5.03	0.00	12.12	3.09
Sub-total	**6.77**	**4.00**	**6.87**	**0.00**	**17.64**	**4.32**
Disposals	0.12	0.04	2.77	-	2.93	-
Closing accumulated depreciation and amortisation (B)	**6.65**	**3.95**	**4.10**	**0.00**	**14.71**	**4.32**
Net Carrying value as at 31-03-2019 (A)-(B)	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**

* The amounts mentioned are below the rounding off norms of the Company.

NOTE 12 Other Non Financial Assets

S. No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Dealer Commission Advance	0.72	0.41
b)	Prepaid Expenses	6.05	11.10
c)	Vendor Advance	19.81	0.69
d)	Balance with GST/Service Tax Department	2.21	3.46
e)	Right-to-use asset (Refer Note 38)	25.78	-
	Total	54.57	15.65

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 13 Trade Payables

S. No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Total outstanding dues to micro enterprises and small enterprises*	0.02	-
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	168.61	139.87
	Total	168.63	139.87

* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

NOTE 14 Debt Securities

Description	As at 31st Mar, 2020	As at 31st Mar, 2019
At Amortised Cost		
Others		
Commercial Paper	496.19	492.44
Total (A)	496.19	492.44
Debt securities in India	496.19	492.44
Debt securities outside India	-	-
Total (B)	496.19	492.44

NOTE 15 Borrowings (Other Than Debt Securities)

Description	As at 31st Mar, 2020	As at 31st Mar, 2019
At Amortised Cost		
(a) Term loans		
i) from banks	5,728.66	4,436.11
ii) from other parties	-	-
(b) Loans repayable on demand		
(i) from banks	1,709.36	1,686.58
(c) Securitised trust borrowing	12.57	62.86
Total (A)	7,450.59	6,185.56
Borrowings in India	6,772.06	6,185.56
Borrowings outside India	678.53	-
Total (B)	7,450.59	6,185.56

NOTE 16 Subordinated Liabilities

Description	As at 31st Mar, 2020	As at 31st Mar, 2019
At Amortised Cost		
Perpetual Debt Instruments to the extent that do not qualify as equity	99.81	99.79
Other Subordinated Liabilities:		
From Banks	199.87	261.22
From Others	313.09	278.76
Total (A)	612.77	639.76
Subordinated Liabilities in India	612.77	639.76
Subordinated Liabilities outside India	-	-
Total (B)	612.77	639.76

Refer annexure for the terms of the debt securities, borrowings and subordinated liabilities.

(All amounts in ₹ Crores, unless otherwise stated)

Annexure

Institution	Amount outstanding as on 31st March 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
Loans repayable on demand	1,569.36	Secured		Repayable On Demand			
	140.00	Unsecured					
	1,709.36						
Term Loan							
Bank	99.98	Secured	8.05%	10	Quarterly	31/12/2020	31/03/2023
Bank	75.00	Secured	8.20%	10	Quarterly	15/07/2020	15/10/2022
Bank	199.95	Secured	8.10%	10	Quarterly	24/11/2020	24/02/2023
Bank	399.93	Secured	8.30%	10	Quarterly	27/11/2019	27/02/2022
Bank	74.99	Secured	9.00%	10	Quarterly	10/01/2019	10/03/2021
Bank	49.99	Secured	8.40%	2	2 Installment	25/09/2019	25/09/2020
Bank	79.93	Secured	9.00%	10	Quarterly	15/11/2019	15/02/2022
Bank	25.00	Secured	7.99%	1	Bullet	01/06/2020	01/06/2020
Bank	50.00	Secured	8.05%	1	Bullet	23/10/2020	23/10/2020
Bank	100.00	Secured	8.20%	1	Bullet	06/05/2021	06/05/2021
Bank	66.66	Secured	8.40%	6	Half Yearly	28/06/2019	28/12/2021
Bank	33.34	Secured	8.40%	6	Half Yearly	28/07/2019	28/01/2022
Bank	150.00	Unsecured	8.35%	1	Bullet	19/05/2020	19/05/2020
Bank	24.99	Secured	8.30%	12	Quarterly	16/02/2018	16/11/2020
Bank	63.33	Secured	8.85%	12	Quarterly	23/06/2018	23/03/2021
Bank	125.00	Secured	8.65%	36	Monthly	26/10/2018	26/09/2021
Bank	241.62	Secured	7.25%	36	Monthly	30/09/2019	30/08/2022
Bank	166.67	Secured	7.50%	36	Monthly	30/10/2019	30/09/2022
Bank	500.00	Secured	7.00%	36	Monthly	19/04/2020	19/03/2023
Bank	59.96	Secured	8.95%	10	Quarterly	21/08/2018	21/11/2020
Bank	477.58	Secured	8.75%	10	Quarterly	04/11/2019	04/02/2022
Bank	290.05	Secured	8.35%	12	Quarterly	28/03/2019	27/12/2021
Bank	249.95	Secured	8.35%	12	Quarterly	06/05/2020	06/02/2023
Bank	112.50	Secured	8.40%	4	Half Yearly	17/03/2020	17/09/2021
Bank	100.00	Secured	8.30%	4	Half Yearly	18/06/2021	18/12/2022
Bank	20.00	Secured	8.40%	10	Quarterly	29/05/2018	29/08/2020
Bank	50.00	Secured	8.40%	12	Quarterly	01/10/2018	01/06/2021
Bank	150.78	Secured	8.25%	1	Bullet	26/08/2022	26/08/2022
Bank	150.78	Secured	8.25%	1	Bullet	16/09/2022	16/09/2022
Bank	30.00	Secured	8.65%	10	Quarterly	21/09/2018	21/12/2020
Bank	188.48	Secured	8.63%	1	Bullet	29/05/2022	29/05/2022
Bank	188.48	Secured	8.63%	1	Bullet	10/06/2022	10/06/2022
Bank	139.78	Secured	9.00%	10	Quarterly	30/09/2019	30/12/2021
Bank	200.00	Secured	8.25%	1	Bullet	13/10/2020	13/10/2020
Bank	199.93	Secured	8.40%	2	Bullet	19/11/2022	19/11/2022
Bank	299.95	Secured	8.40%	10	Quarterly	20/05/2020	20/08/2022
Bank	44.27	Secured	6.43%	10	Quarterly	10/03/2020	10/06/2022
Bank	249.78	Secured	8.20%	10	Quarterly	20/12/2020	20/03/2023
	5,728.66						
Securitised Trust Borrowings	**12.57**						

Institution	Amount outstanding as on 31st March 2020	Type of Security	Interest Rate	No. of Installments	Frequency	From	To
Subordinated Liabilities							
Perpetual Debt	99.81	Unsecured	11.50%	1	Bullet	Nov-27	Nov-27
Bank	24.94	Unsecured	9.70%	1	Bullet	Sep-22	Sep-22
Bank	25.00	Unsecured	9.70%	1	Bullet	Sep-22	Sep-22
Bank	49.97	Unsecured	9.50%	1	Bullet	May-23	May-23
Bank	50.00	Unsecured	9.90%	1	Bullet	Jul-23	Jul-23
Bank	49.96	Unsecured	10.09%	1	Bullet	Apr-22	Apr-22
Others	14.50	Unsecured	9.20%	1	Yearly	Jun-20	Jun-20
Others	49.92	Unsecured	11.25%	1	Bullet	Sep-21	Sep-21
Others	98.71	Unsecured	10.90%	1	Bullet	Aug-24	Aug-24
Others	49.96	Unsecured	12.25%	1	Bullet	Sep-20	Sep-20
Others	50.00	Unsecured	11.75%	1	Bullet	Jul-21	Jul-21
Others	50.00	Unsecured	11.25%	1	Bullet	May-22	May-22
	612.77						

Institution	Amount outstanding as on 31st March 2019	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Loans repayable on demand	**1,686.58**	Secured		Repayable On Demand			
Term Loan							
Bank	10.08	Secured	8.75%	4	Quarterly	01/06/2019	01/03/2020
Bank	30.31	Secured	8.65%	2	Quarterly	01/06/2019	01/09/2019
Bank	8.38	Secured	8.40%	1	Quarterly	01/06/2019	30/06/2019
Bank	0.00	Secured	8.70%	1	Quarterly	30/06/2018	31/03/2019
Bank	25.00	Secured	8.76%	1	Bullet	11/12/2018	07/06/2019
Bank	10.00	Secured	8.95%	2	Quarterly	01/04/2019	01/07/2019
Bank	12.50	Secured	9.15%	1	Half Yearly	01/08/2019	01/08/2019
Bank	50.00	Secured	9.10%	1	Bullet	25/09/2018	25/09/2019
Bank	8.33	Secured	8.95%	2	Quarterly	01/06/2019	01/09/2019
Bank	28.66	Secured	8.50%	9	Monthly	01/04/2019	01/01/2020
Bank	24.99	Secured	8.35%	3	Quarterly	01/06/2019	01/12/2019
Bank	75.57	Secured	8.95%	3	Quarterly	01/06/2019	01/12/2019
Bank	39.99	Secured	8.65%	4	Quarterly	01/06/2019	01/03/2020
Bank	16.67	Secured	8.55%	4	Quarterly	01/06/2019	01/03/2020
Bank	12.50	Secured	8.55%	1	Quarterly	01/06/2019	01/06/2019
Bank	37.50	Secured	8.60%	3	Quarterly	01/06/2019	01/12/2019
Bank	60.00	Secured	8.85%	6	Quarterly	01/05/2019	01/08/2020
Bank	39.67	Secured	8.15%	3	Quarterly	01/06/2019	01/12/2019
Bank	99.98	Secured	9.61%	2	Bullet	01/09/2019	01/09/2020
Bank	199.98	Secured	7.95%	2	Bullet	30/10/2017	30/10/2019
Bank	58.32	Secured	8.70%	7	Quarterly	01/05/2019	01/11/2020
Bank	70.00	Secured	9.10%	7	Quarterly	01/06/2019	01/12/2020
Bank	140.95	Secured	8.75%	7	Quarterly	01/05/2019	01/11/2020
Bank	126.67	Secured	8.40%	8	Quarterly	01/06/2019	01/03/2021
Bank	100.00	Secured	9.10%	1	Quarterly	18/05/2018	01/05/2021
Bank	83.33	Secured	8.85%	10	Quarterly	01/04/2019	01/06/2021

Institution	Amount outstanding as on 31st March 2019	Type of Security	Interest Rate	No. of Instalments	Frequency	From	To
Bank	150.00	Secured	8.40%	4	Half Yearly	01/03/2020	01/09/2021
Bank	208.32	Secured	8.80%	30	Monthly	01/04/2019	01/09/2021
Bank	136.00	Secured	8.80%	9	Quarterly	01/04/2019	01/03/2021
Bank	209.69	Secured	9.50%	8	Quarterly	01/07/2019	01/04/2021
Bank	140.00	Secured	9.80%	8	Quarterly	01/08/2019	01/05/2021
Bank	201.34	Secured	9.75%	10	Quarterly	01/09/2019	01/12/2021
Bank	150.00	Secured	9.40%	6	Half Yearly	01/06/2019	01/12/2021
Bank	456.12	Secured	9.50%	11	Quarterly	01/06/2019	01/12/2021
Bank	99.89	Secured	9.10%	10	Quarterly	01/11/2019	01/02/2022
Bank	499.89	Secured	8.80%	10	Quarterly	01/11/2019	01/02/2022
Bank	601.06	Secured	9.40%	10	Quarterly	01/11/2019	01/02/2022
Bank	214.43	Secured	8.90%	1	Bullet	29/01/2018	29/11/2019
	4,436.11						
Securitised Trust Borrowings	**62.86**						
Subordinated Liabilities							
Perpetual Debt	99.79	Unsecured	11.50%	1	Bullet	24/11/2017	01/11/2027
Bank	25.00	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Others	29.00	Unsecured	9.30%	2	Annual	01/06/2019	01/06/2020
Bank	12.50	Unsecured	9.75%	2	Annual	01/06/2019	01/06/2020
Others	49.94	Unsecured	12.25%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.88	Unsecured	11.30%	1	Bullet	01/09/2021	01/09/2021
Others	49.94	Unsecured	10.02%	1	Bullet	01/04/2022	01/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
Bank	24.92	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	50.39	Unsecured	10.05%	1		27/11/2013	01/05/2023
Bank	50.00	Unsecured	10.39%	1	Bullet	24/01/2018	01/07/2023
Bank	98.41	Unsecured	10.90%	1	Annual	01/08/2024	01/08/2024
	639.76						

Details of Security

a. Term Loan received from Banks and Other Parties of ₹5578.66 inclusive of Current and Non-Current Dues (Previous Year: 4436.11 as on 31st March, 2019) is secured against hypothecation of receivables under the financing activity of the Company.

b. Working Capital Demand Loan and Cash Credit of ₹1,569.36 (Previous Year: ₹1,546.58 as at 31st March 2019) is secured by hypothecation of receivables under the financing activity of the Company.

External Commercial Borrowings

During the year, the Company had raised funds in the overseas market amounting to ₹634.84 (equivalent to USD 90 million) under External Commercial Borrowings (ECB) accessed through automatic route after receiving the Loan Registration Number from RBI as per ECB Master Directions. These are unlisted instruments, for total duration of 3 years and the loan has been fully hedged. The net proceeds from the issue of these ECB were applied for the purpose of on-lending, in accordance with the directions issued by the RBI.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 17 Other Financial Liabilities

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Interest Accrued But Not Due	37.60	13.72
b)	Employee Related Liabilities	24.05	38.06
c)	Security Deposit	39.02	48.04
d)	Delinquency Fund	-	5.31
e)	Lease liability	29.03	-
	Total	129.70	105.13

NOTE 18 Provisions

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a)	Pension	11.22	10.02
b)	Gratuity	0.73	0.04
c)	Compensated absences	16.02	11.53
d)	General Loss Provisions*	8.45	-
	Total	36.42	21.59

*Refer note 36 and note 41.10.5

NOTE 19 Other Non Financial Liabilities

S.No.	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
	Others		
a)	Statutory Dues	17.40	14.65
	Total	17.40	14.65

NOTE 20 Equity Share capital

	Description	As at 31st Mar, 2020	As at 31st Mar, 2019
a	**Authorised Share Capital:**		
	20,00,00,000 Equity shares of ₹10 each	200.00	200.00
	(Previous Year 20,00,00,000 Equity Shares)		
		200.00	**200.00**
b	**Issued, Subscribed and Fully Paid up Share Capital:**		
	18,51,82,300 number of Equity shares of ₹10 each	185.18	178.21
	(Previous year 17,82,05,700 Equity Shares of ₹10 each)		
c	**Par Value per Share**	₹10 each	₹10 each
d	**Number of equity shares at the beginning of the year**	178,205,700	166,885,700
	Add: Preferential Allotment made during the year	6,976,600	11,320,000
	Number of equity shares at the end of the year	185,182,300	178,205,700

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 20 Equity Share capital (Contd.)

e **Equity Shares held by Holding Companies**

Particulars	No. of Shares	No. of Shares
Holding Company - TVS Motor Company Limited	155,469,528	18,329,753
Sundaram Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250
Holding Company in Previous year - TVS Motor Services Limited (including nominees)	1,090,125	134,741,600

f **Number of shares held by shareholders holding more than 5% of total shares as at the end of the year**

Name of the Shareholders	As at 31st Mar, 2020		As at 31st Mar 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
TVS Motor Company Limited	155,469,528	83.95	18,329,753	10.29%
Lucas-TVS Limited	11,337,297	6.12	11,337,297	6.36%
TVS Motor Services Limited	1,090,125	0.59	134,741,600	75.61%

NOTE 21 Other Equity

Description	As at 31st Mar, 2020	As at 31st Mar, 2019
Securities premium reserves	629.41	546.39
Statutory Reserve	120.75	90.65
Retained earnings	452.78	336.45
Other Reserves - Hedging Reserve	(15.00)	-
Total reserves and surplus	**1,187.94**	**973.49**

a) Securities premium reserves	As at 31st Mar, 2020	As at 31st Mar, 2019
Opening balance	546.39	437.72
Additions during the year	83.02	108.67
Deductions/Adjustments during the year	-	-
Closing balance	**629.41**	**546.39**

b) Statutory Reserve	As at 31st Mar, 2020	As at 31st Mar, 2019
Opening balance	90.65	60.99
Transfer from retained earnings	30.10	29.66
Deductions/Adjustments during the year	-	-
Closing balance	**120.75**	**90.65**

c) Retained earnings	As at 31st Mar, 2020	As at 31st Mar, 2019
Opening balance	336.45	217.92
Lease Equivalisation restatement on 01st April, 2019*	(1.93)	-
Balance as on 01st April, 2019	334.52	217.92
Net profit for the period	151.04	148.79
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation net off tax	(2.65)	(0.60)
Transaction in the capacity as owners		
Statutory Reserve	(30.10)	(29.66)
Closing balance	**452.78**	**336.45**

* Refer note 38

d) Other Reserves - Hedging Reserve	As at 31st Mar, 2020	As at 31st Mar, 2019
Opening balance	-	-
Add: Change in fair value of hedging instruments, net off tax	(15.00)	-
Closing balance	**(15.00)**	**-**

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 21 Other Equity (Contd.)

Statutory Reserves:

According to Section 45 - IC of the Reserve Bank of India Act, 1934, the Company transfers a sum not less than 20% of its net profit every year as disclosed in the statement of Profit and Loss and before declaration of any dividend to the Statutory reserves.

Securities Premium

The reserve represents premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

Retained Earnings:

Represents Company's cumulative undistributed earnings since its inception. This is available for distribution to shareholders through dividends/capitalisation.

NOTE 22 Interest Income

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
On Financial assets measured at amortised cost:		
Interest on Loans	1,820.49	1,454.17
Interest on Deposits with Bank	1.74	4.02
Total	**1,822.23**	**1,458.19**

NOTE 23 Fees And Commission Income

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Fee based Income	112.80	88.36
Commission income	11.17	15.31
Service Income	44.16	40.22
Total	**168.13**	**143.89**

NOTE 24 Other Income

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Bad Debts Recovered	11.57	9.16
Other Non-Operating Income	3.75	7.02
Unwinding of discount on security deposits and receivable for investments	9.72	16.67
Total	**25.04**	**32.85**

NOTE 25 Finance Costs

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
On Financial liabilities measured at amortised cost		
Interest Cost	665.85	535.14
- Interest on Borrowings	553.55	425.24
- Interest on Debt Securities	50.12	71.30
- Interest on subordinated Liabilities	62.18	38.60
Other Finance Charges	33.96	22.31
Total	699.81	557.46

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 26 Fee And Commission Expenses

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Business Promotion and Recovery Cost	129.35	80.78
Total	**129.35**	**80.78**

NOTE 27 Net Loss on derecognition of financial instruments under amortised cost category

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Loss on Sale of Repossessed Assets	53.80	74.37
Bad Debts Written off	155.60	76.82
Total	209.40	151.19

NOTE 27a Impairment of Financial Instruments

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Impairment on standard Assets (Stage 1 & 2)	14.32	12.58
Impairment on NPA (Stage 3)	38.77	19.43
Impairment on Trade Receivables	2.79	1.24
General Loss Provisions*	8.45	-
Total	64.33	33.25

* Refer note 35 & note 40.10.5

NOTE 28 Employee Benefit Expenses

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Salaries and Wages	427.28	352.97
Contribution to Provident and other funds	28.97	18.52
Staff Welfare	21.48	20.47
Total	**477.73**	**391.95**

NOTE 29 Other Expenses

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Auditors Fees and Expenses*	0.52	0.45
Communication Costs	55.84	42.91
Directors Fees, Allowances & expenses	0.50	0.56
Corporate Social Responsibility **	3.80	2.60
Donation	4.20	6.42
Repairs & Maintenance	2.05	1.40
Rent, Taxes and Energy Costs (refer note 39)	15.64	23.69
Insurance Expenses	1.80	1.46
Legal and Prof Charges	48.96	44.28
Others	15.89	12.49
Printing and Stationery	3.07	2.82
Travelling and Conveyance	43.40	49.27
Total	**195.66**	**188.37**

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 29 Other Expenses (Contd.)

Auditors Fees and Expenses*

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Statutory Audit	0.25	0.25
Tax Audit	0.07	0.07
Certification	0.15	0.10
Reimbursement of Expenses	0.05	0.03
Auditors Fees and Expenses	**0.52**	**0.45**

** **Expenditure incurred on Corporate Social Responsibility activities:**

a. Gross amount required to be spent during the year is ₹3.80 crores

b. Amount spent during the year - ₹11.80 crores

c. Amounts spent towards PM Cares Fund: ₹8 crores which is shown as exceptional items in the Statement of Profit and Loss.

S.No.	Particulars	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
a.	Construction/acquisition of any asset	-	-
b.	Expenses incurred through trusts	3.80	2.60
c.	Donation to PM Cares Fund	8.00	-
	Total	**11.80**	**2.60**

NOTE 30 Income Tax Expenses

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
a. Income tax expense		
Current tax		
Current tax on profits for the year	60.18	82.64
Tax profits relating to prior period	-	-
Total current tax expense	**60.18**	**82.64**
Deferred tax		
Decrease (increase) in deferred tax assets	(0.20)	(14.72)
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	**(0.20)**	**(14.72)**
Income tax expense	59.98	67.91
b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	211.02	216.71
Tax at the Indian tax rate of 25.17% (PY – 34.61%)	53.11	75.00
Tax effect of amounts which are permanent differences in nature in calculation of taxable income	6.87	(7.08)
Income tax expense	59.98	67.92

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 31 Other Comprehensive Income

Description	Year ended 31st Mar, 2020	Year ended 31st Mar, 2019
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit plans	(3.54)	(0.93)
Fair value change on cash flow hedge	(20.05)	-
Income tax relating to these items	5.94	0.33
Other Comprehensive Income	**(17.65)**	**(0.60)**

NOTE 32 Earnings per share

	Year Ended 31st Mar, 2020	Year Ended 31st Mar, 2019
a. Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	8.28	8.70
b. Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	8.28	8.70
c. Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the Company used in calculating basis earnings per share	151.04	148.79
Diluted earnings per share		
Profit attributable to equity holders of the Company		
- used in calculating basis earnings per share	151.04	148.79
d. Weighted average number of equity shares used as the denominator in calculating basic earnings per share	182,496,787	170,988,778
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	182,496,787	170,988,778

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 33 Employee Benefit Obligations

Defined Benefit Obligation

The Company provides for gratuity employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised fund in India.

The Company operates defined benefit pension plan, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
April 1, 2018	**10.03**	**(6.44)**	**3.59**	**10.02**	**-**	**10.02**	**8.65**	**-**	**8.65**
Current service cost	1.48		1.48	0.18	-	0.18	-		-
Interest expense/(income)	0.66	(0.62)	0.04		-	-	0.54		0.54
Total amount recognised in profit or loss	**2.14**	**(0.62)**	**1.52**	**0.18**	**-**	**0.18**	**0.54**	**-**	**0.54**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)		0.01	0.01			-			-
(Gain)/loss from change in financial assumptions	0.04		0.04	0.21		0.21	0.05		0.05
Experience (gains)/losses	0.91		0.91	(0.39)		(0.39)	3.88		3.88
Total amount recognised in other comprehensive (income)/Losses	**0.95**	**0.01**	**0.96**	**(0.18)**	**-**	**(0.18)**	**3.93**	**-**	**3.93**
Employer contributions	-	(6.02)	(6.02)	-	-	-	-	-	-
Benefit payments	(0.96)	0.96	(0.00)			-	(1.59)		(1.59)
March 31, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**11.53**
April 1, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**11.53**
Current service cost	1.90		1.90	-	-	-	-		-
Interest expense/(income)	0.93	(0.89)	0.04	0.71	-	0.71	0.80		0.80
Total amount recognised in profit or loss	**2.83**	**(0.89)**	**1.94**	**0.71**	**-**	**0.71**	**0.80**	**-**	**0.80**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)		0.19	0.19			-			-
(Gain)/loss from change in financial assumptions	0.48		0.48	1.83		1.83	0.44		0.44
Experience (gains)/losses	2.37		2.37	(1.33)		(1.33)	5.43		5.43
Total amount recognised in other comprehensive (income)/Losses	**2.85**	**0.19**	**3.04**	**0.49**	**-**	**0.49**	**5.87**	**-**	**5.87**
Employer contributions	-	(4.30)	(4.30)	-	-	-	-	-	-
Benefit payments	(1.73)	1.73	-			-	(2.19)		(2.19)
March 31, 2020	**16.11**	**(15.38)**	**0.73**	**11.22**	**-**	**11.22**	**16.02**	**-**	**16.02**

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 33 Employee Benefit Obligations (Contd.)

Details	Gratuity		Pension		Compensated Absence	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Discount Rate	5.46%	6.72%	6.32%	7.27%	5.30%	6.68%
Salary Growth Rate	6.00%	6.00%	5.50%	5.50%	6.00%	6.00%
Mortality inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)					

(i) Sensitivity Analysis

Particulars	Gratuity 2019-20			Pension 2019-20			Compensated Absences 2019-20		
	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion
Discount Rate	0.50%	15.91	16.31	1%	9.65	13.15	0.50%	15.85	16.20
Salary Growth Rate	0.50%	16.31	15.91	1%	13.22	9.57	0.50%	16.20	15.85
Mortality	5.00%	16.11	16.11	5%	11.13	11.31	5.00%	16.02	16.02

Particulars	Gratuity 2018-19			Pension 2018-19			Compensated Absences 2018-19		
	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion	Change in Assump-tion	Due to increase in assump-tion	Due to decrease in assump-tion
Discount Rate	0.50%	12.02	12.3	1%	8.45	11.57	0.50%	11.41	11.65
Salary Growth Rate	0.50%	12.29	12.02	1%	11.65	8.38	0.50%	11.65	11.41
Mortality	5.00%	12.15	12.15	5%	9.79	9.92	5.00%	11.53	11.53

(ii) The following payments are expected contributions to the defined benefit plan in future years:

Particulars	
Within the next 12 months (next annual reporting period)	4.93
Between 2 and 5 years	10.45
Beyond 5 years	2.83
Total	**18.21**

(iii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yield;

Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

(iv) Defined contribution plans:

The Company's contribution to defined contribution plan viz., provident fund, of ₹17.86 (March 31, 2019: ₹10.56) has been recognised in the Statement of Profit and Loss. There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated February 28, 2019 on components / allowances paid to employees that need to be taken into account while computing an employer's contribution to provident fund under the EPF Act. The Company is in the process of evaluating the method of computation of its PF contribution in relation to above judgement and would record any further effect in its financial statements, on receiving further clarification on the subject..

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 34 Fair value measurements

Financial instruments by category

	Measurement Level	31st March 2020	31st March 2019
Financial assets carried at amortised cost			
Loans	Level 3	9,455.55	8,224.91
Trade Receivables	Level 3	54.35	52.10
Cash and Cash Equivalents		357.74	77.71
Other bank balances		24.37	39.43
Loan to Employees	Level 3	8.72	7.03
Advances to Related Parties	Level 3	80.86	110.16
Other Financial Assets - Related Parties	Level 3	-	2.67
Other Financial Assets - Non Related Parties	Level 3	13.02	6.48
Security deposit for leased premises	Level 3	7.54	6.60
Deposit with Service Providers	Level 3	3.34	2.91
Financial assets carried at fair value through profit and loss			
Cross currency swap	Level 2	-	15.03
Financial assets carried at fair value through Other Comprehensive Income			
Derivative Financial Instruments	Level 2	23.63	-
Total financial assets		**10,029.14**	**8,545.04**
Financial liabilities carried at amortised cost			
Trade Payables	Level 3	168.63	139.87
Debt Securities	Level 3	496.19	492.44
Borrowings other than debt securities	Level 3	7,450.59	6,185.56
Subordinated Liabilities	Level 3	612.77	639.76
Security Deposit Received	Level 3	39.02	48.04
Other financial liabilities	Level 3	90.68	57.09
Total financial liabilities		**8,857.88**	**7,562.76**

(i) Fair value hierarchy

Ind AS 113, 'Fair Value Measurement' requires classification of the valuation method of financial instruments measured at fair value in the Statement of Balance sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 113 are described below.

Financial assets and liabilities measured at fair value - recurring fair value measurements (Level 2)	**31st March 2020**	**31st March 2019**
Financial assets		
Cross currency swap	-	15.03
Derivative Financial Instruments	23.63	-
Total financial assets	23.63	15.03
Fair value of Financial assets and liabilities carried at amortised cost (Level - 3)	**31st March 2020**	**31st March 2019**
Financial assets		
Loan to Employees	8.72	7.03
Advances to Related Parties	86.11	114.35
Security deposit for leased premises	7.54	6.60
Total financial assets	**102.38**	**127.98**

There were no transfers between any levels during the year.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 34 Fair value measurements (Contd.)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes publicly traded derivatives and mutual funds that have a quoted price. The quoted market price used for financial assets held by the Company is the current bid price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of forward foreign exchange contracts and cross currency interest rate swaps (CCIRS) is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 3 where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk..

(iii) Valuation process

Discount rates are determined using a market interest rate for a similar asset adjusted to the risk specific to the asset.

(iv) Fair value of financial assets and liabilities measured at amortised cost

31st March 2020	Carrying amount	Fair value
Financial assets		
Loan to Employees	8.72	8.72
Advances to Related Parties	80.86	86.11
Security deposit for leased premises	7.54	7.54
Total financial assets	**97.13**	**102.38**
31st March 2019	**Carrying amount**	**Fair value**
Loan to Employees	7.03	7.03
Advances to Related Parties	110.17	114.35
Security deposit for leased premises	6.60	6.60
Total financial assets	**123.80**	**127.98**

The fair values for receivable from holding Company and rent advance were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 35 Financial Risk Management

(A) Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

Other Financial Assets

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

Particulars	31st March 2020	31st March 2019
Gross Carrying value of Loans		
Stage-1 (Less than 30 Days)	8,407.16	7,767.27
Stage-2 (31-90 Days)	869.84	321.98
Stage-3 (More than 90 Days)	370.66	274.69
Total Gross Carrying value on Reporting Date	**9,647.66**	**8,363.94**

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under ECL model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The Company categorises loan assets into stages based on the Days Past Due status:

- Stage 1: 30 Days Past Due
- Stage 2: 31-90 Days Past Due
- Stage 3: More than 90 Days Past Due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

- "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans.

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model:

- "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.
- Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

- Probability of default for Stage 2 loan assets is calculated based on the lifetime PD as average of historical trend from Stage 2 to Stage 3 for the remaining tenor.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

In accordance with the board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 – Regulatory Package', the Company has offered moratorium upto three months on the payment of installments falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers.

For staging classification under ECL computation, the Company has exercised standstill option of asset classification for overdue standard accounts classified under Stage 2 as at 29th February 2020, for which moratorium has been granted. Above relaxation has not been deemed to be automatically triggering significant increase in credit risk based on assessment of the Company. During the moratorium period, the Company continues to recognize interest income and has made the judgment that the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 3 classification criteria.

COVID-19 has severe impact on global as well as domestic macro and micro economies, businesses and consumers. Due to this uncertainty, Company's assessments of impairment loss allowance on its loans are subject to a number of management judgements and estimates. The Company has followed same methodologies and assumptions for impairment loss allowance calculations followed in earlier quarters with additional consideration for Covid related impact and the associated support packages in the measurement of impairment loss allowance. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, Loans to be in default when it is more than 90 days past due. The financial services business considers Loans under default as 'credit impaired'.

Impairment loss

The expected credit loss allowance provision is determined as follows:

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st Mar'20	8,407.16	869.84	370.66	9,647.66
Expected Credit Loss	39.23	9.50	143.38	192.11
Expected Credit Loss Rate	0.47%	1.09%	38.68%	1.99%
Net of Impairment Provision	8,367.93	860.34	227.28	9,455.55

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st Mar'19	7,767.27	321.98	274.69	8,363.94
Expected Credit Loss	30.99	3.43	104.61	139.03
Expected Credit Loss Rate	0.40%	1.06%	38.08%	1.66%
Net of Impairment Provision	7,736.28	318.55	170.08	8,224.91

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

Reconciliation of Expected Credit Loss

Particulars	Stage-1	Stage-2	Stage-3	Grand Total
Balance as at 1st April 2018	**19.75**	**2.08**	**82.94**	**104.77**
Transfer to Stage 1	(2.14)	1.06	1.08	-
Transfer to Stage 2	0.21	(1.18)	0.98	-
Transfer to Stage 3	1.34	0.63	(1.97)	-
Loans that have derecognised during the period	(4.32)	(0.60)	(25.43)	**(30.36)**
New Loans originated during the year	22.44	1.47	13.25	**37.16**
Net Remeasurement of Loss Allowance	(6.28)	(0.02)	33.75	**27.45**
Balance as at 31st March 2019	**30.99**	**3.43**	**104.61**	**139.03**
Transfer to Stage 1	(4.92)	3.27	1.66	-
Transfer to Stage 2	0.28	(1.90)	1.61	-
Transfer to Stage 3	0.71	1.33	(2.04)	-
Loan that have derecognised during the period	(6.58)	(0.72)	(25.18)	**(32.49)**
New Loans originated during the year	25.12	3.91	12.98	**42.02**
Net Remeasurement of Loss Allowance	(6.37)	0.18	49.74	**43.55**
Balance as at 31st Mar '20	**39.23**	**9.50**	**143.38**	**192.11**

Concentration of Credit Risk

The business manages concentration of risk primarily by geographical region. The following details show the geographical concentrations of the loans at the year end:

	31st March 2020	31st March 2019
Carrying value		
Concentration by geographical region in India		
South	3,822.92	3,356.79
West	2,091.72	1,999.24
East	1,602.03	1,227.55
North	2,130.99	1,780.36
Total Loans as at reporting period	**9,647.66**	**8,363.94**

(B) Liquidity risk

The liquidity risk is a risk that an entity will encounter difficulty in meeting financial obligations.

As per Company's policy, management ensures availability of sufficient fund either through Installment receivables/ sourcing through debts at each point of time. The Fund requirement ascertained at the beginning of the period by taking into consideration Installment receivable, likely disbursement, Loan installment payment & other operational expenses. The Company is continuous getting good supports from Bankers & Financial Institutions at the time of need.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31st March 2020	31st March 2019
Floating rate		
Expiring within one year (bank overdraft and other facilities)	332.04	653.09
Expiring beyond one year (bank loans)		
	332.04	653.09

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 35 Financial Risk Management (Contd.)

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a. All non-derivative financial liabilities, and

b. Net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
31st Mar 2020						
Non-derivatives						
Borrowings	956.35	582.44	3,187.76	3,733.20	99.81	8,559.56
Security Deposit Received	-	17.78	21.24	-	-	39.02
Trade Payables	13.55	120.47	34.61	-	-	168.63
Other financial liabilities	40.62	1.76	25.32	20.11	9.34	97.15
Total non-derivative liabilities	**1,010.52**	**722.45**	**3,268.93**	**3,753.31**	**109.15**	**8,864.36**

Contractual maturities of financial liabilities	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
31st Mar 2019						
Non-derivatives						
Borrowings	700.70	384.42	2,765.44	2,569.02	898.18	7,317.76
Security Deposit Received	-	22.27	22.48	3.29	-	48.04
Trade Payables	8.78	93.89	37.21	-	-	139.87
Other financial liabilities	22.01	0.91	34.17	-	-	57.09
Total non-derivative liabilities	**731.49**	**501.48**	**2,859.30**	**2,572.31**	**898.18**	**7,562.76**

NOTE 36 Financial Risk Management

(a) Foreign currency risk exposure:

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity. The Company is exposed to foreign exchange risk due to continuous fluctuation in the foreign currency (USD) of the loan originated. The Company has entered into cross currency swaps (CCS) /forward contracts/ Interest rate swap to fully hedge all foreign currency exchange risk on the principal and interest amount payable on borrowings.

	31st March 2020	31st March 2019
Financial liabilities		
Variable Foreign Currency Borrowings(USD 90 million)	634.84	252.68
Derivative liabilities		
Hedged through derivatives	634.84	-
Hedged through CCS	-	257.59
Net exposure to foreign currency risk (liabilities)	-	(4.90)

(b) Sensitivity analysis

The Company has hedged all its foreign currency exposures by entering into CCS/ Forwards contracts, it shall not be subject to any sensitivity on settlement due to foreign currency fluctuation (USD). Forward Contract & Cross Currency Swap are to buy USD for Hedging Foreign Currency Loan.

Impact on profit after tax		
USD sensitivity	**31st March 2020**	**31st March 2019**
INR/USD Increases by 5%	-	(0.16)
INR/USD Decreases by 5%	-	0.16

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 36 Financial Risk Management (Contd.)

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31 March 2020 and 31 March 2019, the Company's borrowings at variable rate were mainly denominated in INR, USD.

The Company's floating rate borrowings are carried at amortised cost. For NBFC business loan is the major source for running the business. In India loans are mostly available at Floating rate Interest. And there are no such option available to obtain an option for swapping the Floating rate Interest with Fixed Interest. Hence except foreign currency loans`, other loans are not hedged.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	31st March 2020	31st March 2019
Variable rate borrowings	7,173.54	6,324.62
Total borrowings	**8,559.56**	**7,317.76**

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	31st March 2020		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	8.30%	7,173.54	83.81%
	31st March 2019		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc.	9.12%	6,324.62	86.43%

An analysis by maturities is provided in note 36 B (ii) above.

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

	Impact on profit after tax	
	31st March 2020	31st March 2019
Interest rates – increase by 50 basis points (50 bps)*	32.03	23.93
Interest rates – decrease by 50 basis points (50 bps)*	(32.03)	(23.93)

* Holding all other variables constant.

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 37 Capital management

a. Risk management

The Risk Management policy includes identification of element of risks, including those which in the opinion of Board may lead to Company not meeting its financial objectives. The risk management process has been established across the Company and designed to identify, access & frame a response to threat that affect the achievement of its objectives. Further it is embedded across all the major functions and revolve around the goals and objectives of the Company.

Maintaining optimal capital to debt is one such measure to ensure healthy returns to the shareholders. Company envisages maintaining gearing ratio of 6 times to the total equity, the Company monitors the ratio as below Net Debt divided by total equity.

	31st March 2020	31st March 2019
Net debt (total borrowings, less cash and cash equivalents)	8,201.82	7,240.06
Total Equity (as shown in the balance sheet)	1,373.12	1,151.70
Net debt to equity ratio	**5.97**	**6.29**

b. Externally imposed capital restrictions

1. As per RBI requirements Capital Adequacy Ratio should be minimum 15%, not meeting RBI requirements will lead cancellation of NBFC licenses issued by RBI
2. As per various lending arrangements with banks TOL (Total Outside Liability) to TNW (Total Net Worth) ratio should be less than 8, not meeting the said requirements may lead to higher interest rates..

The Company has complied with these covenants throughout the reporting period.

NOTE 38 Transition Notes on adoption of Ind AS 116

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Company has applied the below practical expedients:

a. The Company has not reassessed whether a contract is, or contains, a lease at the date of initial application

b. The Company applied a single discount rate for all leases arrangements since they have reasonably similar characteristics

c. The Company relied on its assessment of whether leases are onerous applying Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets, immediately before the date of initial application as an alternative to performing an impairment review as per Ind AS 36 Impairment of assets

d. The Company has treated the leases with remaining lease term of less than 12 months as "short term leases"

e. The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition

f. The Company used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

g. Effective 1st April 2019, the Company has applied Ind AS 116 "Leases", using the modified retrospective approach. As a result, the Company has recognised Right of Use - assets amounting to ₹21.93 crores and lease liability of ₹24.89 crores, with net impact of ₹1.93 crores recognised in retained earnings as at 01.04.2019 and ₹1.03 crores in deferred tax.

Measurement of lease liabilities

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

Particulars	Amount
Operating lease commitments disclosed as at 31 March 2019	47.36
Weighted average incremental borrowing rate as at 1 April 2019	8.75%
Discounted using the lessee's incremental borrowing rate of at the date of initial application	37.44
Adjustments as a result of a different treatment of extension and termination options	(12.54)
Lease liabilities as at 1 April 2019	24.89

(All amounts in ₹ Crores, unless otherwise stated)

NOTE 38 Transition Notes on adoption of Ind AS 116 (Contd.)

Lease Disclosures pertaining to Right to use Asset

Particulars	Amount
Gross Block - Building	
Opening/(On transition to Ind AS 116)	21.93
Additions during the year	10.97
Deletions during the year	-
Closing Balance during the year	32.90
Amortisation	
Additions	-
Amortisation for the year	7.12
Closing Balance during the year	25.78

Company has exercised the option of short-term leases and low value asset exemption.

Lease Disclosures pertaining to Statement of Profit & Loss

Particulars	Amount
Finance charges	
Interest expense	2.32
Depreciation	
Amortisation of Right to use asset	7.12
Other expenses	
Rent expenses	
Expense relating to short-term leases (included in other expenses)	8.33
Expense relating to leases of low-value assets that are not short-term leases (included in other expenses)	-
Expense relating to variable lease payments not included in the measurement of lease liabilities	-
Total	8.33

Lease Disclosures pertaining to Cash Flow Statement

Particulars	Amount
Cash flow from financing activities	
Principal repayments related to lease liabilities	6.83
Interest payments related to lease liabilities	2.32

Note 39

The Taxation Laws (Amendment) Ordinance, 2019 contain substantial amendments in the Income Tax Act 1961 and the Finance (No.2) Act, 2019 to provide an option to domestic companies to pay income tax at a concessional rate. The Company has elected to apply the concessional tax rate. Accordingly, the Company has recognized the provision for income tax and re-measured the net deferred tax assets at concessional rate for the year ended 31 March 2020. Further, the opening net deferred tax asset has been re-measured at lower rate with a one-time impact recognized in the statement of profit and loss.

(All amounts in ₹ Crores, unless otherwise stated)

40. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020

1. Capital Commitments

Description	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.18	2.58

2. Other Commitments

Description	March 31, 2020	March 31, 2019
Undrawn Loans sanctioned to borrowers	1.99	29.58

3. Contingent Liabilities not provided for:

Claims against the Company not acknowledged as debts.

Description	March 31, 2020	March 31, 2019
Disputed Income Tax Demand (adjusted out of refunds)	1.06	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.29 crs)	7.70	6.72
Legal cases filed by borrowers against the Company	1.64	1.29

The Company's pending litigations comprise of claims against the Company and proceedings pending with Statutory Authorities. The future cash flows on the above items are determinable only on receipt of decisions/ judgments that are pending at various forums/authorities. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

4. Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21st April 2010, the Company acquired the retail finance business of TVSFS as a going concern along with the related assets (comprising of fixed assets, receivables, loans and advances and Bank balances) of ₹50.75 crores and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of ₹298.75 crores. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of ₹248 crores. The bonds are redeemable between 7th and 12th year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), during 2010-11 at book value and the same is repayable by TVSMS in 6 years. Instalment of ₹41.33 crores due in March 2020 has been paid by TVSMS. Accordingly, the advance from TVSMS to the Company pertaining to this transaction stands at ₹78.20 crores as at March 31, 2020 as per Ind AS fair valuation. Advance is partly secured to the extent of ₹52.15 crores and balance portion of ₹26.05 crores is unsecured. Considering the intrinsic value of land lying with TVSMS and equity shares held by TVSMS in the Company, the unsecured advance is considered good and recoverable.

5. Pursuant to para 2 of general instructions for preparation of financial statements of a NBFC as mentioned in Division III of Schedule III of The Companies Act, 2013, the current and non-current classification has not been provided.

6. As at the balance sheet date, the Company has received dues of ₹0.01 crores (PY – ₹0.38 crores) included under bank balances, arising out of the assigned asset and the same is shown under payables (Note No. 13)

(All amounts in ₹ Crores, unless otherwise stated)

40. Additional Notes forming part of Financial Statements for year ended 31st Mar, 2020 (Contd.)

7. Related Party Disclosure

Disclosures in respect of Related Parties and their Relationship where transaction exists

Nature of Relationship	Parties name
Reporting Enterprise	TVS Credit Services Limited
Holding Company	TVS Motor Company Limited Sundaram-Clayton Limited
Ultimate Holding Company	TV Sundram Iyengar & Sons Private Limited
Subsidiaries	TVS Housing Finance Private Limited Harita ARC Private Limited TVS Two Wheeler Mall Private Limited TVS Micro Finance Private Limited Harita Collection Services Private Limited TVS Commodity Financial Solutions Private Limited
Fellow Subsidiary	TVS Motor Services Sundaram Auto Components Limited TVS Automobile Solutions Private Limited
Fellow Associate	Emerald Haven Realty Limited

Transactions with Related Parties and Balance Outstanding as at the end of the year

S.No.	Name of the Related Party	Nature of Transactions	Amount 2019-20	Amount 2018-19
1	TVS Motor Services Limited	Advance received	41.33	25.16
		Unwinding of advance	9.36	16.18
		Balance outstanding (Dr)	80.86	112.83
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	3.49	11.32
		Contribution towards Security Premium	41.51	108.67
		Services Rendered	42.51	19.33
		Availing of services	5.76	4.79
		Balance outstanding (Dr)	18.92	16.66
3	Sundaram Clayton Limited	EMI Payment	0.10	0.11
		Availing of services	4.23	3.98
		Balance outstanding (Cr)	0.16	0.43
4	Sundaram Auto Components Limited	EMI Payment	0.10	0.10
		Balance outstanding (Dr)	0.26	0.38
5	Emerald Haven Realty Limited	EMI Payment	0.47	0.18
		Balance outstanding (Dr)	-	0.47
6	TVS Automobile Solutions Private Limited (TASL)	Working Capital Financing	45.78	-
		Receivable Financing to Franchisees of TASL	13.68	-
		Balance outstanding (Dr)	2.06	-

As per our report of even date

For Raghavan Chaudhuri & Narayanan
Chartered Accountants
Firm Regn No.: 007761S

V Sathyanarayanan
Partner
Membership No.: 027716

Place : Chennai
Date : May 27, 2020

For and on behalf of the board

Venu Srinivasan
Chairman

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

Directors' Report to the Shareholders

The directors present the third annual report together with the annual audited statement of accounts for the year ended 31st March 2020.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2020.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Companies Act, 2013 (the Act, 2013) with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2019 to 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 29th April 2019, 26th June 2019, 22nd October 2019 and 12th February 2020 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its first Annual General Meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 3rd year in a term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Disclosures

Material changes and commitments

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

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2020 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2020, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2020 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

During the period under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Details of foreign exchange earnings and outgo:

During the period under review, there were no foreign exchange earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V GOPALAKRISHNAN	N SRINIVASA RAMANUJAM
Date : 26th May 2020	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65999TN2017PTC118296
ii)	Registration Date	:	25/08/2017
iii)	Name of the Company	:	Harita ARC Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding 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	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	-

(iii) Change in Promoters' Shareholding : **NIL.**

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

V. Shareholding of directors and key managerial personnel: **NIL**

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review.

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 26th May 2020

V GOPALAKRISHNAN
Director
DIN: 03291640

N SRINIVASA RAMANUJAM
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the Members of Harita ARC Private Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited the standalone financial statements of Harita ARC Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31st March 2020, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017.

   (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) There are no pending litigations as at 31st March 2020.

      (ii) The Company has not entered into any long term contract including derivate contracts.

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

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

UDIN	20023116AAAAIK7616

For V. SANKAR AIYAR & CO.
Chartered Accountants
FRN: 109208W

S. VENKATARAMAN
PARTNER
Membership No. 023116

Place : Chennai
Date : 26th May 2020

Annexure "A" to Independent Auditors' Report 31st March 2020

(Referred to in our report of even date)

(i) The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(i) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(ix) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(i) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under section 197 read with Schedule V to the Act.

(i) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(x) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xi) During the year the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.

(xii) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xiii) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable

UDIN	20023116AAAAIK7616

For V. SANKAR AIYAR & CO.
Chartered Accountants
FRN: 109208W

S. VENKATARAMAN
PARTNER
Membership No. 023116

Place : Chennai
Date : 26th May 2020

Balance Sheet as at 31st March 2020

(in Rs.)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,410	24,764
TOTAL ASSETS		**24,410**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(65,319)	(47,450)
TOTAL EQUITY		**(40,319)**	**(22,450)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	4	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	52,929	35,414
TOTAL LIABILITIES		**64,729**	**47,214**
TOTAL EQUITY AND LIABILITIES		**24,410**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

Statement of Profit and Loss for the year ended 31st March 2020

(in Rs.)

Particulars	Note No	For the year ended 31st March 2020	For the year ended 31st March 2019
INCOME			
Revenue from operations		-	-
TOTAL INCOME		-	-
EXPENSES			
Other expenses	6	17,869	15,954
TOTAL EXPENSE		**17,869**	**15,954**
Profit/(Loss) before tax		**(17,869)**	**(15,954)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(17,869)**	**(15,954)**
Other Comprehensive Income			
Total Comprehensive Income		17,869	**15,954**
Earning per equity share:			
Basic & Diluted earnings per share	7	(7.15)	(6.38)

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

.

S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity Share Capital

	Note No.	Amount
Balance as at April 1, 2018	2	-
Changes in Equity share capital during the year	2	25,000
Balance as at March 31, 2019		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2020		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2018	3	(31,496)	(31,496)
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(47,450)**	**(47,450)**
Total Comprehensive Income	3	(17,869)	(17,869)
Balance as at March 31, 2020		**(65,319)**	**(65,319)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

.

S.VENKATARAMAN
Partner
Membership No.: 23116

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(in Rs.)

	As at 31st March 2020		As at 31st March 2019	
A. Cash Flow from Operating Activities				
1. Profit/(Loss) Before Tax		(17,869)		(15,954)
B. Operating Profit before Working Capital Changes		(17,869)		(15,954)
C. Change in Working Capital				
(Increase)/Decrease in Loans & Advances			-	
Changes in liability arising from financing activities	(17,515)		(15,954)	
Change in Working Capital		**(17,515)**		**(15,954)**
D. Cash generated from Operations (B+C)		(354)		-
E. Net Cash from Operating Activities		**(354)**		**-**
F. Net Cash Flow from Financing Activities				
Proceeds from Issue of Equity Shares				
Net Cash from Financing Activities		**-**		**-**
G. Net change in Cash and Cash Equivalents (E+F)		**(354)**		**-**
H. Cash and Cash Equivalents as at End		**24,410**		**24,764**
I. Less: Cash and Cash Equivalents as at Beginning		**24,764**		**24,764**
NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**(354)**		**-**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents

	31-Mar-20	31-Mar-19
Balances with banks	24,410	24,764
Total cash and cash equivalents	**24,410**	**24,764**

2 Share Capital

	Number of Shares	Amount
i) Authorised Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000
ii) Issued, Subscribed and Fully Paid up Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000

iii) Movement in equity share capital

	Number of Shares	Amount
Equity Shares as at April 1, 2018	-	-
Additions	**2,500**	25,000
Equity Shares as at March 31, 2019	**2,500**	**25,000**
Additions		
Equity Shares as at March 31, 2020	**2,500**	**25,000**

iv) Details of share holders holding more than 5% & Shares held by holding company

Name of the Share Holder	As at March 31, 2019	
	No. of Shares	%
TVS Credit Services Limited	2,500	100
Name of the Share Holder	**As at March 31, 2020**	
	No. of Shares	**%**
TVS Credit Services Limited	2,500	100

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity

	Amount as at March 31, 2020	Amount as at March 31, 2019
Retained Earnings	(65,319)	(47,450)
Total Other Equity	**(65,319)**	**(47,450)**
i) Retained Earnings		
Opening Balance	(47,450)	(31,496)
Add: Net profit/(loss) for the year	(17,869)	(15,954)
Closing Balance	**(65,3190)**	**(47,450)**

4 Trade Payables

	Amount as at March 31, 2020	Amount as at March 31, 2019
Audit fees payable	11,800	10,000
Total Trade Payables	**11,800**	**10,000**

5 Other Financial Liabilities

	Amount as at March 31, 2020	Amount as at March 31, 2019
Payable to Holding Company	52,929	35,414
Total Borrowing	**52,929**	**35,414**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Professional charges	5,310	1,800
Rates and taxes	405	2,354
Payment to Auditors		
- As Auditor	11,800	11,800
Bank Charges	354	-
Total Other Expenses	**17,869**	**15,954**

7 Earnings per share (Basic and Diluted)

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Earnings attributable to equity share holders	(17,869)	(15,954)
Number of Shares	2,500	2,500
Earnings per Share	(7.15)	(6.38)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of Harita ARC Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under “Indirect Method” and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 20

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)	
Sl. No	Nature of Transaction	Name of the Related Party	FY 2019-20	FY 2018-19
01.	Advance Received	TVS Credit Services Limited	17,515	14,154
	Balance Payable as at the end of the year	TVS Credit Services Limited	52,929	35,414

As per our report annexed

V GOPALAKRISHNAN Director	**N SRINIVASA RAMANUJAM** Director	**For V.Sankar Aiyar & Co** Chartered Accountants Firm Regn No.: 109208W
Chennai Dated: 26th May 2020	.	**S.VENKATARAMAN** Partner Membership No.: 23116

Directors' Report to the Shareholders

The directors present the third annual report together with the annual audited statement of accounts for the year ended 31st March 2020.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2020.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2019 to 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 29th April 2019, 26th June 2019, 22nd October 2019 and 12th February 2020 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its first Annual General Meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 3rd year in a term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Disclosures

Material changes and commitments

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

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2019 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees an investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2020, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2020 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

During the period under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the period under review, there was no foreign exchange earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from its shareholders, customers and bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 26th May 2020	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65100TN2017PTC118290
ii)	Registration Date	:	25/08/2017
iii)	Name of the Company	:	Harita Collection Services Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding 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.	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	100

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

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

V. Shareholding of directors and key managerial personnel: **NIL**

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 26th May 2020

V GOPALAKRISHNAN
Director
DIN: 03291640

N SRINIVASA RAMANUJAM
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the Members of Harita Collection Services Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the standalone financial statements of Harita Collection Services Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31st March 2020, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017

   (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) There are no pending litigations as at 31st March 2020.

      (ii) The Company has not entered into any long term contract including derivate contracts.

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

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors..

UDIN	20023116AAAAIL9701

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May 2020

Annexure "A" to Independent Auditors' Report 31st March 2020

(Referred to in our report of even date)

(i) The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

UDIN	20023116AAAAIL9701

For V. SANKAR AIYAR & CO.,
Chartered Accountants
ICAI Regn. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May 2020

Balance Sheet as at 31st March 2020

(in Rs.)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,646	24,764
TOTAL ASSETS		**24,646**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(65,083)	(47,450)
TOTAL EQUITY		**(40,083)**	**(22,450)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	4	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	52,929	35,414
TOTAL LIABILITIES		**64,729**	**47,214**
TOTAL EQUITY AND LIABILITIES		**24,646**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

Statement of Profit and Loss for the year ended 31st March 2020

(in Rs.)

Particulars	Note No	For the year ended 31st March 2020	For the year ended 31st March 2019
INCOME			
Revenue from operations		-	-
Total Income		**-**	**-**
EXPENSES			
Other expenses	6	17,633	15,954
Total Expense		**17,633**	**15,954**
Profit/(Loss) before tax		**(17,633)**	**(15,954)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(17,633)**	**(15,954)**
Other Comprehensive Income			
Total Comprehensive Income		**(17,633)**	**(15,954)**
Earning per equity share:			
Basic & Diluted earnings per share	7	(7.05)	(6.38)

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity

	Note No.	Amount
Balance as at April 1, 2018	2	25,000
Changes in Equity share capital during the year	2	
Balance as at March 31, 2019		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2020		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2018	3	(31,496)	(31,496)
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(47,450)**	**(47,450)**
Total Comprehensive Income	3	(17,633)	(17,633)
Balance as at March 31, 2020		**(65,083)**	**(65,083)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(in Rs.)

		As at 31st March 2020		As at 31st March 2019	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		(17,633)		(15,954)
B.	Operating Profit before Working Capital Changes		(17,633)		(15,954)
C.	Change in Working Capital				
	(Increase)/Decrease in Loans & Advances	-		-	
	Changes in liability arising from finanncing activities	17,515		15,954	
	Change in Working Capital		**17,515**		**15,954**
D.	Cash generated from Operations (B+C)		(118)		-
E.	**Net Cash from Operating Activities**		**(118)**		**-**
F.	**Net Cash Flow from Financing Activities**				
	Proceeds from Issue of Equity Shares				
	Net Cash from Financing Activities		**-**		**-**
G.	**Net change in Cash and Cash Equivalents (E+F)**		**(118)**		
H.	**Cash and Cash Equivalents as at End**		**24,646**		**24,764**
I.	**Less: Cash and Cash Equivalents as at Beginning**		**24,646**		**24,764**
	NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**(118)**		**-**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents

	Amount as at March 31, 2020	Amount as at March 31, 2019
Balances with banks	24,646	24,764
Total cash and cash equivalents	**24,646**	**24,764**

2 Share Capital

	Number of Shares	Amount
i) Authorised Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000
ii) Issued, Subscribed and Fully Paid up Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000

iii) Movement in equity share capital

	Number of Shares	Amount
Equity Shares as at April 1, 2018	**2,500**	25,000
Additions	**-**	-
Equity Shares as at March 31, 2019	**2,500**	**25,000**
Additions	-	-
Equity Shares as at March 31, 2020	**2,500**	**25,000**

iv) Details of share holders holding more than 5% & Shares held by holding company

Name of the Share Holder	As at March 31, 2019	
	No. of Shares	**%**
TVS Credit Services Limited	2,500	100
Name of the Share Holder	**As at March 31, 2020**	
	No. of Shares	**%**
TVS Credit Services Limited	2,500	100

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013..

3 Other Equity

	Amount as at March 31, 2020	Amount as at March 31, 2019
Retained Earnings	(65,083)	(47,450)
Total Other Equity	**(65,083)**	**(47,450)**
Retained Earnings		
Opening Balance	(47,450)	(31,496)
Add: Net profit for the year	(17,633)	(15,954)
Closing Balance	**(65,083)**	**(47,450)**

4 Trade Payables

	Amount as at March 31, 2020	Amount as at March 31, 2019
Audit fees payable	11,800	11,800
Total Trade Payables	**11,800**	**11,800**

5 Other Financial Liabilities

	Amount as at March 31, 2020	Amount as at March 31, 2019
Payable to Holding Company	52,929	35,414
Total Other Financial Liabilities	**52,929**	**35,414**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Professional charges	5,310	1,800
Rates and taxes	405	2,354
Payment to Auditors		
- As Auditor	11,800	11,800
Bank Charges	118	-
Total Other Expenses	**17,633**	**15,954**

7 Earnings per share (Basic and Diluted)

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Earnings attributable to equity share holders	(17,633)	(15,954)
Number of Shares	2,500	2,500
Earnings per Share	(7.05)	(6.38)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of Harita Collection Services Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. The Company was incorporated on 22nd August 2017 under the name of Harita Collection Services Private Limited.

c. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

d. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

e. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date..

Additional Notes forming part of Financial Statements for year ended 31st March 20

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)	
Sl. No	Nature of Transaction	Name of the Related Party	FY 2019-20	FY 2018-19
01.	Advance Received	TVS Credit Services Limited	17,515	14,154
	Balance Payable as at the end of the year	TVS Credit Services Limited	52,929	35,414

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

Directors' Report to the Shareholders

The directors present the third annual report together with the annual audited statement of accounts for the year ended 31st March 2020.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2020.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2019 to 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 29th April 2019, 26th June 2019, 22nd October 2019 and 12th February 2020 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its first Annual General Meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 3rd year in a term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Disclosures

Material changes and commitments

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

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2020 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees an investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2020, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2020 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

During the period under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the period under review, there was no foreign exchange earning or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 26th May 2020	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65929TN2017PTC118316
ii)	Registration Date	:	29/08/2017
iii)	Name of the Company	:	TVS Commodity Financial Solutions Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding 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	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	-

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

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

V. Shareholding of directors and key managerial personnel: **NIL**

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 26th May 2020

V GOPALAKRISHNAN
Director
DIN: 03291640

N SRINIVASA RAMANUJAM
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the Members of TVS Commodity Financial Solutions Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the standalone financial statements of TVS Commodity Financial Solutions Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31st March 2020, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

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

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

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017

(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) There are no pending litigations as at 31st March 2020.

(ii) The Company has not entered into any long term contract including derivate contracts.

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

With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors

UDIN	20023116AAAAIM2518

For V. SANKAR AIYAR & CO.,
Chartered Accountants
ICAI Regn. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May 2020

Annexure “A” to Independent Auditors’ Report 31st March 2020

(Referred to in our report of even date)

(i) The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

UDIN	20023116AAAAIM2518

For V. SANKAR AIYAR & CO.,
Chartered Accountants
ICAI Regn. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May 2020

Balance Sheet as at 31st March 2020

(in Rs.)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,410	24,764
TOTAL ASSETS		**24,410**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(64,319)	(46,450)
TOTAL EQUITY		**(39,319)**	**(21,450)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
(i) Borrowings			
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	4	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	51,929	34,414
TOTAL LIABILITIES		**63,729**	**46,214**
TOTAL EQUITY AND LIABILITIES		**24,410**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

Statement of Profit and Loss for the year ended 31st March 2020

(in Rs.)

Particulars	Note No	For the year ended 31st March 2020	For the year ended 31st March 2019
INCOME			
Revenue from operations		-	-
Total Income		**-**	**-**
EXPENSES			
Other expenses	6	17,869	15,954
Total Expense		**17,869**	**15,954**
Profit/(Loss) before tax		**(17,869)**	**(15,954)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(17,869)**	**(15,954)**
Other Comprehensive Income			
Total Comprehensive Income		**(17,869)**	**(15,954)**
Earning per equity share:			
Basic & Diluted earnings per share	7	(7.15)	(6.38)

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity Share Capital

	Note No.	Amount
Balance as at April 1, 2018	2	-
Changes in Equity share capital during the year	2	25,000
Balance as at March 31, 2019		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2020		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2018	3	(30,496)	(30,496)
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(46,450)**	**(46,450)**
Total Comprehensive Income	3	(17,869)	(17,869)
Balance as at March 31, 2020		**(64,319)**	**(64,319)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(in Rs.)

		As at 31st March 2020		As at 31st March 2019	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		(17,869)		(15,954)
B.	Operating Profit before Working Capital Changes		(17,869)		(15,954)
C.	Change in Working Capital				
	(Increase)/Decrease in Loans & Advances			-	
	Changes in liability arising from finanncing activities	17,515		15,954	
	Change in Working Capital		**17,515**		**15,954**
D.	Cash generated from Operations (B+C)		(354)		-
E.	**Net Cash from Operating Activities**		**(354)**		**-**
F.	**Net Cash Flow from Financing Activities**				
	Proceeds from Issue of Equity shares				
	Net Cash from Financing Activities		**-**		**-**
G.	**Net change in Cash and Cash Equivalents (E+F)**		**(354)**		**-**
H.	**Cash and Cash Equivalents as at End**		**24,410**		**24,764**
I.	**Less: Cash and Cash Equivalents as at Beginning**		**24,764**		**24,764**
	NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**(354)**		**-**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 **Cash and cash equivalents**

	Amount as at 31-Mar-20	Amount as at 31-Mar-19
Balances with banks	24,410	24,764
Total cash and cash equivalents	**24,410**	**24,764**

2 **Share Capital**

	Number of Shares	Amount
i) **Authorised Share Capital:**		
Equity shares of Rs.10/- each	2,500	25,000
ii) **Issued, Subscribed and Fully Paid up Share Capital:**		
Equity shares of Rs.10/- each	2,500	25,000

iii) **Movement in equity share capital**

	Number of Shares	Amount
Equity Shares as at April 1, 2018	**2,500**	**25,000**
Additions	-	-
Equity Shares as at March 31, 2019	**2,500**	**25,000**
Additions	-	-
Equity Shares as at March 31, 2020	**2,500**	**25,000**

iv) **Details of share holders holding more than 5% & Shares held by holding company**

Name of the Share Holder	As at March 31, 2019	
	No. of Shares	%
TVS Credit Services Limited	2,500	100
Name of the Share Holder	**As at March 31, 2020**	
	No. of Shares	%
TVS Credit Services Limited	2,500	100

v) **Terms / Rights attached**

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 **Other Equity**

	Amount as at March 31, 2020	Amount as at March 31, 2019
Retained Earnings	(64,319)	(46,450)
Total Other Equity	**(64,319)**	**(46,450)**
Retained Earnings		
Opening Balance	(46,450)	(30,496)
Add: Net profit for the year	(17,869)	(15,954)
Closing Balance	**(64,319)**	**(46,450)**

4 **Trade Payables**

	Amount as at March 31, 2020	Amount as at March 31, 2019
Audit fees payable	11,800	11,800
Total Trade Payables	**11,800**	**11,800**

5 **Other Financial Liabilities**

	Amount as at March 31, 2020	Amount as at March 31, 2019
Payable to Holding Company	51,929	34,414
Total Other Financial Liabilities	**51,929**	**34,414**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 **Other Expenses**

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Professional charges	5,310	1,800
Rates and taxes	405	2,354
Payment to Auditors		
- As Auditor	11,800	11,800
Bank Charges	354	-
Total Other Expenses	**17,869**	**15,954**

7 **Earnings per share (Basic and Diluted)**

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Earnings attributable to equity share holders	(17,869)	(15,954)
Number of Shares	2,500	2,500
Earnings per Share	(7.15)	(6.38)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of TVS Commodity Financial Services Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under “Indirect Method” and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date..

Additional Notes forming part of Financial Statements for year ended 31st March 20

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)	
Sl. No	**Nature of Transaction**	**Name of the Related Party**	**FY 2019-20**	**FY 2018-19**
01.	Advance Received	TVS Credit Services Limited	17,515	14,154
	Balance Payable as at the end of the year	TVS Credit Services Limited	51,929	34,414

As per our report annexed

V GOPALAKRISHNAN Director	**N SRINIVASA RAMANUJAM** Director	**For V.Sankar Aiyar & Co** Chartered Accountants *Firm Regn No.: 109208W*
Chennai Dated: 26th May 2020	.	**S.VENKATARAMAN** *Partner* Membership No.: 23116

Directors' Report to the Shareholders

TThe directors present the third annual report together with the annual audited statement of accounts for the year ended 31st March 2020.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2020.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2019 to 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing directors, viz., Mr V Gopalakrishnan and Mr Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 29th April 2019, 26th June 2019, 22nd October 2019 and 12th February 2020 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its first Annual General Meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 3rd year in a term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Disclosures

Material changes and commitments

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

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2020 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees an investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2020, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2020 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

During the period under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the period under review, there was no foreign exchange earnings or expenditure in the Company

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from its shareholders, customers and bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 26th May 2020	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65929TN2017PTC118238
ii)	Registration Date	:	23/08/2017
iii)	Name of the Company	:	TVS Micro Finance Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares.
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding 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.	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	100

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

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

V. Shareholding of directors and key managerial personnel: **NIL**

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 26th May 2020

V GOPALAKRISHNAN
Director
DIN: 03291640

N SRINIVASA RAMANUJAM
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the Members of TVS Micro Finance Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the standalone financial statements of TVS Micro Finance Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31st March 2020, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

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

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

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

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

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

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

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

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

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

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 A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017

   (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) There are no pending litigations as at 31st March 2020.

      (ii) The Company has not entered into any long term contract including derivate contracts.

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

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

UDIN	20023116AAAAIO5510

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May, 2020

Annexure "A" to Independent Auditors' Report 31st March 2020

(Referred to in our report of even date)

(i) The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable

UDIN	20023116AAAAIO5510

For V. SANKAR AIYAR & CO.,
Chartered Accountants
ICAI Regn. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May, 2020

Balance Sheet as at 31st March 2020

(in Rs.)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,410	24,764
TOTAL ASSETS		**24,410**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(64,319)	(46,450)
TOTAL EQUITY		**(39,319)**	**(21,450)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	4	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	51,929	34,414
TOTAL LIABILITIES		**63,729**	**46,214**
TOTAL EQUITY AND LIABILITIES		**24,410**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

TVS MICRO FINANCE PRIVATE LIMITED

Statement of Profit and Loss for the year ended 31st March 2020

(in Rs.)

Particulars	Note No	For the year ended 31st March 2020	For the year ended 31st March 2019
INCOME			
Revenue from operations		-	-
Total Income		**-**	**-**
EXPENSES			
Other expenses	6	17,869	15,954
Total Expense		**17,869**	**15,954**
Profit/(Loss) before tax		**(17,869)**	**(15,954)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(17,869)**	**(15,954)**
Other Comprehensive Income			
Total Comprehensive Income		**(17,869)**	**(15,954)**
Earning per equity share:			
Basic & Diluted earnings per share	7	(7.15)	(6.38)

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity Share Capital

	Note No.	Amount
Balance as at April 1, 2018	2	-
Changes in Equity share capital during the year	2	25,000
Balance as at March 31, 2019		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2020		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2018	3	(30,496)	(30,496)
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(46,450)**	**(46,450)**
Total Comprehensive Income	3	(17,869)	(17,869)
Balance as at March 31, 2020		**(64,319)**	**(64,319)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(in Rs.)

		As at 31st March 2020		As at 31st March 2019	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		(17,869)		(15,954)
	Interest Income			-	
			-		-
B.	Operating Profit before Working Capital Changes		(17,869)		(15,954)
C.	Change in Working Capital				
	(Increase)/Decrease in Loans & Advances				
	Changes in liability arising from finanncing activities	17,515		15,954	
	Change in Working Capital		**17,515**		**15,954**
D.	Cash generated from Operations (B+C)		(354)		-
E.	**Net Cash from Operating Activities**		**(354)**		**-**
F.	**Net Cash Flow from Financing Activities**				
	Proceeds from Issue of Equity shares				
	Net Cash from Financing Activities		**-**		**-**
G.	**Net change in Cash and Cash Equivalents (E+F)**		**(354)**		**-**
H.	**Cash and Cash Equivalents as at End**		**24,410**		**24,764**
I.	**Less: Cash and Cash Equivalents as at Beginning**		**24,764**		**24,764**
	NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**(354)**		**-**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents

	Amount as at March 31, 2020	Amount as at March 31, 2019
Balances with banks	24,410	24,764
Total cash and cash equivalents	**24,410**	**24,764**

2 Share Capital

	Number of Shares	Amount
i) Authorised Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000
ii) Issued, Subscribed and Fully Paid up Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000

iii) Movement in equity share capital

	Number of Shares	Amount
Equity Shares as at April 1, 2018	**2,500**	25,000
Additions	-	-
Equity Shares as at March 31, 2019	**2,500**	**25,000**
Additions	-	-
Equity Shares as at March 31, 2020	**2,500**	**25,000**

iv) Details of share holders holding more than 5% & Shares held by holding company

Name of the Share Holder	**As at March 31, 2019**	
	No. of Shares	**%**
TVS Credit Services Limited	2,500	100
Name of the Share Holder	**As at March 31, 2020**	
	No. of Shares	**%**
TVS Credit Services Limited	2,500	100

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity

	Amount as at March 31, 2020	Amount as at March 31, 2019
Retained Earnings	(64,319)	(46,450)
Total Other Equity	**(64,319)**	**(46,450)**
Retained Earnings		
Opening Balance	(46,450)	(30,496)
Add: Net profit for the year	(17,869)	(15,954)
Closing Balance	**(64,319)**	**(46,450)**

4 Trade Payables

	Amount as at March 31, 2020	Amount as at March 31, 2019
Audit fees payable	11,800	11,800
Total Trade Payables	**11,800**	**11,800**

5 Other Financial Liabilities

	Amount as at March 31, 2020	Amount as at March 31, 2019
Payable to Holding Company	51,929	34,414
Total Other Financial Liabilities	**51,929**	**34,414**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Professional charges	5,310	1,800
Rates and taxes	405	2,354
Payment to Auditors		
- As Auditor	11,800	11,800
Bank Charges	354	-
Total Other Expenses	**17,869**	**15,954**

7 Earnings per share (Basic and Diluted)

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Earnings attributable to equity share holders	(17,869)	(15,954)
Number of Shares	2,500	2,500
Earnings per Share	(7.15)	(6.38)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of TVS Micro Finance Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under “Indirect Method” and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 2020

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)	
Sl. No	**Nature of Transaction**	**Name of the Related Party**	**FY 2019-20**	**FY 2019-20**
01.	Advance Received	TVS Credit Services Limited	17,515	14,154
	Balance Payable as at the end of the year	TVS Credit Services Limited	51,929	34,414

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

Directors' Report to the Shareholders

The directors present the third annual report together with the annual audited statement of accounts for the year ended 31st March 2020.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2020.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2019 to 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 both the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 29th April 2019, 26th June 2019, 22nd October 2019 and 12th February 2020 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its first Annual General Meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 3rd year in a term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Disclosures

Material changes and commitments

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

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2020 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards the furnishing the details of loans, guarantees an investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2020, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2020 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

During the period under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the period under review, there was no foreign earning or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 26th May 2020	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65923TN2017PTC118211
ii)	Registration Date	:	22/08/2017
iii)	Name of the Company	:	TVS Two Wheeler Mall Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding 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	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	100

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

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

V. Shareholding of directors and key managerial personnel: **NIL**

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

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board.

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

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review.

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 26th May 2020

V GOPALAKRISHNAN
Director
DIN: 03291640

N SRINIVASA RAMANUJAM
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the Members of TVS Two Wheeler Mall Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the standalone financial statements of TVS Two Wheeler Mall Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31st March 2020, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017.

   (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 There are no pending litigations as at 31st March 2020.

      ii The Company has not entered into any long term contract including derivate contracts.

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

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN.109208W

UDIN	20023116AAAAIP9428

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May, 2020

Annexure "A" to Independent Auditors' Report 31st March 2020

(Referred to in our report of even date)

(i) The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

UDIN	20023116AAAAIP9428

For V. SANKAR AIYAR & CO.,
Chartered Accountants
ICAI Regn. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May, 2020

Balance Sheet as at 31st March 2020

(in Rs.)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,410	24,764
TOTAL ASSETS		**24,410**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(64,294)	(46,425)
TOTAL EQUITY		**(39,294)**	**(21,425)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payables	4	11,800	11,800
a) Total outstanding dues of creditors other than micro enterprises and small enterprises			
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	5	51,904	34,389
TOTAL LIABILITIES		**63,704**	**46,189**
TOTAL EQUITY AND LIABILITIES		**24,410**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May, 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

Statement of Profit and Loss for the year ended 31st March 2020

(in Rs.)

Particulars	Note No	For the year ended 31st March 2020	For the year ended 31st March 2019
INCOME			
Revenue from operations		-	-
Total Income		**-**	**-**
EXPENSES			
Other expenses	6	17,869	15,954
Total Expense		**17,869**	**15,954**
Profit/(Loss) before tax		**(17,869)**	**(15,954)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(17,869)**	**(15,954)**
Other Comprehensive Income			
Total Comprehensive Income		**(17,869)**	**(15,954)**
Earning per equity share:			
Basic & Diluted earnings per share	7	(7.15)	(6.38)

As per our report annexed

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

Chennai
Dated: 26th May, 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity Share Capital

	Note No.	Amount
Balance as at April 1, 2018	2	-
Changes in Equity share capital during the year	2	25,000
Balance as at March 31, 2019		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2020		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2018	3	**(30,471)**	**(30,471)**
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(46,425)**	**(46,425)**
Total Comprehensive Income	3	(17,869)	(17,869)
Balance as at March 31, 2020		**(64,294)**	**(64,294)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May, 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(in Rs.)

		As at 31st March 2020		As at 31st March 2019	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		(17,869)		(15,954)
B.	Operating Profit before Working Capital Changes		(17,869)		(15,954)
C.	Change in Working Capital				
	(Increase)/Decrease in Loans & Advances			-	
	Changes in liability arising from finanncing activities	15,515		15,954	
	Change in Working Capital		**17,515**		**15,954**
D.	Cash generated from Operations (B+C)		(354)		-
E.	**Net Cash from Operating Activities**		**(354)**		**-**
F.	**Net Cash Flow from Financing Activities**				
	Proceeds from Issue of Equity shares				
	Net Cash from Financing Activities		**-**		**-**
G.	**Net change in Cash and Cash Equivalents (E+F)**		**(354)**		**-**
H.	**Cash and Cash Equivalents as at End**		**24,410**		**24,764**
I.	**Less: Cash and Cash Equivalents as at Beginning**		**24,764**		**24,764**
	NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**(354)**		**-**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May, 2020

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S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 **Cash and cash equivalents**

	Amount as at 31-Mar-20	Amount as at 31-Mar-19
Balances with banks	24,410	24,764
Total cash and cash equivalents	**24,410**	**24,764**

2 **Share Capital**

	Number of Shares	Amount
i) **Authorised Share Capital:**		
Equity shares of Rs.10/- each	2,500	25,000
ii) **Issued, Subscribed and Fully Paid up Share Capital:**		
Equity shares of Rs.10/- each	2,500	25,000

iii) **Movement in equity share capital**

	Number of Shares	Amount
Equity Shares as at April 1, 2018	**2,500**	**25,000**
Additions	-	-
Equity Shares as at March 31, 2019	**2,500**	**25,000**
Additions		
Equity Shares as at March 31, 2020	**2,500**	**25,000**

iv) **Details of share holders holding more than 5% & Shares held by holding company**

Name of the Share Holder	As at March 31, 2019	
	No. of Shares	%
TVS Credit Services Limited	2,500	100

Name of the Share Holder	As at March 31, 2020	
	No. of Shares	%
TVS Credit Services Limited	2,500	100

v) **Terms / Rights attached**

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 **Other Equity**

	Amount as at March 31, 2020	Amount as at March 31, 2019
Retained Earnings	(64,294)	(46,425)
Total Other Equity	**(64,294)**	**(46,425)**
Retained Earnings		
Opening Balance	(46,425)	(30,471)
Add: Net profit for the year	(17,869)	(15,954)
Closing Balance	**(64,294)**	**(46,425)**

4 **Trade Payables**

	Amount as at March 31, 2020	Amount as at March 31, 2019
Audit fees payable	11,800	11,800
Total Trade Payables	**11,800**	**11,800**

5 **Other Financial Liabilities**

	Amount as at March 31, 2020	Amount as at March 31, 2019
Payable to Holding Company	51,904	34,389
Total Other Financial Liabilities	**51,904**	**34,389**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 **Other Expenses**

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Professional charges	5,310	1,800
Rates and taxes	405	2,354
Payment to Auditors		
- As Auditor	11,800	11,800
Bank Charges	354	-
Total Other Expenses	**17,869**	**15,954**

7 **Earnings per share (Basic and Diluted)**

	For the period 1st Apr 2019 to 31st March 2020	For the period 1st Apr 2018 to 31st March 2019
Earnings attributable to equity share holders	(17,869)	(15,954)
Number of Shares	2,500	2,500
Earnings per Share	(7,15)	(6.38)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of TVS Two Wheeler Mall Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 20

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.
2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)	
Sl. No	Nature of Transaction	Name of the Related Party	FY 2019-20	FY 2018-19
01.	Advance Received	TVS Credit Services Limited	17,515	14,154
	Balance Payable as at the end of the reporting year	TVS Credit Services Limited	51,904	34,389

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 26th May 2020

S.VENKATARAMAN
Partner
Membership No.: 23116

Directors' Report to the Shareholders

The directors present the third annual report together with the annual audited statement of accounts for the year ended 31st March 2020.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors, in order to conserve the resources for its future business activities, have not proposed any dividend for the period under review.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March 2020 on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors liable to retire by rotation

In terms of the provisions of Companies Act, 2013 all the existing directors, viz., Mr Venu Srinivasan, Mr Sudarshan Venu, Mr K Gopala Desikan, Ms Kalpana Unadkat and Mr G Venkatraman, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 29th April 2019, 26th June 2019, 22nd October 2019 and 12th February 2020 and the gap between two meetings did not exceed one hundred and twenty days.

Key Managerial Personnel (KMPs)

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act 2013, read with the Rules framed thereunder.

1. Mr G Venkatraman, Whole-time Director

2. Mr V Gopalakrishnan, Chief Financial Officer

3. Mr Ashwin J, Company Secretary

Statutory Auditors

The members at its first Annual General Meeting held on 18th June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

The Statutory Auditors will continue to hold office for the 3rd year in a term of five consecutive years, from the conclusion of this AGM.

The Company has obtained necessary certificate under Section 141 of the Act, 2013 conveying their eligibility for being the Statutory Auditors of the Company for the year 2020-21.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Disclosures

Material changes and commitments

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

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2020 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the financial year 2019-20, the Company has not extended any guarantee or has given loans to other companies during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2020 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 3 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company and there are no foreign exchange earnings and outgo.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

During the period under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the period under review, there were no foreign earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	K Gopala Desikan	G Venkatraman
Date : 26th May 2020	Director	Whole-Time Director
	DIN: 00067107	DIN: 08098890

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65999TN2017PTC118512
ii)	Registration Date	:	08/09/2017
iii)	Name of the Company	:	TVS Housing Finance Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006 Tel: 044- 28272233 Fax: 044- 28257121
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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	Housing Finance	65922	Nil

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
TVS Credit Services Limited No. 29, Haddows Road, Chennai – 600006	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding 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	TVS Credit Services Limited along with its nominee	1,20,00,000	100%	Nil	1,20,00,000	100%	Nil	Nil
Total		1,20,00,000	100%	Nil	1,20,00,000	100%	Nil	Nil

(iii) Change in Promoters' Shareholding: **NIL.**

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

(v). Shareholding of directors and key managerial personnel: **NA**

V. INDEBTEDNESS

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VI. Remuneration of directors and key managerial personnel: **NIL**

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

For and on behalf of the Board

Place : Chennai
Date : 26th May 2020

K Gopala Desikan
Director
DIN: 00067107

G Venkatraman
Whole-Time Director
DIN: 08098890

Annexure - II

Form No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

1.Details of contracts or arrangements or transactions not at arm's length basis - Nil

2.Details of material contracts/arrangement/transactions at arm's length basis: Nil

For and on behalf of the Board

Place : Chennai
Date : 26th May 2020

K Gopala Desikan
Director
DIN: 00067107

G Venkatraman
Whole-Time Director
DIN: 08098890

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the Members of TVS Housing Finance Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the standalone financial statements of TVS Housing Finance Private Limited ("the Company"), which comprise the standalone Balance Sheet as at 31st March 2020, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, Other total Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included Directors' Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   (a) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (a) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (a) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (a) Since the Company's turnover as per last audited financial statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide notification dated June 13, 2017

   (a) 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) There are no pending litigations as at 31st March 2020.

      (ii) The Company has not entered into any long term contract including derivate contracts.

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

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN.109208W

UDIN	20023116AAAAIN6125

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May, 2020

Annexure "A" to Independent Auditors' Report 31st March 2020

(Referred to in our report of even date)

(i) The Company does not own any fixed asset. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not have any inventory. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and has not provided guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred under section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of equity shares and hence the requirement for compliance of Section 42 of the Act does not arise. The company has not made any private placement of shares or fully or partly convertible debentures during the year.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

UDIN	20023116AAAAIN6125

For V. SANKAR AIYAR & CO.,
Chartered Accountants
ICAI Regn. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 26th May, 2019

Balance Sheet as at 31st March 2020

(in Rs.)

Particulars	Note No.	As at 31st Mar 2020	As at 31 March 2019
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash equivalents	1	3 ,707,413	6,515,559
Bank balances other than Cash and Cash Equivalents	2	113,900,000	113,900,000
Other Financial Assets	3	13,581,627	7,722,635
Current Tax Assets (Net)	4	135,111	-
TOTAL ASSETS		**1 31,324,150**	**128,138,194**
EQUITY AND LIABILITIES			
Equity			
Share Capital	5	120,000,000	120,000,000
Other Equity	6	11,312,350	5,984,377
TOTAL EQUITY		**131,312,350**	**125,984,377**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payables			
a) Total outstanding dues of creditors other than micro enterprises and small enterprises	7	11,800	11,800
b) Total outstanding dues of other than (ii) (a) above		-	-
(iii) Other Financial Liabilities	8	-	1,660,196
Current tax liabilities (Net)	9	-	481,821
TOTAL LIABILITIES		**11,800**	**2,153,817**
TOTAL EQUITY AND LIABILITIES		**1 31,324,150**	**128,138,194**

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

As per our report annexed
For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 26th May 2020

Statement of Profit and Loss for the year ended 31st March 2020

(in Rs.)

Particulars	Note No	For the year ended 31st March 2020	For the period ended 31st March 2019
INCOME			
Revenue from operations			-
Other Income	10	7 ,180,917	7,539,665
Total revenue		**7 ,180,917**	**7,539,665**
EXPENSES			
Other expenses	11	54,948	83,300
Total Expense		**54,948**	**83,300**
Profit before tax		**7 ,125,969**	**7,456,365**
Tax expense:			
Current year taxes		1 ,807,437	1,974,094
Tax relating to earlier years		(9,441)	478,086
Profit/(Loss) after tax for the year		5 ,327,973	5,004,185
Earning per equity share:	12	0.44	0.42

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

As per our report annexed
For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 26th May 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(in Rs.)

		As at 31st March 2020		As at 31st March 2019	
A.	Cash Flow from Operating Activities				
	1. Profit/(Loss) Before Tax		7,125,969		7,456,365
	Interest Income			-	
			-		-
B.	Operating Profit before Working Capital Changes		7,125,969		7,456,365
C.	Change in Working Capital				
	Increase/(Decrease) in Short Term Receivable	(5,858,991)		(5,491,758)	
	Increase/(Decrease) in Trade and other Payables	(481,821)		(476,286)	
	Change in Working Capital		(6,340,812)		(5,968,044)
D.	Income Tax Paid		(1,933,107)		(1,492,273)
E.	Cash generated from Operations (B+C)		(1,147,950)		(3,952)
F.	**Net Cash from Operating Activities**		**(1,147,950)**		**(3,952)**
G.	**Net Cash Flow from Financing Activities**				
	Borrowings		(1,660,196)		598,126
	Proceeds from Issue of Equity Shares				
	Net Cash from Financing Activities		**(1,660,196)**		**598,126**
H.	**Net change in Cash and Cash Equivalents (E+F)**		**(2,808,146)**		**594,174**
I.	**Cash and Cash Equivalents as at End**		**3,707,413**		**6,515,559**
J.	**Less: Cash and Cash Equivalents as at Beginning**		**6,515,559**		**5,921,385**
K.	**NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)**		**(2,808,146)**		**594,174**

As per our report annexed

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 26th May 2020

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity

	Note No.	Amount
Balance as at April 1, 2018	5	120,000,000
Changes in Equity share capital during the year	5	-
Balance as at March 31, 2019		**120,000,000**
Changes in Equity share capital during the year		-
Balance as at March 31, 2020		**120,000,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2018	6	980,192	980,192
Profit for the period	6	5,004,185	5,004,185
Other comprehensive income	6	-	-
Balance as at March 31, 2019		**5,984,377**	**5,984,377**
Profit for the period	6	5,327,973	5,327,973
Other comprehensive income	6	-	-
Balance as at March 31, 2020		**11,312,350**	**11,312,350**

As per our report annexed
For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 26th May 2020

NOTES TO BALANCE SHEET

1 Cash and cash equivalents

	As at 31-Mar-20	As at 31-Mar-19
Balances with banks	3,707,413	6,515,559
Total cash and cash equivalents	**3,707,413**	**6,515,559**

2 Balances with Banks other than Cash and Cash Equivalents

Deposits with banks	113,900,000	113,900,000
Total Balances with Banks other than Cash and Cash Equivalents	**113,900,000**	**113,900,000**

3 Other Financial Assets

Interest accrued on Fixed Deposits	13,581,627	7,722,635
Total Other Financial Assets	**13,581,627**	**7,722,635**

4 Current tax Assets (Net)

Advance tax and TDS receivable	135,111	-
	135,111	**-**

4 Share Capital

	Number of Shares	Amount
i) Authorised Share Capital:		
Equity shares of Rs.10/- each	12,00,000	1,20,00,000
ii) Issued, Subscribed and Fully Paid up Share Capital:		
Equity shares of Rs.10/- each	12,000,000	1,20,000,000

iii) Movement in equity share capital

	Number of Shares	Amount
Equity Shares as at April 1, 2018	**12,000,000**	120,000,000
Additions	**-**	-
Equity Shares as at March 31, 2019	**12,000,000**	**120,000,000**
Additions	**-**	-
Equity Shares as at March 31, 2020	**12,000,000**	**120,000,000**

iv) Details of share holders holding more than 5%

Name of the Share Holder	**As at March 31, 2019**	
	No. of Shares	**%**
TVS Credit Services Limited	12,000,000	100
Name of the Share Holder	**As at March 31, 2020**	
	No. of Shares	**%**
TVS Credit Services Limited	12,000,000	100

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held.

6 Other Equity

	Amount as at March 31, 2020	Amount as at March 31, 2019
Retained Earnings	11,312,350	5,984,377
Total Other Equity	**11,312,350**	**5,984,377**

(in Rs.)

	Amount as at March 31, 2020	Amount as at March 31, 2019
i) Retained Earnings		
Opening Balance	5,984,377	980,192
Add: Net profit for the year	5,327,973	5,004,185
Closing Balance	**11,312,350**	**5,984,377**
7 Trade Payables		
Audit fees Payable	11,800	11,800
Total Trade Payables	**11,800**	**11,800**
8 Other Financial Liabilities		
Payable to Holding Company	-	1,660,196
Total other Financial Liabilities	**-**	**1,660,196**
9 Current Tax Liability		
Provision for Taxation	-	481,821
Total Current Tax Liability	**-**	**481,821**

NOTES TO STATEMENT OF PROFIT AND LOSS

10 Other Income

	For the Year ended 31st March 2020	For the Year ended 31st March 2019
Interest Income	7 ,180,917	7,539,665
Total Other Income	**7 ,180,917**	**7,539,665**

11 Other Expenses

Professional charges	29,580	57,426
Rates and taxes	2,414	-
Payment to Auditors		
- As Auditor	22,600	11,800
Bank Charges	354	356
License Fees	-	13,718
Other Expenses	-	-
Total Other Expenses	**54,948**	**83,300**

12 Earnings per share

Earnings attributable to equity share holders	5,327,973	5,004,185
Number of Shares	12,000,000	12,000,000
Earnings per Share	0.44	0.42

Brief Description of the company:

The Company was incorporated on 22nd August 2017 under the name of TVS Housing Finance Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The company is yet to commence its business

13. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under “Indirect Method” and the same is annexed.

d. Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction.

e. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 20

1. The Company has applied for the registration under Housing Finance Companies (NHB) Act, 1987 and the same is pending and hence it has not commenced its business of Housing Finance. Consequently, the requirements of disclosures and other compliances under NHB Act and Directions are not applicable.

2. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

3. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)	
Sl. No	**Nature of Transaction**	**Name of the Related Party**	**FY 2019-20**	**FY 2018-19**
01.	Advance Received	TVS Credit Services Limited	3,27,894	5,98,126
	Balance Payable as at the end of the year	TVS Credit Services Limited	Nil	16,60,196

As per our report annexed

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 26th May 2020

Directors' Report to the Shareholders

The directors are pleased to present the Tenth annual report and the audited financial statements for the year ended 31st March 2020.

Financial Highlights

(Rs. In Lakhs)

Details	Year ended 31.03.2020	Year ended 31.03.2019
Sales and other income	63.16	7.20
Less: Expenses	61.08	6.87
Profit before tax	2.08	0.33
Provision for taxation (including deferred tax)	0.54	0.09
Profit after tax	1.54	0.24

Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, TVS Motor Company Limited (TVSM), the holding company, is required to adopt Indian Accounting Standards ("IND AS") from financial year 2016-17.

In terms of Rule 4(1)(ii) of the aforesaid rules, the holding, subsidiary, joint venture and associate companies are required to comply with Ind AS from financial year 2016-17 onwards. Accordingly, the financial statements of the Company for the year 2019-20 have been prepared in compliance with the said rules.

Dividend

The directors, in order to conserve the resources for its future business activities, have not proposed any dividend for the year under review.

Internal control systems

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of various laws and regulations. The internal control system is supported by the internal audit (IA) process. The IA department evaluates the efficacy and adequacy of internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all locations of the Company.

The Company has well-documented Standard Operating Procedures (SOPs), policies and procedures for various processes which are periodically reviewed.

Based on the report of IA function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Risk management

The Company has in place a mechanism to identify, assess, monitor and minimize various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

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

(i) in the preparation of the annual accounts for the financial year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/ loss of the Company for that period;

(iiii) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the directors had prepared the accounts for the financial year ended 31st March 2020 on a "going concern basis"; and

(v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors liable to retire by rotation

In terms of the Articles of Association of the Company and the applicable provisions of the Act 2013, Mr V Karunakara Reddy is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Changes in the Board of Directors

During the year Mr C Mukundhan resigned as director and Mr V Karunakara Reddy was appointed as Director of the Company with effect from 28th May 2019. Mr V Ganesh resigned as director and Mr N Srinivasa Ramanujam was appointed as director of the company with effect from 31st March 2020. Mr V Ganesh was appointed as director of the company with effect from 19th May 2020.

Board Meetings

During the year under review, the board met 6 times on 19th April 2019, 28th May 2019, 18th July 2019, 11th October 2019, 23rd January 2020 and 31st March 2020. The gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

In terms of Section 139 of the Act, 2013, read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014, M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, have been appointed as statutory auditors of the Company for five years at such remuneration in addition to reimbursement of all applicable taxes, out-of-pocket, travelling and other expenses, etc., as may be decided between the Board of Directors and statutory auditors of the Company.

The current auditors hold office till the conclusion of the 14th Annual General Meeting of the Company.

The Auditors' Report for the financial year 2019-20 does not contain any qualification, reservation or adverse remark and the same is attached as part of the annual financial statements.

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo etc.,

The information do not apply to the Company, as the Company is not a manufacturing Company. During the year under review, there were no foreign exchange earnings or expenditure in the Company.

Material changes and commitments

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

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Annual Return

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

Deposits

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2020 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Employee's remuneration

There are no employees on the rolls of the Company, hence there is no disclosure under Section 197(12) of the Act 2013 read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Details of loans / guarantees / investments made

As regards the furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the financial year 2019-20, the Company has not extended any guarantee or has given loans to other companies or made any investment during the year under review.

Related Party Transactions

Pursuant to the provisions of section 134(h) of the Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, furnishing of particulars of contracts or arrangements entered into by the Company with related parties during the year under review is furnished in Form AOC 2 as Annexure II to this Report.

All related party transactions during the year were on ordinary course of business and at arm's length price and have been approved by the Board of Directors.

Maintenance of cost records

Pursuant to Section 148(1) of the Act, 2013 cost records are required to be maintained by specified class of Companies whose turnover exceeds 35 Crores during the immediately preceding financial year.

The Company's operations do not fall under any of the activities requiring maintenance and subsequent audit of cost records.

Reporting of fraud

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

Disclosure in terms of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

During the year under review, there were no cases filed pursuant to the provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act 2013.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding Company, namely, TVS Motor Company Limited, and bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	S G MURALI	V GANESH
Date : 19th May 2020	Director	Director
	DIN : 00348902	DIN: 00424915

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN for the financial year ended 31st March 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U70101TN2010PLC075027
ii)	Registration Date	:	22.03.2010
iii)	Name of the Company	:	TVS Housing Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	1st Floor, Greenways Tower, 119, St. Mary's Road, Abhiramapuram, Chennai 600 018 Tel: (044-) 28272233 Fax: (044-) 28257121
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

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.	Lessors of real property	70106	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited along with its six nominees	L35921TN1992PLC022845	Holding Company	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

Name of the Shareholders (M/s.)	No. of shares	% of Shareholding
TVS Motor Company Limited (Holding Company) and its six nominees	50,000	100
TOTAL	50,000	100

(iii) Change in Promoters' Shareholding : **N.A.**

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

S. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	Capt. S C Jagadish (as nominee of TVS Motor Company Ltd)				
	At the beginning of the year	1	-	1	-
	Less: Transfer dt. 28.05.2019	1	-	-	-
	At the End of the year	-	-	-	-
	Mr R Raja Prakash (as nominee of TVS Motor Company Ltd)				
	At the beginning of the year	-	-	-	-
	Add: Transfer dt. 28.05.2019	1	-	1	-
	At the End of the year	1	-	1	-

(v) Shareholding of Directors :

Name of the Director	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
S G Murali (Nominee of TVS Motor Company Limited)	1	-	1	-	1	-

V.INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors:

(in Rs.)

Sl. No	Particulars of Remuneration	Name of Directors			Total Amount
		SGM	VG*	VKR	
1.	Directors: Fee for attending board meetings Commission Others, please specify	30,000	25,000	20,000	75,000
	Total	30,000	25,000	20,000	75,000

SGM – Mr S G Murali; VG – Mr V Ganesh; VKR – Mr V Karunakara Reddy

* Resigned as director w.e.f. 31st March 2020.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: **N.A.**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: **NIL**

For and on behalf of the Board

Place : Chennai	S G MURALI	V GANESH
Date : 19th May 2020	Director	Director
	DIN : 00348902	DIN: 00424915

Annexure - II

Form No. AOC – 2

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis – Nil
2. Details of material contracts/arrangement/transactions at arm's length basis:

Particulars	Amount (In lakhs)
Emerald Haven Realty Limited, Associate of Holding Company	
Sale of land	55.81
Rent – Corporate Office	1.20
Rental Income	7.20

For and on behalf of the Board

Place : Chennai	S G MURALI	V GANESH
Date : 19th May 2020	Director	Director

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

To the Members of TVS Housing Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited the financial statements of TVS Housing Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and Profit, Other Comprehensive Income, Changes in Equity and Cash Flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Responsibilities of Management and Those Charged with Governance for the financial statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows 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. 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 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.

In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

   (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

   (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) There are no pending litigations on its financial position as at 31st March 2020.

      (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.

3. With respect to the matter to be included in the Auditors’ Report under Section 197(16) of the Act. In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors.

UDIN	20023116AAAAHO6757

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 19th May, 2020

Annexure "A" to Independent Auditors' Report 31st March 2020

(Referred to in our report of even date)

(i) The company does not have any fixed assets (plant, property and equipment). Therefore, the provisions of clause(i) of the para 3 of the order are not applicable to the company.

(ii) As informed to us, the inventories have been physically verified by the management during the year. In our opinion the frequency of the physical verification is reasonable. There were no material discrepancies noticed during such 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 (iii) of Para 3 of the Order are not applicable.

(iv) The company has not granted any loan, made investments and provided guarantees and security. Therefore, the provisions of clause (iv) of the para 3 of the Order are not applicable to the Company

(v) The Company has not accepted any deposits from the public, within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder. We are informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or other tribunal

(vi) Maintenance of cost records is not specified under section 148 (1) of the Companies Act, 2013, for the operations carried on by the Company, as the net worth or turnover of previous year are within the threshold limit as per Clause C of Rule 3 of Companies (Cost records and audit) Rules, 2014. Therefore, the provisions of clause (vi) of the para 3 of the Order are not applicable to the Company.

(vii) a). According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Income Tax, Goods and Service Tax, Cess and other material statutory dues with the appropriate authorities. We are informed that there is no liability towards Provident Fund, Employee's State Insurance and Customs Duty. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Goods and Service Tax, Cess and other material statutory dues were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

b). According to the information and explanations given to us and the records of the Company, there are no dues of Income-Tax, Customs Duty, Sales Tax, Service Tax, Goods and Service Tax, Value added Tax and Cess which have not been deposited on account of any dispute as at 31st March 2020.

(viii) The company has no borrowings or has raised any monies against issue of debentures. Also, has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (viii) and (ix) of Para 3 of the Order are not applicable to the company.

(ix) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management and the representations obtained from the management, we report that no fraud by the Company and no fraud on the company by its officers or employees has been noticed or reported during the year.

(x) In our opinion and according to the information and explanations given to us, the Company has not paid/ provided managerial remuneration under section 197 read with Schedule V to the Act and hence reporting under clause (xi) of Para 3 of the Order is not applicable.

(xi) The Company is not a Nidhi Company and hence reporting under clause (xii) of Para 3 of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiii) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Para 3 of the Order is not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

UDIN	20023116AAAAHO6757

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 19th May, 2020

Annexure "B" to Independent Auditors' Report 31st March 2020

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of TVS Housing Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

2. 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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

7. 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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 Control over Financial Reporting issued by the ICAI.

UDIN	20023116AAAAHO6757

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 19th May, 2020

Balance Sheet as at 31st March 2020

(Rs. in Lakhs)

	Note No.	As at March 31, 2020	As at March 31, 2019
Assets			
Current assets			
Inventories	2	186.32	242.63
Financial assets			
i. Cash and cash equivalents	3	15.27	16.57
Current tax assets (Net)	4	63.22	65.38
Other current assets	5	111.09	111.53
Total current assets		**375.90**	**436.11**
Total Assets		**375.90**	**436.11**
Equity and Liabilities			
Equity			
Equity share capital	6	5.00	5.00
Other equity	7	80.65	79.11
Total equity		**85.65**	**84.11**
Current liabilities			
Financial liabilities			
i. Trade payables	8	-	-
-total outstanding dues of micro enterprises and small enterprises (MSME)			
- total outstanding dues of creditors other than micro enterprises and small enterprises		2.27	2.35
ii. Other financial liabilities	9	287.73	349.45
Other current liabilities	10	0.25	0.20
Total current liabilities		**290.25**	**352.00**
Total liabilities		**290.25**	**352.00**
Total equity and liabilities		**375.90**	**436.11**
Significant Accounting Policies	1		

As per our report annexed
For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

SG MURALI
Director

V GANESHI
Director

Chennai
Dated: 19th May 2020

Statement of Profit and Loss for the year ended 31st March 2020

(Rs. in Lakhs)

	Note No.	Year Ended March 31, 2020	Year Ended March 31, 2019
Income			
Revenue from operations	11	63.01	7.20
Other Income	12	0.15	-
Total income		**63.16**	**7.20**
Expenses			
Operating Expenses	13	56.31	(0.00)
Other expenses	14	4.77	6.87
Total expenses		**61.08**	**6.87**
Profit before tax		**2.08**	**0.33**
Income tax expense	15		
Current tax		0.54	0.09
Deferred tax			
Total tax expense		**0.54**	**0.09**
Profit for the year		**1.54**	**0.24**
Items that will not be reclassified to profit or loss			
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**1.54**	**0.24**
Earnings per equity share			
Basic & Diluted earnings per share	16	3.07	0.47
Significant Accounting Policies	1		

As per our report annexed
For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

SG MURALI
Director

V GANESHI
Director

Chennai
Dated: 19th May 2020

Cash Flow Statement

(Rs. in Lakhs)

			Year ended March 31, 2020		Year ended March 31, 2019
A.	**Cash flow from operating activities:**				
	Net profit/(Loss) before tax		**2.08**		**0.33**
	Add:				
	Interest income	-		-	
			-		-
	Operating profit before working capital changes		**2.08**		**0.33**
	Adjustments for:				
	Inventories	56.31		(0.02)	
	Loans and advances	0.45		0.39	
	Trade payables	(0.07)		(0.76)	
	Other current liabilities	(61.69)		(6.02)	
			(5.00)		(6.41)
					-
	Cash generated from operations		**(2.92)**		**(6.08)**
	Income taxes paid net of refund		1.62		(0.72)
	Net cash from operating activities		**(1.30)**		**(6.80)**
B.	**Cash flow from investing activities:**				
	Interest received				
			-		**-**
	Net cash from / (used in) investing activities		**-**		**-**
C.	**Cash flow from financing activities :**				
			-		**-**
	Net cash from / (used in) financing activities		**-**		**-**
	Total (A+B+C)		**(1.30)**		**(6.80)**
	Cash and cash equivalents at the beginning of the year		16.57		23.37
	Cash and cash equivalents at the end of the year		15.27		16.57
	Net increase/(decrease) in cash and cash equivalents		**(1.30)**		**(6.80)**

Note : The above Statement of Cash flow is prepared using indirect method

As per our report annexed
For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

SG MURALI
Director

V GANESHI
Director

Chennai
Dated: 19th May 2020

Statement of Changes in Equity

I Equity share capital	Equity share capital (par value) Rs. In Lakhs
As at 31 March 2018	5.00
Changes in Equity share Capital	-
As at 31 March 2019	5.00
Changes in Equity share Capital	-
As at 31 March 2020	5.00

II) Other equity

Particulars	Reserves & Surplus	Other Comprehensive Income	Total
	Retained earnings		
Balance as at March 31, 2018	**78.87**	**-**	**78.87**
Profit/(Loss) for the period	0.24	-	0.24
Remeasurement of post employment benefit obligations Net of tax	-	-	-
Balance as at March 31, 2019	**79.11**	**-**	**79.11**
Profit/(Loss) for the period	1.54	-	1.54
Remeasurement of post employment benefit obligations Net of tax	-	-	-
Balance as at March 31, 2020	**80.65**	**-**	**80.65**

As per our report annexed
For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

SG MURALI
Director

V GANESHI
Director

Chennai
Dated: 19th May 2020

1. SIGNIFICANT ACCOUNTING POLICIES

a. Brief description of the Company

TVS Housing Limited ('the Company') is a public limited company incorporated in the year 2010 and domiciled in India. The registered office is located at "1st Floor, Greenways Towers, No. 119, St.Marys Road, Abhiramapuram, Chennai – 600018, Tamil Nadu, India".

b. Basis of preparation

i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities is measured at fair value;
- defined benefit plans – plan assets measured at fair value;

c. Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria for recognition have been met. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

e. Property, Plant and Equipment

Property plant and equipment are stated at historic cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labor cost and directly attributable overhead expenditure incurred up to the date the asset is ready for its intended use. However, cost excludes all duties and taxes wherever credit of the same is availed.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

f. Depreciation and amortization

The company depreciates the carrying amount of the assets over the remaining useful life of the assets as per schedule II of the Companies Act, 2013 under straight line method, except in the case of Computers, Mobile phones, Vehicles, and Plant and Machinery which are charged over 3.33 years, 2 years, 5.56 years and 6.67 years respectively which are different from the useful life given under the said schedule, which is based on valuer's certification of useful life being shorter than specified in schedule. Improvement on leased property is depreciated over the primary lease period. Depreciation on fixed assets added or disposed off during the year is calculated on pro-rata basis with reference to the date of addition/disposal.

g. Intangible assets

Intangible assets are stated at original cost net of tax / duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets being Software cost is amortized at 50% per annum.

h. Inventories

i) Stock-In-Trade

Land is valued at the lower of cost and net realizable value. Cost includes cost of acquisition and all related costs.

ii) Work-In-Progress

Work in Progress is valued at cost. Cost includes cost of construction and services, employee cost, other overheads related to project under construction and borrowing cost.

i. Employee benefits

(i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligation:

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity and pension for its eligible employees, and

b) Defined contribution plans such as provident fund.

(iv) Pension and Gratuity obligation:

The liability or asset recognized in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

(v) Bonus plans:

The Company recognizes a liability and an expense for bonuses. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

J) Income Tax

Tax expense comprises of current and deferred taxes.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

k. Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present or constructive obligation as a result of present obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

l. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

m. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

n. Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the intention to collect the contractual cash flows and therefore measures them subsequently at amortized cost using effective interest method, less loss allowance.

p. Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

Amortized Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortized cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments-Investment in subsidiaries / associates:

Investment in subsidiaries/ associates are measured at cost.

iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognized from initial recognition of the receivables.

iv) Derecognition of financial assets

A financial asset is derecognized only when:

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

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

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

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

v) Income recognition

Interest Income:

Interest income is recognized on time proportion basis, determined by the amount outstanding and the rate applicable.

While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

q. Functional Currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is functional and presentation currency.

Transactions and balances:

i. Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the date of transaction.

ii Exchange differences arising on settlement of transactions are recognized as income or expense in the year in which they arise.

r. Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are usually unsecured and paid within the credit periods. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

s. Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognized as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

t. Leases

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

u. Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading or

All other liabilities are classified as non-current.

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

Operating Cycle:

The normal operating cycle in respect of operation relating to real estate project depends on singing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed & realization of project into cash & cash equivalents and range from 3 to 7 years. Accordingly assets & liabilities have been classified into current & non-current based on operating cycle.

v. Earnings Per Share:

(i) Basic earnings per share:

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for new equity shares issued during the year (Note No.27)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes to balance Sheet

(Rs. in Lakhs)

	As at March 31, 2020	As at March 31, 2019
2 Inventories		
Land held for Development	186.32	242.63
Total Inventories	**186.32**	**242.63**
3 Cash and cash equivalents		
Balances with banks	15.27	16.57
Total cash and cash equivalents	**15.27**	**16.57**

	As at March 31, 2020	As at March 31, 2019
4 Current tax assets (Net)		
Advance Tax Less Provision for Tax	63.22	65.38
Total Current tax assets (Net)	**63.22**	**65.38**
5 Other current assets		
GST Receivable	110.96	111.40
Advance given to vendor	0.13	0.13
Total other current assets	**111.09**	**111.53**

6 Equity share capital

(a) **Authorised, issued, subscribed and fully paid up**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Authorised:				
Equity shares of Rs.10/- each	50,000	5.00	50,000	5.00
Issued, subscribed and fully paid up:				
Equity shares of Rs.10/- each	50,000	5.00	50,000	5.00
	50,000	5.00	50,000	5.00

(b) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Shares outstanding at the beginning of the year	50,000	5.00	50,000	5.00
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	50,000	5.00	50,000	5.00

(c) (i) Rights and preferences attached to equity share:

The company has one class of equity shares having a par value of Rs.10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) **Shares held by holding company at the end of the year/ shareholders holding more than 5% of paid up Equity Share Capital**

Name of shareholder	Class of share	As at March 31, 2020		As at March 31, 2019	
		No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited with nominees	Equity	50,000	100%	50,000	100%

(Rs. in Lakhs)

7 Other Equity	As at March 31, 2020	As at March 31, 2019
Retained earnings	80.65	79.11
Total reserves and surplus	**80.65**	**79.11**

Retained earnings: Company's cumulative earnings since its formation minus dividends. These are available for distribution.

Notes to balance sheet

Rs. in Lakhs

		As at March 31, 2020	As at March 31, 2019
8	**Trade payables**		

The Company has not received any memorandum (as required to be filed by the supplier with the notified authorities under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro or small enterprises. Accordingly, amount paid/ payable to these parties is considered to be Rs. Nil.

		As at March 31, 2020	As at March 31, 2019
9	**Other financial liabilities**		
	Payable to related parties (Net of Security Deposit)	287.73	349.45
	Total other financial liabilities	**287.73**	**349.45**
10	**Other current liabilities**		
	Statutory Dues	0.25	0.20
	Total other current liabilities	**0.25**	**0.20**

Notes to Statement of Profit or Loss

Rs. in Lakhs

		Year Ended March 31, 2020	Year Ended March 31, 2019
11	**Revenue from operations**		
	Income from sale of Land	55.81	-
	Income from Rentals	7.20	7.20
	Total revenue	**63.01**	**7.20**
12	**Other Income**		
	Interest Income	0.15	-
	Total revenue	**0.15**	**-**
13	**Operating Expenses**		
	Inventories at the beginning of the year:		
	Land held for development	242.63	242.61
	Add: Incurred during the year:	-	0.02
		242.63	**242.63**
	Less: Inventories at the end of the year:	186.32	242.63
	Operating Expenses	**56.31**	**(0.00)**
14	**Other expenses**		
	Rent	1.20	1.20
	Audit Fees	1.05	2.00
	Consultancy and Professional Charges	1.65	3.08
	Miscellaneous Expenses	0.87	0.59
	Total other expenses	**4.77**	**6.87**
15	**Income tax expense**		
	(a) Income tax expense		
	Current tax		
	Current tax on profits for the year	0.54	0.09
	Total current tax expense	**0.54**	**0.09**
	Total deferred tax expense/(benefit)	**-**	**-**
	Income tax expense	**0.54**	**0.09**
	(b) Reconciliation of tax expense and the accounting profit multiplied by Income tax rate:		
	Profit before income tax expense	2.08	0.33
	Tax at the Income tax rate of 26% (PY : 27.82%)	0.54	0.09
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Deemed Income considered only for tax purpose	-	-
	Taxes relating to Previous years	-	-
	Income tax expense	**0.54**	**0.09**

Notes to Statement of Profit or Loss (Contd.)

Rs. in Lakhs

		Year Ended March 31, 2020	Year Ended March 31, 2019
16	**Earnings per share**		
	(a) Basic and diluted earnings per share		
	Basic/Diluted earnings per share attributable to the equity holders of the Company (Rs.)	3.07	0.47
	(b) Reconciliations of earnings used in calculating earnings per share		
	Profit attributable to equity shareholders of the company used in calculating basic/diluted earnings per share (Rs.)	1.54	0.24
	(c) Weighted average number of equity shares used as the denominator in calculating basic/ diluted earnings per share	50,000	50,000

Financial instruments and risk management

Rs. in Lakhs

17 Fair value measurements

Financial instruments by category

	As at March 31, 2020 Amortised cost	As at March 31, 2019 Amortised cost
Financial assets		
Cash and cash equivalents	15.27	16.57
Total Financial Assets	**15.27**	**16.57**
Financial liabilities		
Trade payables	2.27	2.35
Payable to related parties	287.73	349.45
Total Financial Liabilities	**290.00**	**351.80**

The Company has no Financial Assets or Liabilities that are valued at Fair Value through Profit and Loss or Fair Value through Other Comprehensive Income

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade payables, cash and cash equivalents, and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

18 Financial risk management

The company's activities expose only to credit risk.

Risk	Exposure arising from	Risk Mitigation
Credit risk	Cash and cash equivalents, financial assets measured at amortised cost.	Surplus cash is deposited only with banks/financial institutions with high external rating

(A) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

(B) Liquidity risk

(i) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

Particulars	Maturity	March 31, 2020	March 31, 2019
Trade payables	< than 12 months	2.27	2.35
Other financial liabilities	> than 12 months	287.73	349.45

19 Capital management

Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Other disclosures

Rs. in Lakhs

20 Operating Segment

(a) Description of segments and principal activities

The Company is primarily engaged in the business of Developing and subdividing real estate into plots. The entity's entire operations are reviewed by Chief operating decision makers as one Operating segment.

(b) Entity Wide disclosures

i) Company's major service is real estate development

ii) Company is domiciled and operates within India

iii) There is no major reliance on a single customer.

21 Contingent liabilities and contingent assets

	As at March 31, 2020	As at March 31, 2019
(a) Contingent liabilities	Nil	Nil

22 Commitments

	March 31, 2020	March 31, 2019
(a) Capital commitments		
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities	Nil	Nil
(b) Other commitments		
Expenditure related contractual commitments apart from Capital Commitments	Nil	Nil

23 Related Party Disclosure

		As at/ year ended March 31, 2020	As at/ year ended March 31, 2019
(a)	**Related parties and their relationship for the financial year 2019-20**		
	Ultimate Holding company		
	Sundaram Clayton Limited		
	Holding company		
	TVS Motor Company Limited		
	Associate of Holding Co.		
	Emerald Haven Realty Limited		
(b)	**Transactions with related parties:**		
	- Associate of Holding Co.		
	Emerald Haven Realty Limited		
(i)	Sale of Land	55.81	-
(ii)	Rent - Corporate Office	1.20	1.20
(iii)	Rental Income	7.20	7.20
(c)	**Balances with related parties: (Payable) / Receivable**		
(i)	Other payables (Net of Security Deposit)		
	- Associate of Holding Co.		
	Emerald Haven Realty Limited	(287.72)	(349.43)

24 Deferred Tax Asset on loss is recognised as the management is confident of achieving taxable profit which will be available against which the loss will be reversed.

25 Auditors' remuneration (Included under Other Expenses) (Exclusive of GST)

Particulars	As at 31st March 2020	As at 31st March 2019
Payments to Auditors as		
a. Statutory Auditor	1.05	1.50
b. Certification Fees	-	0.50

26 In the opinion of the management, the current assets, loans & advances have a value of realisation in ordinary course of business or at least equal to the amount at which they are stated in the balance sheet.

27 The real estate development operations and all offices of the Company were closed on March 23, 2020 following the countrywide lockdown due to COVID 19. The Company has since obtained required permissions and restarted its development operations and all offices partially. Based on assessment of the impact of COVID 19 on the operations of the Company and ongoing discussions with customers, contractors and service providers, the Company is confident of obtaining regular service from the contractors and service providers and serving customers.

The Company has considered the possible effects of COVID 19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the company, as at the date of approval of the financial results, has used external and internal sources of information/ indicators to estimate the future performance of the Company. Based on current estimates, the Company expects the carrying amount of these assets to be recovered. The impact of the COVID 19 on the Company's financial results may differ from that estimated as at the date of approval of these results.

As per our report annexed
For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

For and on behalf of the Board of Directors

S.VENKATARAMAN	SG MURALI	V GANESHI
Partner	Director	Director
Membership No.: 23116	DIN : 00348902	DIN: 00424915

Chennai
Dated: 19th May 2020

Directors' Statement

The directors present their statement to the member together with the audited financial statements of TVS MOTOR (SINGAPORE) PTE. LIMITED (the "company") for the financial year ended 31 March 2020.

1. **OPINION OF THE DIRECTORS**

   In the opinion of the directors,

   (a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2020 and the financial performance, changes in equity and cash flows of the company for the year then ended; and

   (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

2. **DIRECTORS**

   The directors of the company in office at the date of this statement are:

   Venu Srinivasan

   Hari Hara Iyer Lakshmanan

   Seenivasan Elayalwar

3. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

   Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

4. **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

   The directors who held office at the end of the financial year, had no interest in the share capital of the company and related corporations as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 except as stated below::

	Number of ordinary shares of INR1 each	
Name of directors and corporation In which interests are held	At beginning of year	At end of year
TVS Motor Company Limited (Holding company)		
Venu Srinivasan	2,569,726	2,569,726
Hari Hara Iyer Lakshmanan	55,870	55,870

5. **SHARE OPTION**

   During the financial year, no option to take up unissued shares of the company was granted.

   During the financial year, there were no shares of the company issued by virtue of the exercise of options to take up unissued shares.

   As at the end of the financial year, there were no unissued shares of the company under option.

6. **AUDITOR**

   Rama & Co. has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board

VENU SRINIVASAN	HARI HARA IYER LAKSHMANAN
Director	Director

Singapore,

27th May 2020

Independent Auditors' report to the Member of TVS Motor (Singapore) Pte. Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TVS MOTOR (SINGAPORE) PTE. LIMITED (the "company"), which comprise the statement of financial position as at 31 March 2020, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 March 2020 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 and 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

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

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

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

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

Report on Other legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

RAMA & CO.
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
SINGAPORE

Singapore,

27th May 2020

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2020	2019
		S$	S$
ASSETS			
Non-current assets			
Plant and equipment	(8)	**17,067,887**	14,093
Investments in associates	(9)	**83,434,344**	74,697,543
Other investments	(10)	**12,746,390**	-
Other receivables	(11)	**2,313,382**	-
Total non-current assets		**115,562,003**	74,711,636
Current assets:			
Other receivables	(11)	**910,195**	5,440,795
Prepayments	(12)	**300,399**	678,523
Bank balances	(13)	**46,866,365**	1,073,431
Total current asset		**48,076,959**	7,192,749
Total assets		**163,638,962**	81,904,385
EQUITY AND LIABILITIES			
Equity:			
Share capital	(14)	**118,528,579**	91,480,287
Share application money	(15)	**46,860,000**	-
Accumulated losses		**(20,829,338)**	(12,085,385)
Total equity		**144,559,241**	79,394,902
Non-current liability:			
Lease liability	(16)	**14,476,176**	-
Current liabilities:			
Lease liability	(16)	**3,110,379**	-
Other payables	(17)	**1,493,166**	2,509,483
Total current liabilities		**4,603,545**	2,509,483
Total liabilities		**19,079,721**	2,509,483
Total equity and liabilities		**163,638,962**	81,904,385

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020	2019
		S$	S$
Revenue	(18)	6,709,845	-
Cost of services	(19)	(6,494,296)	-
Gross profit		215,549	-
Other income	(20)	70,900	-
Administrative expenses		(6,695,577)	(9,857,334)
Other expense		(2,334,825)	(85,822)
Loss before income tax		(8,743,953)	(9,943,156)
Income tax	(21)	-	-
Loss for the year	(22)	(8,743,953)	(9,943,156)
Other comprehensive income		-	-
Total comprehensive loss for the year		(8,743,953)	(9,943,156)

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital	Share Application Money	Accumulated Losses	Total
	S$	S$	S$	S$
Balance as at 1 April 2018	77,590,002	-	(2,142,229)	75,447,773
Issuance of shares	13,890,285	-	-	13,890,285
Total comprehensive loss for the year	-	-	(9,943,156)	(9,943,156)
Balance as at 31 March 2019	91,480,287	-	(12,085,385)	79,394,902
Issuance of shares (Note 14)	27,048,292	-	-	27,048,292
Share application money received	-	46,860,000	-	46,860,000
Total comprehensive loss for the year	-	-	(8,743,953)	(8,743,953)
Balance as at 31 March 2020	118,528,579	46,860,000	(20,829,338)	144,559,241

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
		S$	S$
Cash flow from operating activities:			
Loss before income tax		**(8,743,953)**	(9,943,156)
Adjustment for:			
Depreciation of plant and equipment	(8)	**2,933,416**	7,046
Foreign currency exchange difference	(23)	**1,011,396**	-
Interest expense	(23)	**558,947**	-
Interest income		**(65,730)**	-
Operating loss before working capital changes		**(4,305,924)**	(9,936,110)
Other receivables		**1,793,320**	(5,440,795)
Prepayments		**378,124**	(678,523)
Other payables		**(512,624)**	1,997,490
Net cash used in operating activities		**(2,647,104)**	(14,057,938)
Investing activities:			
Investment in associate	(9)	**(8,736,801)**	-
Investment in other investments	(10)	**(12,746,390)**	-
Purchase of plant and equipment	(8)	**(120,060)**	(21,139)
Net cash used in investing activities		**(21,603,251)**	(21,139)
Financing activities:			
Amount due to holding company	(23)	**392,000**	3,367,772
Issuance of shares	(14)	**26,215,397**	10,471,150
Payment of lease liability	(23)	**(3,424,108)**	-
Share application money received	(15)	**46,860,000**	-
Net cash from financing activities		**70,043,289**	13,838,922
Net increase/ (decrease) in bank balances		**45,792,934**	(240,155)
Bank balance at beginning of year		**1,073,431**	1,313,586
Bank balance at end of year	(13)	**46,866,365**	1,073,431

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

a) Corporate Information

TVS Motor (Singapore) Pte. Limited (the "company") (Registration number: 200301438H) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office at:

17 Phillip Street #05-01
Grand Building
Singapore 048695

The principal activities of the company are to carry on the business as an investment holding company.

b) Authorisation of financial statements for issue

The financial statements of the company for the year ended 31 March 2020 were authorised for issue by the Board of Directors on 27 May 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up and in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purpose, fair value measurements are described in Note 5.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumption. The areas involving a higher degree of judgement or complexity or areas when assumption and estimates are significant to the financial statements as disclosed in Note 4.

2.2. Changes in Accounting Policies

a) Adoption of new revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2019. The adoption of these new/ revised FRSs and INT FRSs did not result in substantial changes to the company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except as discussed below:

FRS 116 - Leases, effective for annual periods beginning on or after 1 April 2019

FRS 116 Leases supersedes FRS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

The new standard is applied only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

Impact on adoption of FRS 116

The company capitalises and presents right-of-use assets in "plant and equipment" and lease liability in the statement of financial position in respect of the lease agreement entered during the year.

The accounting policies for leases under FRS 116 are disclosed in Note 2.8.

b) Standards issued but not yet effective

At the date of authorisation of financial statements, the following FRSs that are relevant to the company were issued but not effective are as follows:

Reference	Description	Effective for annual periods beginning on or after
Various	Amendments to Reference to the Conceptual Framework in FRS standards	1 January 2020
FRS 1 & FRS 8	Amendments to FRS 1 and FRS 8: Definitionof material	1 January 2020

The management anticipate that the adoption of the above FRSs, INT FRS and amendments to FRS in future periods standards will not have a materials impact on the financial statements of the company in the period of their initial adoption.

2.3. Functional and Foreign Currency

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The financial statements of the company are presented in Singapore dollar, which is also the functional currency of the company.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

2.4. Associates

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in the associate companies is stated at cost, less impairment if any.

2.5. Plant and Equipment

a) Measurement

Plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and any impairment losses.

b) Components of costs

The cost of an item of plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

c) Depreciation

Depreciation is calculated on the straight line method to write off the cost of the plant and equipment over their estimated useful lives, or in the case of right-of-use asset, over the lease term, as follows:

	Years
Office equipment	3
Vehicle (Right-of-Use asset)	7

No depreciation is provided for office artwork.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

d) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in profit or loss during the financial year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020 (Continued)

e) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.6. Impairment of Non-Financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7. Bank balances

Bank balances in statements of cash flows comprise cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are classified as measured at amortised cost under FRS 109.

2.8. Leases

The accounting policy for leases after 1 April 2019 under FRS 116 is as follows:

As a lessee

New leases entered into on or after 1 April 2019

For any new contracts entered into on or after 1 April 2019, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At lease commencement date, the company recognises a right-of-use asset within "Plant and Equipment" and a lease liability on the statement of financial position.

Right-of-Use Asset

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life (which is determined on the same basis as those of plant and equipment).

The company also assesses the right-of-use asset for impairment when such indicators exist. In addition, the right-of-use asset is periodically adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate, being the rate, it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, lease payments arising from extension options reasonably certain to be exercised, exercise price under purchase option reasonably certain to be exercised and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise items of office equipment with individual values not exceeding S$5,000.

The accounting policy for leases before 1 April 2019 under FRS 17 was as follows:

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.9. Revenue Recognition

Revenue from sale of goods and services in the ordinary course of business is recognised when the company satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of consideration in the contract to which the company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the completion reflecting the progress towards complete satisfaction of that PO.

Passenger service income

The company provides aircraft usage and passenger transport services and, operational and maintenance services for customers. Revenue from these services are recognised when services are performed over the usage and service period (i.e. over time).

2.10. Other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.11. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

b) Deferred tax

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

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

Deferred tax assets are recognised for all deductible temporary differences carry-forward of unutilised tax assets and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unutilised tax assets and unutilised tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at the each of reporting period 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 reassessed at the end of reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred assets and liabilities are measured at the tax rates that are expected to apply to 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 end of reporting period.

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.

2.12. Employee Benefits

a) Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the company's obligations under the plans are equivalent to those arising in a defined contribution plan.

b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrued to employees. All unused leave at the end of the reporting period is encashed to the employees.

2.13. Related Parties

A related party is a person or an entity related to the company and is further defined as follows:

a) A person or a close member of that person's family is related to the company if that person:

i) has control or joint control over the company;

ii) has significant influence over the company; or

iii) is a member of the key management personnel of the company or of a parent of the company.

b) An entity is related to the company if any of the following conditions applies:

i) the entity and the company are members of the same group i.e each parent, subsidiary and fellow subsidiary is related to the others;

ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;

iii) both entities are joint ventures of the same third party;

iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;

vi) the entity is controlled or jointly controlled by a person identified in (a);

vii) a person identified in (a) i) has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity; or

viii) the entity, or any member of the group of which it is a part, provides key management personnel services to the company or to the parent of the company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the company.

Related party transactions and outstanding balances disclosed in the financial statement are in accordance with the above definition as per FRS 24 – Related Party Disclosures.

2.14. Provisions

Provisions are recognised when the company has present obligations (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When changes in the probability of an outflow occur so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the company.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.16. Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

3. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the company's statement of financial position when and only when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.1. Financial Assets

a) Classification and subsequent measurement

Financial assets are classified, at initial recognition, as either measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The company initially measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt Instruments at amortised cost

A financial asset is measured at amortised cost if the financial asset is held with the objective of collecting contractual cash flows and these contractual cash flows comprises solely principal and interest payments.

After initial measurement at fair value, debt instruments are measured at amortised cost using the effective interest rate (EIR) method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised, or impaired, and through the amortisation process. Interest income from these financial assets is included in interest income using the effective interest rate (EIR) method.

As at the reporting date, the company's debt instruments at amortised cost consist of other receivables and bank balances.

Financial assets at fair value through other comprehensive income (FVTOCI)

Equity instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020 (Continued)

- the contractual terms of the financial asset give rise on specified dates to cash flows that solely payments of principal and interest on the principal amount outstanding.

As at the reporting date, the company's financial assets at FVTOCI cost consist of unquoted equity investments.

b) Impairment of financial assets

When applicable, the company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

When applicable, the company will recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets will be estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the company will recognises lifetime ECL when there has been significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measured the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast,12-month expected credit loss is the expected credit loss that result from default events that are possible within 12 months after the reporting date.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets gross carrying amount at the reporting date; or for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at reporting date, together with any additional amounts expected to be draw down in the future by default date determined based on historical trend, the company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows for the company in accordance with the contract and all the cash flows that the company expects to receive, discount at the original effect interest rate.

c) Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.2. Equity and Financial Liabilities

Equity instruments issued by the company and financial liabilities are classified accordingly to the substance of the contractual arrangements entered into and the definitions of an equity instrument and a financial liability.

a) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital is classified as equity.

b) Financial liabilities

Financial liabilities at amortised cost

The company determines the classification of its financial liabilities at initial recognition. Financial liabilities are initially recognised at fair value of consideration received net of transaction costs.

After initial recognition, they are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Financial liabilities at amortised cost consist of other payables and lease liability.

c) Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payables, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1. Critical Accounting Judgements

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Determination of functional currency

In determining the functional currencies of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the primary economic environment in which the company operates and the company's process of determining sales prices.

4.2. Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Impairment of investments in associates and other investments

The company follows the guidance of FRS 36 in determining the recoverability of its investment in associate and other investments. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information. The carrying amount of investment in associate and other investments are disclosed in Note 9 and Note 10 to the financial statements.

b) Impairment of plant and equipment

As the end of the reporting period, the company assesses whether plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of plant and equipment have been determined based on value-in use calculations. These calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted.

The carrying amounts of the company's plant and equipment are disclosed in Note 8 to the financial statements.

c) Depreciation of plant and equipment

The cost of plant and equipment is depreciated on a straight-line basis over their estimated useful lives or over their lease terms, in the case of right-of-use asset. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020 (Continued)

5. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

5.1. Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2020	2019
	S$	S$
Financial asset		
At amortised cost:		
- Other receivables	**3,223,577**	5,440,795
- Bank balances	**46,866,365**	1,073,431
At fair value through other comprehensive income:		
- Other investments	**12,746,390**	-
	62,836,332	6,514,226
Financial liabilities		
At amortised cost:		
- Other payables	**1,493,166**	2,509,483
- Lease liability	**17,586,555**	-
	19,079,721	2,509,483

5.2.Financial Risk Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The management meet periodically to analyse, formulate and monitor the following risk management of the company and believe that the financial risks associated with these financial instruments are minimal. The company adopt systematic approach towards risk assessment and management. This is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile.

There has been no change to the company's exposure to the financial risks or the manner in which it manages and measures the risks. The company's policies for managing its financial risks are summarised below:

a) Credit risk

Credit risk refers to risk that a counterparty will default on its contractual obligations to repay amounts owing to company resulting in a loss to the company. The company's primary exposure to credit risk arises through its bank balance. It is the company's policy to enter into transactions with creditworthy customers and high credit rating counter-parties to mitigate any significant credit risk. The company has procedures in place to control credit risk and that exposure to such risk is monitored on an ongoing basis.

Credit risk management

The company considers the probability of default upon initial recognition of asset and at each reporting date, assesses whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

Significant increase in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and includes forward-looking information such as the following:

- Credit rating information supplied by publicly available financial information;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase on credit risk is presumed if a debtor is more than 30 days past due in making contractual payment unless the company has reasonable and supportable information that demonstrates otherwise.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

Low credit risk

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

A financial asset is considered to have low credit risk if:

- The financial instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Credit-impaired

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counter-party or the borrower;
- A breach of contract, such as default or past due event; or
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

Default event

The company considers the following as constituting an event of default when:

- The borrower fails to make contractual payments, within 90 days when they fall due, unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate; or
- Internal or external information indicates that the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

Write-off policy

The company categorises a receivable for potential write-off when:

- There is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery or
- When a debtor fails to make contractual payments more than 365 days past due.

Where receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Credit risk grading framework

The company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognizing expected credit loss (ECL)
I - Performing	Counterparty has a low risk of default and does not have any past due amounts and a strong capacity to meet contractual cash flows.	12-month ECL
II – Under performing	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit impaired
III – Default	Amount is > 90 days past due to or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit impaired
IV – Write off	Amount is > 365 days past due or there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is written off

There are no significant changes to estimation techniques or assumptions made during the reporting period.

Simplified approach

When applicable, the company will apply the simplified approach using the provision matrix to provide for ECLs for trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The provision matrix is based on historical credit loss experience over the past three years and adjusted for forward-looking estimates. Trade receivables are grouped based on similar credit risk characteristics and days past due.

Expected credit loss assessment

The following are qualitative information on expected credit loss for financial assets under

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020 (Continued)

amortised cost:

• Other receivables

Management determined credit risk for the amount due from third parties has not increased significantly since their initial recognition. Accordingly, the company measured the impairment loss allowance at 12-month ECL and determined that the ECL is insignificant.

• Bank balances

The company places its bank deposit with credit worthy financial institution. Impairment on bank balances is measured on the 12-month expected loss basis. Management considers that its bank balances have low credit risk based on the external credit ratings of the counterparty. Therefore, management considers the amount of ECL is insignificant.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rate.

The company has bank balances that is non-interest bearing, therefore has no exposure to cash flow interest rate risk.

No interest rate sensitivity analysis is disclosed as the impact of changes in interest rate is not expected to be material.

c) Foreign currency exchange rate risk

Foreign currency exchange rate risk arose from the change in foreign exchange rates that may have an adverse effect on the company in the current reporting period and in the future periods.

The company transacts mainly in Singapore dollar. Management believes that the foreign exchange rate risk is manageable. Hence, the company does not use derivative financial instruments to mitigate this risk.

The company's exposure to foreign currency exchange rate risk in equivalent Singapore dollar is as follows:

	2020	2019
In Singapore dollar	**US$**	**US$**
Financial assets		
Other investments	**12,746,390**	**-**
Other receivables	**2,696,782**	5,440,795
Bank balances	**46,865,381**	1,073,431
	62,308,553	6,514,226
Financial liabilities		
Lease liability	**17,586,555**	-
Other payables	**66,492**	281,428
	17,653,047	281,428
Net exposure	**44,655,506**	6,232,798

Sensitivity analysis

A 10% increase or decrease is used when reporting foreign currency exchange rate risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates.

A 10% strengthening of Singapore dollar against the following currency would increase/(decrease) profit or loss and equity by the amount shown below:

	2020	2019
	S$	**S$**
US$ impact	**(4,465,551)**	(623,280)

A 10% weakening of Singapore dollar against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

d) Liquidity risk management

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

In the management of the liquidity risk, the company monitors and maintains a level of bank balances deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The following table summarises the company's remaining contractual maturity for its non-derivative financial liabilities at the end of the reporting period based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the company is expected to pay.

2020	**Contractual undiscounted cash flows**					
	Effective interest rate (%)	**Carrying amount**	**Less than a year**	**Within 2 to 5 years**	**Later than 5 years**	**Total**
		S$	**S$**	**S$**	**S$**	**S$**
Financial liabilities						
Lease liability	3%	**17,586,555**	**3,595,440**	**13,141,248**	**2,354,928**	**19,091,616**
Other payables	-	**1,493,166**	**1,493,166**	**-**	**-**	**1,493,166**
		19,079,721	**5,088,606**	**13,141,248**	**2,354,928**	**19,415,513**

2019	**Contractual undiscounted cash flows**					
	Effective interest rate (%)	**Carrying amount**	**Less than a year**	**Within 2 to 5 years**	**Later than 5 years**	**Total**
		S$	**S$**	**S$**	**S$**	**S$**
Financial liabilities						
Other payables	-	2,509,483	2,509,483	-	-	2,509,483

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020 (Continued)

e) Fair value of financial assets and financial liabilities

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained through discounted cash flow models as appropriate.

i) Financial assets and liabilities

Management has determined that the carrying amounts of bank balances, other receivables, lease liability and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature. The fair value of non-current receivables is disclosed in Note 11 to the financial statements.

ii) Fair value hierarchy

The company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

a) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;

b) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

c) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

During the financial year ended 31 March 2020, there was no transfer between instruments in Level 1, Level 2 and Level 3, or vice versa.

The company does not anticipate that the carrying amounts recorded at end of the reporting period would significantly be different from the values that would eventually be received or settled.

iii) Assets measured at fair value

Financial Assets	Assets 2020 S$	Fair Value Hierarchy	Valuation Technique and Key Impact	Significant unobservable input	Relationship of unobservable inputs to fair value
At fair value through other comprehensive income					
Other investments - Equity securities (unquoted)	**12,746,390**	Level 3	Income approach – discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries accordingly recognised at cost.	A significant increase in the discount for lack of marketability would result in a significant decrease in fair value.

5.3. Capital Risk Management Policies and Objectives

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The company monitors capital using gearing ratio, which is net debt divided by total capital. Net debt is calculated as other payables plus lease liability less bank balances. Total capital is calculated as equity and net debt. The company's overall strategy remains unchanged during the period.

	2020	2019
	S$	S$
Other payables	**1,493,166**	2,509,483
Lease liability	**17,586,555**	-
Less: Bank balances	**(46,866,365)**	(1,073,431)
Net (cash position)/ debt	**(27,786,244)**	1,436,052
Total equity	**144,559,241**	79,394,902
Total capital	**116,772,997**	80,830,954
Gearing ratio	**N.M.**	2%

N.M. – Not meaningful.

The company is not subject to externally imposed capital requirements.

6. HOLDING COMPANY

The company is wholly-owned subsidiary of TVS Motor Company Ltd, incorporated in India. The company's ultimate holding company is Sundaram Clayton Limited, incorporated in India. The registered office of the holding company is at No.12, Chaitanya Building, Khader Nawaz Khan Road, Chennai – 600 006, India.

Some of the company's transactions and arrangements are between members of the company and the effects of these on the basis determined between the parties are reflected in these financial statements.

Significant holding company transactions:

	2020	2019
	S$	S$
(Recovery)/ Payment of consultancy fees	**(287,018)**	3,685,419

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements.

Significant related party transactions:

	2020	2019
	S$	S$
Service income	**6,709,845**	-
Rental expense	**60,933**	-

8. PLANT AND EQUIPMENT

	Office equipment	Office artwork	Vehicle	Total
	S$	S$	S$	S$
Cost				
As at 01.04.2018	-	-	-	-
Additions	21,139	-	-	21,139
As at 31.03.2019	21,139	-	-	21,139
Additions	-	120,060	19,867,150	19,987,210
As at 31.03.2020	**21,139**	**120,060**	**19,867,150**	**20,008,349**
Accumulated depreciation				
As at 01.04.2018	-	-	-	-
Charged for the year	7,046	-	-	7,046
As at 31.03.2019	7,046	-	-	7,046
Charged for the year	7,047	-	2,926,369	2,933,416
As at 31.03.2020	**14,093**	**-**	**2,926,369**	**2,940,462**
Carrying amount				
As at 31.03.2019	14,093	-	-	14,093
As at 31.03.2020	7,046	**120,060**	**16,940,781**	**17,067,887**

Following the adoption of FRS 116, the company has presented its aircraft as right-of-use asset within 'Plant and Equipment' under the category of Vehicle.

The company leases an aircraft for business use. The lease term is 84 months starting from 1 April 2019 and the remaining lease term as at 31 March 2020 is 72 months.

Management has reviewed for the impairment of its plant and equipment at the end of each reporting period. No allowance for impairment is required as the carrying amount of the plant and equipment is expected to be less than its recoverable value, which is the higher of the fair value less cost to sell and its value-in use.

9. INVESTMENTS IN ASSOCIATES

	2020	2019
	S$	S$
Unquoted equity shares at cost:		
At beginning of the year	**74,697,543**	74,697,543
Additions	**8,736,801**	-
At end of the year	**83,434,344**	74,697,543

Details of the associates are as follows:

Name of associate/ Country of incorporation	Principal activity	Proportion of ownership Interest	
		2020	2019
PT. TVS Motor Company Indonesia	Manufacturers of motorcycles, motorcycles spare parts and accessories	**32.7%**	33%
Tagbox Pte Ltd Singapore	Providing Internet of Things (IoT) based solutions for sensing, monitoring and analysis across supply chain activities	**24.3%**	-
Predictronics Corp. United States of America	Providing end to end customisable predictive analytics platform and best in class predictive robot monitoring solution driven by high performing proprietary machine learning Artificial Intelligence (AI) models	**23.5%**	-

The company did not perform equity accounting of the results of the associate as the holding company, TVS Motor Company Ltd will be preparing the consolidated financial statements, which are available for public use at their registered office at No.12, Chaitanya Building, Khader Nawaz Khan Road, Chennai – 600 006, India.

10. OTHER INVESTMENTS

	2020	2019
	S$	S$
Equity instruments		
At fair value through other comprehensive income:		
Unquoted equity investments	**12,746,390**	-

The above investments offer the company the opportunity for return through dividend income and fair value gains.

Equities investment are categorised as at fair value through other comprehensive income. The company has elected to measure these equity securities at FVTOCI due to the company's intention to hold these equity instruments for long-term appreciation.

Details of the other investments are as follows:

Name of company	Country of incorporation	Proportion of ownership Interest	
		2020	2019
Altizon Inc.	United States of America	**14.1%**	-
Scienaptic Systems Inc.	United States of America	**17%**	-

Other investments are denominated in United States dollar.

11. OTHER RECEIVABLES

	2020	2019
	S$	S$
Non-current		
Long-term deposit	**2,313,382**	-
Current		
Amount due from holding company	**287,018**	-
Amount due from a related party	**236,524**	-
Refundable deposits	**386,653**	5,440,795
	910,195	5,440,795
Total other receivables	**3,223,577**	5,440,795

Long-term deposit of US$1,950,000 (equivalent to S$2,769,000) was paid to the lessor as good faith deposit and is refundable. It has been discounted to its present value using a discount rate of 3% per annum.

Amount due from holding company and a related party are unsecured, interest free and repayable on demand.

Other receivables are denominated in the following currencies:

	2020	2019
	S$	S$
Indian rupee	**287,018**	-
Singapore dollar	**239,777**	-
United States dollar	**2,696,782**	5,440,795
	3,223,577	5,440,795

12. PREPAYMENTS

	2020	2019
	S$	S$
Prepayments	**300,399**	678,523

13. BANK BALANCES

	2020	2019
	S$	S$
Cash at bank	**46,866,365**	1,073,431

Bank balances are denominated in the following currencies:

	2020	2019
	S$	S$
Singapore dollar	**984**	-
United States dollar	**46,865,381**	1,073,431
	46,866,365	1,073,431

14. SHARE CAPITAL

	2020	2019	2020	2019
	Number of ordinary shares		S$	S$
Issued and Paid Up:				
At beginning of the year	**91,480,287**	77,590,002	**91,480,287**	77,590,002
Issued during the year	**27,048,292**	13,890,285	**27,048,292**	13,890,285
At the end of the year	**118,528,579**	91,480,287	**118,528,579**	91,480,287

During the financial year,

1) the company issued 832,895 ordinary shares to TVS Motor Company Ltd, holding company by way of capitalisation of amount due to holding company amounting to S$832,895.

2) the company issued 26,215,397 ordinary shares in the capital of the company for a consideration of S$26,215,397.

During the previous financial year,

1) the company issued 3,419,135 ordinary shares to TVS Motor Company Ltd, holding company by way of capitalisation of amount due to holding company amounting to S$3,419,135.

2) the company issued 10,471,150 ordinary shares in the capital of the company for a consideration of S$10,471,150.

The newly issued shares rank pari passu in all respect with the existing ordinary shares of the company.

The ordinary shares with no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

15. SHARE APPLICATION MONEY

The share application money is advance receipt for application for shares in the company.

16. LEASE LIABILITY

	2020	2019
	S$	S$
Maturity analysis:		
Within one year	**3,595,440**	-
Within two to five years	**13,141,248**	-
After five years	**2,354,928**	-
	19,091,616	-
Less: future finance charges	**(1,505,061)**	-
	17,586,555	-
Analysed as:		
Current	**3,110,379**	-
Non-current	**14,476,176**	-
	17,586,555	-

The company leases a vehicle for its business use (Note 8). The effective borrowing rate is 3% per annum.

Lease liability is denominated in United States dollar.

17. OTHER PAYABLES

	2020	2019
	S$	S$
Payable to holding company (Note 6)	**-**	503,693
Other payables – third parties	**185,655**	112,350
Withholding tax payable	**-**	11,606
Accrued expenses	**1,307,511**	1,881,834
	1,493,166	2,509,483

Payable to holding company is unsecured, interest free and repayable on demand.
Other payables are denominated in the following currencies:

	2020	2019
	S$	S$
British pound	**34,613**	-
Indian Rupee	**-**	1,134,086
Singapore dollar	**1,392,061**	1,093,969
United State dollar	**66,492**	281,428
	1,493,166	2,509,483

18. REVENUE

	2020	2019
	S$	S$
Passenger service income	**6,709,845**	-
Timing of transfer of good or service		
Over time	**6,709,845**	-

19. COST OF SERVICES

	2020	2019
	S$	S$
Aircraft operation and maintenance charges	**3,016,798**	-
Depreciation of plant and equipment	**2,853,626**	-
Interest on lease liability	**558,947**	-
Withholding tax	**64,925**	-
	6,494,296	-

20. OTHER INCOME

	2020	2019
	S$	S$
CPF credit	**5,170**	-
Interest income	**65,730**	-
	70,900	-

21. INCOME TAX

The income tax benefit varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2019: 17%) to loss before income tax as a result of the following differences:

	2020	2019
	S$	S$
Loss before income tax	**(8,743,953)**	(9,943,156)
Income tax benefit at statutory rate of 17%		
(2019: 17%)	**(1,486,472)**	(1,690,336)
Income tax effect of:		
- non-deductible expense	**128,012**	3,171
- tax losses carried forward	**1,358,460**	-
- tax losses forfeited	**-**	1,687,165
	-	-

22. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2020	2019
	S$	S$
Aircraft lease	**-**	935,394
Aircraft operation and maintenance charges	**3,016,798**	720,557
Depreciation of plant and equipment	**2,933,416**	7,046
Foreign currency exchange loss	**1,581,010**	67,170
Office rental	**60,933**	-
Professional and consultancy fees	**4,720,182**	6,448,802
Travelling expenses	**166,413**	-
Short-term employee's benefits	**1,622,955**	1,640,934
Cost of defined benefits plans included in employee benefits expenses	**17,340**	17,340

23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the company's liabilities arising from financing activities, including both cash and non-cash changes.

Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

Lease liability (Note 16)	S$
As at 1 April 2019	**-**
Addition during the year	**19,097,634**
Financing cash flows on cash transaction:	
- Repayment of lease liability	**(3,424,108)**
Non-cash transactions:	
- Foreign currency exchange loss	**1,074,194**
- Interest expense	**558,947**
As at 31 March 2020	**17,586,555**

	2020	2019
Payable to holding company (Note 17)	S$	S$
Balance as at beginning of the year	**503,693**	555,056
Financing cash flow on cash transaction:		
Add: Advances from holding company	**392,000**	3,367,772
Non-cash transaction:		
Less: Issuance of shares	**(832,895)**	(3,419,135)
Less: Foreign currency exchange gain	**(62,798)**	-
Balance at the end of year	**-**	503,693

25. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature have arisen between the end of the reporting period and the date of authorisation for issue of the financial statements which are likely to affect substantially the results of operations of the company for the succeeding financial year except as follows:

During March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The outbreak and the response of the Singapore government in dealing with the pandemic through the imposition of Covid Circuit Breaker measures on April 4 2020, necessitated the closure of many businesses and implementation of work from home measures within the economy and therefore affected the operations of the company. It is not possible to estimate the impact of the outbreak's near-term and longer effects or governments' varying efforts to combat the outbreak and support businesses. This being the case, it is not considered practicable nor possible to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the future operations of the company at this time. Financial statements at 31 March 2020 have been prepared based on the conditions existing at the end of the reporting period and COVID-19 did not have any material impact on the activities of the company as at that date. Accordingly, no adjustments were required to be made for the impacts of COVID-19.

Subsequent to the financial year end, the company, through a newly incorporated UK subsidiary, Project 303 Bidco Limited, acquired certain assets of Norton Motorcycles (U.K.) Limited for a cash consideration of GBP16 million.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2020 (Continued)

DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH 2020

	2020 S$	2019 S$
Revenue		
Service income	**6,709,845**	-
Cost of services		
Aircraft operation and maintenance charges	**3,016,798**	-
Depreciation	**2,853,626**	-
Interest on lease liability	**558,947**	-
Withholding tax	**64,925**	-
	6,494,296	-
Gross profit	**215,549**	-
Other income		
CPF credit	**5,170**	-
Interest income	**65,730**	-
	70,900	-
Total income	**286,449**	-
Less: expenses		
- Schedule 'A'	**(9,030,402)**	(9,943,156)
Loss before income tax	**(8,743,953)**	(9,943,156)

This schedule does not form part of the statutory audited financial statements.

Schedule 'A'

EXPENSES
FOR THE YEAR ENDED 31 MARCH 2020

	2020 S$	2019 S$
Administrative expenses		
Aircraft lease	**-**	935,394
Aircraft operation and maintenance charges	**-**	720,557
Auditors' remuneration	**12,000**	8,000
Bank charges	**31,224**	12,575
Book keeping fee	**9,600**	-
CPF contribution	**17,340**	17,340
Entertainment	**7,394**	5,176
Insurance expense	**4,452**	4,452
Legal and professional fee	**23,036**	-
Medical expense	**1,858**	294
Office expense	**9,853**	8,817
Office rental	**60,933**	-
Printing and stationery	**2,816**	5,148
Professional and consultancy fee	**4,720,182**	6,448,802
Registration and application fee	**-**	1,117
Salary and bonus	**1,603,757**	1,623,300
Secretarial fee	**7,113**	-
Skill development levy	**132**	132
Sponsorship expense	**-**	10,000
Subscription and membership fee	**856**	-
Telecommunication expense	**9,970**	16,340
Transport charges	**6,648**	1,601
Travelling expense	**166,413**	38,289
Other expense		
Deposit written off	**674,025**	-
Depreciation	**79,790**	7,046
Foreign currency exchange loss	**1,581,010**	67,170
Withholding tax	**-**	11,606
	9,030,402	9,943,156

This schedule does not form part of the statutory audited financial statements.

RE-STATED ACCOUNTS OF
TVS MOTOR (SINGAPORE) PTE. LIMITED

BALANCE SHEET AS AT 31ST MARCH 2020

ASSETS	Notes	SGD in Mn.	Rupees in crores
Non-current assets			
Property, plant and equipment	1	0.82	4.37
Right of use asset	2	16.25	86.13
Non-current investments	3	96.18	358.55
Other non current assets	4	2.31	12.27
		115.56	461.32
Current assets			
Financial assets			
Cash and cash equivalents	5	46.87	248.51
Other current assets	6	1.21	6.39
		48.08	254.90
Total Assets		163.64	716.22
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	118.53	477.79
Other equity	8	(20.83)	(112.27)
		97.70	365.52
Share application money pending allotment		46.86	249.53
Liabilities			
Non-Current liabilities			
Financial liabilities			
Lease liability		14.48	76.76
Current liabilities			
Financial liabilities			
(i) Lease liability		3.11	16.49
(ii) Trade payables	9		
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues of other than (ii) (a) above		1.49	7.92
		19.08	101.17
Total equity and liabilities		163.64	716.22

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

		Notes	SGD in Mn.	Rupees in crores
I	Revenue from operations	10	6.71	34.54
II	Other income	11	0.08	0.37
III	Total Income (I +II)		6.79	34.91
IV	Expenses:			
	Employee benefits expense	12	1.63	8.40
	Finance costs	13	0.56	2.88
	Depreciation and amortisation expense	14	2.93	15.10
	Other expenses	15	10.41	53.53
			15.53	79.91
V	Profit before exceptional items (III - IV)		(8.74)	(45.00)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(8.74)	(45.00)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(8.74)	(45.00)
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	1.37
			-	1.37
XI	Total Comprehensive Income (IX + X)		(8.74)	(43.63)
XII	Earnings per equity share (Face value of SGD 1/- each)			
	Basic & Diluted earnings per share (in SGD / in rupees)		(0.07)	(3.80)

Notes on Accounts

1 Property, Plant & Equipment

SGD in Mn.

Description	Office equipment	Vehicles	Furniture and fixtures	Total
	1	2	3	4
Cost of assets				
Gross carrying value as at 01-04-2019	0.02	-	-	0.02
Additions	-	0.12	0.77	0.89
Sub-total	0.02	0.12	0.77	0.91
Sales / deletion	-	-	-	-
Total	0.02	0.12	0.77	0.91
Depreciation / Amortisation				
Upto 31-03-2019	0.01	-	-	0.01
For the year	0.01	0.07	-	0.08
Sub-total	0.02	0.07	-	0.09
Withdrawn on assets sold / deleted	-	-	-	-
Total	0.02	0.07	-	0.09
Carrying value As at 31-03-2020	-	0.05	0.77	0.82

1 Property, Plant & Equipment - (Continued)

Rupees in crores

Description	Office equipment	Vehicles	Furniture and fixtures	Total
	1	2	3	4
Cost of assets				
Gross carrying value as at 01-04-2019	0.11	-	-	0.11
Additions	-	4.08	0.64	4.72
Foreign Currency translation reserve difference	-	-	-	-
Sub-total	0.11	4.08	0.64	4.83
Sales / deletion	-	-	-	-
Total	0.11	4.08	0.64	4.83
Depreciation / Amortisation				
Upto 31-03-2019	0.04	-	-	0.04
For the year	0.04	0.37	-	0.41
Foreign Currency translation reserve difference	(0.01)	0.02	-	0.01
Sub-total	0.07	0.39	-	0.46
Withdrawn on assets sold / deleted	-	-	-	-
Total	0.07	0.39	-	0.46
Carrying value As at 31-03-2020	0.04	3.69	0.64	4.37

2. RIGHT OF USE ASSET

S.No.	Particulars	Total
(a)	Opening on transition to Ind AS 116- Leasesas on 01-04-2019	-
(b)	Additions during the year	101.27
(c)	Amortisation for the year	(14.69)
(d)	Foreign exchange translation reserve adjustments	(0.45)
(e)	Deletions (Preclosures)	-
(f)	Closing net balance as on 31-03-2020	**86.13**

S.No.	Particulars	Total
(a)	Opening on transition to Ind AS 116- Leases as on 01-04-2019	-
(b)	Additions during the year	19.10
(c)	Amortisation for the year	(2.85)
(d)	Foreign exchange translation reserve adjustments	-
(e)	Deletions (Preclosures)	-
(f)	Closing net balance as on 31-03-2020	**16.25**

Notes on accounts - *(continued)*

		As at 31-03-2020	
		SGD in Mn.	Rupees in crores
3	NON-CURRENT INVESTMENTS		
	Investment in Equity instruments		
	Investment in Associates		
	53,24,187 fully paidup equity shares of PT.TVS Motor Company Indonesia (face value of IDR 97,400 each)	76.06	253.18
	2,43,243 fully paidup preference shares of Tagbox Pte Limited, Singapore (face value of S $9.25 each)	3.01	15.42
	24,827 fully paidup equity shares of Predictronics Corp, USA (face value of S $0.01 each)	4.36	22.36
	Investment in Associates		
	5,30,543 fully paidup equity shares of Altizon Inc USA (face value of USD 0.00001 each)	3.35	17.76
	21,95,999 fully paidup equity shares of Scienaptic Systems Inc (face value of USD 0.001 each)	9.40	49.83
		96.18	358.55
4	OTHER NON CURRENT ASSETS		
	Trade deposits	2.31	12.27
		2.31	12.27
5	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	46.87	248.51
		46.87	248.51
6	OTHER CURRENT ASSETS		
	Prepaid expenses	0.30	1.59
	Trade deposits	0.91	4.80
		1.21	6.39
7	EQUITY SHARE CAPITAL		
	Issued, subscribed and fully paid up:		
	118,528,579 Ordinary shares of SGD 1 each	118.53	477.79
		118.53	477.79
8	OTHER EQUITY		
	Retained earnings	(20.83)	(106.30)
	Foreign currency translation reserve	-	(5.97)
		(20.83)	(112.27)

		As at 31-03-2020	
		SGD in Mn.	Rupees in crores
9	TRADE PAYABLES		
	Current		
	Dues to Micro and Small Enterprises**	-	-
	Dues to enterprises other than Micro and Small Enterprises	1.49	7.92
		1.49	7.92

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		For the Year Ended 31-03-2020	
		SGD in Mn.	Rupees in crores
10	REVENUE FROM OPERATIONS		
	Sale of service	6.71	34.54
		6.71	34.54
11	OTHER INCOME		
	CPF credit	0.01	0.03
	Interest Income	0.07	0.34
		0.08	0.37
12	EMPLOYEE BENEFITS EXPENSE		
	Salaries, wages and bonus	1.60	8.26
	Contribution to provident and other funds	0.02	0.09
	Staff welfare expenses	0.01	0.05
		1.63	8.40
13	FINANCE COST		
	Interest on lease liabilities	0.56	2.88
		0.56	2.88
14	DEPRECIATION		
	Depreciation on property plant and equipment	0.08	0.41
	Depreciation on right of use asset	2.85	14.69
		2.93	15.10
15	OTHER EXPENSES		
	(a) Rent	0.06	0.31
	(b) Insurance	-	0.02
	(c) Rates and taxes (excluding taxes on income)	0.06	0.33
	(d) Audit fees	0.01	0.06
	(e) Repair and maintenance	3.02	15.53
	(f) Foreign exchange loss	1.58	8.14
	(g) Miscellaneous expenses	5.68	29.14
		10.41	53.53

General

TVS Motor Company (Europe) B.V. (the Company) is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd.), incorporated under the laws of The Netherlands on 21 July 2005, having its corporate seat in Amsterdam, with offices at Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

Results

As presented in the profit and loss account, the net result for 2019/2020 amounts to a profit of USD 96,590 (2018/2019: a loss of USD 89,268).

Summary of activities

The principal activities of the Company are to act as a holding and finance company.

BALANCE SHEET AS AT 31 MARCH 2020

(Before appropriation of result)

	31 March 2020		31 March 2019	
	USD	USD	USD	USD
ASSETS				
Fixed Assets				
Financial fixed assets	**3,754,748**		3,754,748	
		3,754,748		3,754,748
Current assets				
Receivables and prepayments	**11,225**		10,907	
Cash and cash equivalents	**183,076**		261,665	
		194,301		272,572
		3,949,049		4,027,320
LIABILITIES				
Equity				
Share capital	**24,683,978**		25,312,567	
Other reserves	**(20,850,178)**		(21,209,500)	
Result for the year	**96,590**		(89,268)	
		3,930,390		4,013,799
Current liabilities	**18,659**		13,521	
		18,659		13,521
		3,949,049		4,027,320

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020/2019

	2019 / 2020		2018 / 2019	
	USD	USD	USD	USD
Gross margin		179,095		(459)
Impairment of current assets and liabilities	-		3,619	
Other general expenses	82,505		85,190	
Total general expenses		82,505		88,809
		96,590		(89,268)
Result before taxation		96,590		(89,268)
Taxation result		-		-
Result after taxation		96,590		(89,268)

General notes

1. General

TVS Motor Company (Europe) B.V. (the Company) is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd.), incorporated under the laws of The Netherlands on 21 July 2005, having its corporate seat in Amsterdam, with offices at Hoogoorddreef 15,1101BA Amsterdam.

The Company is registered at the Chamber of Commerce under number 34229984.

Activities

The principal activities of the Company are to act as a holding and finance company.

Group structure

The Company is part of the TVS group. The head of this group is T V Sundram Iyengar & Sons Private Limited in Chennai, India. The financial statements of the Company are included in the consolidated financial statements of T V Sundram Iyengar & Sons Private Limited.

The Company can be qualified as a so-called 'micro-sized company' after consolidation, consolidation has been dispensed pursuant to Article 407 section 2 Title 9 Book 2 of the Dutch Civil Code.

Going concern

The accounting policies used are based on the going concern assumption. However, as a result of the worldwide outbreak of the Coronavirus, drastic measures have been taken by the Dutch government to control the spread of this virus. These measures and possible further measures are expected to have important financial consequences for companies in the Netherlands. Consequences are not clear at this time. The measures taken by the Dutch government may have an impact on the development of net turnover and thus the development of the result of the Company. This can also put pressure on the financial position (liquidity and solvency) of the Company, resulting in a possible (serious) uncertainty about the going concern assumption. The Dutch government has taken a wide range of measures to support companies and additional measures may still be taken. Due to the financial position of the Company at the balance sheet date and given the positive impact of government support measures that will limit the negative financial consequences of the Coronavirus outbreak, the board of the Company considers a sustainable continuation of the business operations not impossible. The annual accounts are therefore prepared on the assumption of continuity of the company.

Directors' report

The Company has taken advantage of Article 395a section 6, Title 9, Book 2 of the Dutch Civil Code and has not presented a directors' report.

Estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

Comparison with previous year

The principles of valuation and determination of the result remained unchanged in comparison to previous year.

Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

2. General accounting principles

Accounting policies

The financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards applicable for micro legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Based on Title 9, Book 2 of the Dutch Civil Code, the Company can be qualified as a so-called 'micro-sized company', but voluntarily discloses more information to meet the legal requirement to provide a true and fair view.

Valuation of assets and liabilities and determination of the result take place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account, if they have become known before preparation of the financial statements.

Foreign currency

Items included in the financial statements of the Company are valued with due regard for the currency in the economic environment in which the Company carries out most of its activities (the functional currency).

The financial statements are denominated in USD, this is both the functional currency and presentation currency of the Company.

Transactions, receivables and liabilities

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Group companies

Foreign group companies and associated companies outside the Netherlands qualify as carrying on business operations in a foreign country, with a functional currency different from that of the Company. For the translation of the financial statements of these business operations in a foreign country the balance sheet items are translated at the exchange rate as at balance sheet date and the profit and loss account items at the average rate. The translation differences that arise are directly deducted from or added to shareholders' equity.

3. Principles of valuation of assets and liabilities

FIXED ASSETS

Participations

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the realizable value (see also section "Impairment of non-current assets"); an impairment is recognized and charged to the profit and loss account.

Impairment of non-current assets

On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realizable value of the asset is determined. If it is not possible to determine the realizable value of the individual asset, the realizable value of the cash- generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realizable value; the realizable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognized in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

CURRENT ASSETS

Receivables

Upon initial recognition the receivables are valued at fair value and then valued at amortized cost. The fair value and amortized cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

Cash at banks

Cash at banks represents bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognized as part of debts to lending institutions under current liabilities. Cash at banks is carried at nominal value.

LIABILITIES

Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

4. Principles for the determination of the result

Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. When accounting for interest expenses, the recognized transaction expenses for loans received are taken into consideration.

Income tax

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Also changes are taken into account which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Notes to the balance sheet as at 31 March 2020

ASSETS

Financial fixed assets	31 Mar 2020
	USD
A summary of the financial fixed assets is included below:	
Subsidiaries	
PT. TVS Motor Company Indonesia	3,754,748
	3,754,748

	Place, Country	Valuation method	Share in issued capital
			%
PT. TVS Motor Company Indonesia	Kuningan, Indonesia	cost price	17.62

PT. TVS Motor Company Indonesia

Gedung Wirausaha Lt. 3, Jl. H.R. Rasuna Said Kav. C5, Kuningan - Jakarta Selatan, Indonesia (office address)

The proportional net assets value of PT. TVS Motor Company Indonesia per 31 March 2019 amounts to IDR 40,837,595,299 (USD 5,503,837).

The proportional net asset value of PT. TVS Motor Company Indonesia as at 31 March 2020 is lower than the cost price. Based on the forecast for this participation the results are expected to improve in the coming years. As a result no impairment has been made during the year.

Receivables and prepayments

	31 Mar 2020	31 Mar 2019
	USD	USD
Other receivables	11,225	10,907
	11,225	**10,907**

EQUITY

Share capital

The issued and fully paid up share capital of the Company amounts to EUR 22,530,100, divided into 225,301 ordinary shares of EUR 100.

At year-end share capital is converted into USD at spot rate 1.0956 (2018/19: 1.2350). The conversion result for the year (USD 448,590) is carried directly to other reserves.

Proposed appropriation of result for the financial year

The board of directors proposes that the result for the financial year 2019/2020 amounting to a profit of USD 96,590 should be transferred to the other reserves.

Current liabilities	31 Mar 2020	31 Mar 2019
	USD	USD
Trade payables	12,659	3,714
Other payables	6,000	6,080
	18,659	9,794

All payables will be resolved within one year.

Contingent assets and liabilities

The Company has no contingent assets and liabilities that are not already included in the annual report.

Notes to the profit and loss account for the year 2019/2020

	2019/2020	2018/2019
	USD	USD
Gross margin		
Finance income	179,095	(459)
	179,095	(459)
The Finance Income consists of:		
Interest income and similar income		
Currency exchange profit	179,095	(459)
	179,095	(459)

	2019/2020	2018/2019
	USD	USD
Impairment of current assets and liabilities		
Write-off assets	-	3,619
	-	3,619
General expenses		
Management fee	19,216	24,320
Audit	-	1,430
Tax advisory fees	3,729	14,348
Administrative fees	46,177	36,544
Legal fees	5,933	1,171
Bank charges	7,253	7,092
Salary administration fees	197	285
	82,505	85,190

Average number of employees

The Company had no employees during the year under review (2018/2019: none).

Notes to the profit and loss account for the year 2019/2020

Events after balance sheet date

At the time of preparation of the annual accounts, the Coronavirus (COVID-19) prevails in the Netherlands and its neighbouring countries, as well as in several parts of the world. Government measures are now being taken and it is likely that additional government measures will be taken to minimize the effects of this virus as much as possible. We cannot exclude that the economic impact of the Coronavirus, partly influenced by the aforementioned government measures, will lead to serious impediments of the company's business operations for some time, which could (seriously) endanger the company's financial position. At the same time, the government offers various facilities to help healthy companies survive the crisis as much as possible, offering a reasonable expectation that healthy companies in principle will be helped. For this reason, the principles of valuation and determination of result used in the financial statements are based on the assumption of continuity.

No other major activities have occurred after balance sheet date that could have a material effect on the annual accounts.

Amsterdam, 18 May 2020

R.C. Elshout
Director

H. Lakshmanan
Director

P.J. Stegeman
Director

V.N. Venkatanathan
Director

IQ EQ Management (Netherlands) B.V.
Director

RE-STATED ACCOUNTS OF
TVS MOTOR COMPANY (EUROPE) B.V.

BALANCE SHEET AS AT 31ST MARCH 2020

	Notes	USD in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Non-current investments	1	-	-
		-	-
Current assets			
Financial assets			
Cash and cash equivalents	2	0.18	1.39
Other current assets	3	0.01	0.08
		0.19	1.47
Total Assets		0.19	1.47
EQUITY AND LIABILITIES			
Equity			
Equity share capital	4	31.06	126.52
Other equity	5	(30.89)	(125.20)
		0.17	1.32
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	6		
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues of other than (a) above		0.02	0.15
		0.02	0.15
Total equity and liabilities		0.19	1.47

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

		Notes	USD in Mn.	Rupees in crores
I	Revenue from operations		-	-
II	Other income		0.18	1.27
III	Total Income (I +II)		0.18	1.27
IV	Expenses:			
	Other expenses	7	0.08	0.59
			0.08	0.59
V	Profit before exceptional items (III - IV)		0.10	0.68
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		0.10	0.68
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		0.10	0.68
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	(1.15)
			-	(1.15)
XI	Total Comprehensive Income (IX + X)		0.10	(0.47)
XII	Earnings per equity share (Face value of EUR 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		0.44	30.18

Notes on Accounts

		USD in Mn. As at 31-03-2020	Rupees in crores As at 31-03-2020
1	NON-CURRENT INVESTMENTS		
	Investment in Equity instruments		
	28,70,000 fully paidup equity shares of PT.TVS Motor Company Indonesia (face value of IDR 97,400 each)	-	-
		-	-
2	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	0.18	1.39
		0.18	1.39
3	OTHER CURRENT ASSETS		
	Prepaid expenses	0.01	0.08
		0.01	0.08
4	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	500,000 Ordinary shares of EURO 100/- each	66.78	311.64
	Issued, subscribed and fully paid up:		
	225,301 Ordinary shares of Euro 100/- each	31.06	126.52
		31.06	126.52

		USD in Mn. As at 31-03-2020	Rupees in crores As at 31-03-2020
5	OTHER EQUITY		
	Retained earnings	(30.89)	(136.94)
	Foreign currency translation reserve	-	11.74
		(30.89)	(125.20)
6	TRADE PAYABLES		
	Current		
	Dues to Micro and Small Enterprises**	-	-
	Dues to enterprises other than Micro and Small Enterprises	0.02	0.15
		0.02	0.15

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		For the Year Ended 31-03-2020	For the Year Ended 31-03-2020
7	OTHER EXPENSES		
	Miscellaneous expenses	0.08	0.59
		0.08	0.59

Independent Auditors' Report

No. 0326/2.1265/AU.1/04/0556-1/1/V/2020

The Stockholders, Board of Commissioners and Director
PT. TVS Motor Company Indonesia

We have audited the accompanying financial statements of PT. TVS Motor Company Indonesia, which comprise the statement of financial position as of March 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT. TVS Motor Company Indonesia as of March 31, 2020, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other Matter

The financial statements of PT TVS Motor Company Indonesia as of March 31, 2019 and for the year then ended were previously audited by other independent auditors who expressed an unmodified opinion on those statements on April 22, 2019.

IMELDA & REKAN
Alvin Ismanto
License of Public Accountant No. AP. 0556

May 21, 2020

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	Notes	March 31, 2020	March 31, 2019
		Rp	Rp
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	5	70,361,133,361	58,118,052,945
Trade accounts receivable	6		
Related parties	25	8,081,135,736	6,276,371,752
Third parties - net		368,979,385,172	231,339,003,272
Other accounts receivable from related party	7,25	21,999,044,331	10,587,427,232
Inventories - net	8	212,210,692,696	150,505,763,567
Prepaid taxes - current	9	66,597,233,207	1,557,925,998
Advances to suppliers	10	9,404,811,110	5,453,851,024
Other current assets		7,341,035,529	9,380,018,376
Total Current Assets		764,974,471,142	473,218,414,166
NONCURRENT ASSETS			
Trade accounts receivable from third party	6	28,706,677,314	-
Prepaid taxes - noncurrent	9	-	39,678,786,287
Deferred tax assets - net	24	21,496,290,559	31,762,069,050
Property, plant,and equipment - net	11	424,348,063,554	435,123,012,797
Security deposits		1,077,652,187	1,074,954,253
Other noncurrent assets		1,780,569,498	1,780,569,498
Total Noncurrent Assets		477,409,253,112	509,419,391,885
TOTAL ASSETS		1,242,383,724,254	982,637,806,051

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020 *(Continued)*

	Notes	March 31, 2020 Rp	March 31, 2019 Rp
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank loans	12	498,483,813,857	383,710,003,393
Trade accounts payable	13		
Related party	25	326,674,494,272	167,742,101,496
Third parties		41,098,306,254	37,137,979,859
Other accounts payable	14		
Related party	25	556,870,808	8,180,247,012
Third parties		7,761,157,968	7,473,925,556
Taxes payable	15	941,959,157	469,897,495
Accrued expenses	16	28,347,696,969	31,659,222,368
Deposit from customers		1,389,875,630	1,234,415,184
Advance from customer		1,069,839,102	-
Total Current Liabilities		906,324,014,017	637,607,792,363
NONCURRENT LIABILITY			
Post-employment benefits obligation	17	18,653,913,000	17,882,492,000
Total Liabilities		924,977,927,017	655,490,284,363
EQUITY			
Capital stock - Rp 97,400 (US$ 10)			
par value per share			
Authorized - 17,500,000 shares			
Subscribed and paid-up - 16,291,187 ordinary shares at March 31, 2020 and			
15,691,187 ordinary shares at March 31, 2019	18	1,586,761,613,800	1,528,321,613,800
Foreign exchange rate difference on			
paid-in capital	19	191,710,517,840	165,802,517,840
Revaluation surplus	20	276,495,214,244	278,749,714,924
Other comprehensive income		8,811,092,100	7,775,122,500
Deficit		(1,746,372,640,747)	(1,653,501,447,376)
Total Equity		317,405,797,237	327,147,521,688
TOTAL LIABILITIES AND EQUITY		1,242,383,724,254	982,637,806,051

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2020

	Notes	2020	2019
		Rp	Rp
NET SALES	21,25	710,809,864,682	489,141,779,678
COST OF GOODS SOLD	22,25	(652,892,195,911)	(475,311,611,120)
GROSS PROFIT		57,917,668,771	13,830,168,558
Marketing	23	(8,924,985,782)	(15,615,789,473)
General and administrative	23,25	(62,906,356,700)	(55,065,930,107)
Finance cost		(33,128,916,367)	(26,180,243,211)
Loss on foreign exchange - net		(47,367,084,242)	(13,511,216,599)
Interest income		341,592,533	375,070,275
Loss on sale and diposal of property, plant and equipment	11	(4,783,678)	-
Others - net		11,676,098,185	1,790,133,253
LOSS BEFORE TAX		(82,396,767,280)	(94,377,807,304)
INCOME TAX (EXPENSE) BENEFIT	24	(10,474,426,091)	3,456,286,138
LOSS FOR THE YEAR		(92,871,193,371)	(90,921,521,166)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation (deficit) surplus	20	(2,254,500,680)	10,497,841,360
Remeasurement of defined benefits obligation	17	1,294,962,000	2,239,677,000
Related tax expense	24	(258,992,400)	(559,919,250)
Total Other Comprehensive Income (Loss), net of tax		(1,218,531,080)	12,177,599,110
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(94,089,724,451)	(78,743,922,056)

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

				Other comprehensive income			
	Notes	Capital stock	Foreign exchange rate difference on paid-in capital	Revaluation surplus	Remeasurement of defined benefits obligation	Deficit	Total equity
		Rp	Rp	Rp	Rp	Rp	Rp
Balance as of April 1, 2018		1,460,141,613,800	134,628,517,840	268,251,873,564	6,095,364,750	(1,562,579,926,210)	306,537,443,744
Issuance of shares	18,19	68,180,000,000	31,174,000,000	-	-	-	99,354,000,000
Other comprehensive income Revaluation surplus	20	-	-	10,497,841,360	-	-	10,497,841,360
Remeasurement on defined benefits obligation, net of tax		-	-	-	1,679,757,750	-	1,679,757,750
Loss for the year		-	-	-	-	(90,921,521,166)	(90,921,521,166)
Balance as of March 31, 2019		1,528,321,613,800	165,802,517,840	278,749,714,924	7,775,122,500	(1,653,501,447,376)	327,147,521,688
Issuance of shares	18,19	58,440,000,000	25,908,000,000	-	-	-	84,348,000,000
Other comprehensive loss							
Revaluation deficit	20	-	-	(2,254,500,680)	-	-	(2,254,500,680)
Remeasurement on defined benefits obligation, net of tax		-	-	-	1,035,969,600	-	1,035,969,600
Loss for the year		-	-	-	-	(92,871,193,371)	(92,871,193,371)
Balance as of March 31, 2020		1,586,761,613,800	191,710,517,840	276,495,214,244	8,811,092,100	(1,746,372,640,747)	317,405,797,237

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
	Rp	Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax per statement of profit or loss and other comprehensive income	(82,396,767,280)	(94,377,807,304)
Adjustments for:		
Interest and finance charges	31,993,745,360	26,068,873,602
Depreciation of property, plant and equipment	13,163,861,996	12,522,250,215
Loss on sale and diposal of property, plant and equipment	4,783,678	-
Provision for employee benefits expense	2,659,674,000	4,037,887,000
Provision of allowance for inventory obsolescence	3,619,502,452	1,202,882,038
Provision for allowance for impairment losses	6,235,139,425	189,112,608
Interest income	(341,592,533)	(375,070,275)
Net unrealized loss on foreign exchange	55,721,966,638	10,822,544,848
Operating cash flows before changes in working capital	30,660,313,737	(39,909,327,268)
Changes in working capital:		
Trade accounts receivable	(128,875,599,195)	(94,296,143,956)
Other accounts receivable	(11,411,617,099)	(10,587,427,232)
Inventories	(65,324,431,581)	(33,315,519,293)
Prepaid taxes	(63,695,775,549)	(38,164,116,397)
Advances to suppliers	(3,950,960,086)	6,536,042,929
Other current assets	2,038,982,847	(5,792,695,643)
Trade accounts payable	119,999,784,367	102,624,211,462
Other accounts payable	(7,452,261,034)	7,015,748,685
Taxes payable	472,061,662	(168,039,927)
Accrued expenses	(3,811,024,472)	7,883,496,521
Deposit from customers	155,460,446	(176,545,629)
Advance from customer	1,069,839,102	-
Net cash used in operations	(130,125,226,856)	(98,350,315,748)
Income tax paid	(864,363,000)	(518,102,000)
Employee benefits paid	(593,291,000)	(680,886,000)
Proceeds from tax refund	38,731,977,627	56,662,411,375
Net Cash Used in Operating Activities	(92,850,903,229)	(42,886,892,373)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in security deposits	14,098,210	(217,032,240)
Interest received	341,592,533	375,070,275
Acquisitions of property, plant and equipment	(4,653,537,111)	(5,404,956,465)
Proceeds from sale of property, plant and equipment	5,340,000	-
Net Cash Used in Investing Activities	(4,292,506,368)	(5,246,918,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock issuance	84,348,000,000	99,354,000,000
Proceeds from bank loans	803,475,051,064	168,109,859,841
Payments of bank loans	(754,905,343,150)	(170,825,798,386)
Interest and finance charges paid	(31,993,745,360)	(26,068,873,602)
Net Cash Provided by Financing Activities	100,923,962,554	70,569,187,853
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,780,552,957	22,435,377,050
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	58,118,052,945	33,862,137,727
Effect of foreign exchange rate changes	8,462,527,459	1,820,538,168
CASH AND CASH EQUIVALENTS AT END OF YEAR	70,361,133,361	58,118,052,945

See accompanying notes to financial statements which are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended

1. GENERAL

PT. TVS Motor Company Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 year 1967 as amended by Law No. 11 year 1970 based on notarial deed No. 21 dated August 8, 2005 of Siti Rayhana, S.H., substitute of Bandoro Raden Ayu Mahyastoeti Notonagoro, S.H., notary in Jakarta. The Deed of Establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. C-24361 HT.01.01.TH.2005 dated September 5, 2005. The Company's Articles of Association have been amended several times, most recently by notarial deed No. 04 dated February 17, 2020 of Susana Tanu, S.H., notary in Jakarta, regarding the issuance of shares and increase in the Company's subscribed and paid-up capital which was acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-AH.01.03-0095740 dated February 19, 2020.

In accordance with article 3 of the Company's Articles of Association, the scope of its activities include production of motorcycles, motorcycle component parts and accessories, three wheelers and its components. The Company started commercial operations on April 29, 2007.

The Company is domiciled in Jakarta and its head office is located at Wirausaha Building, 3rd Floor, Jl. HR. Rasuna Said, Kav. C5 Kuningan, Jakarta. As of March 31, 2020, the Company has 445 employees (2019: 435 employees).

The Company's management consists of the following:

	March 31, 2020	March 31, 2019
President Commissioner	Kunnath Narayanan Radhakrishnan	Kunnath Narayanan Radhakrishnan
Commisioners	Ramgopal Dilip	Rangaswami Ramakrishnan
	Ramaswami Anandakrishnan	Ramaswami Anandakrishnan
President Director	Venkataraman Thiyagarajan	Venkataraman Thiyagarajan

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

a. Standards, Amendments/Improvements and Interpretation to Standards Effective in the current year

In the current year, the Company has applied a number of amendments of PSAK that are relevant to its operations and effective for accounting period beginning on January 1, 2019.

- PSAK 24 (amendment), Plan Amendment, Curtailment or Settlement
- PSAK 46 (improvement), Income Tax

b. Standards, amendments/improvements and interpretations to standards issued not yet adopted

Amendments/improvements and interpretations to standards effective for periods beginning on or after January 1, 2020, with early application permitted are as follows

- PSAK 71, Financial Instruments
- PSAK 71, (amendment), Financial Instruments:Prepayment Features with Negative Compensation
- PSAK 72, Revenue from Contracts with Customers
- PSAK 73, Leases
- PSAK 1, (amendment) Presentation of Financial Statements: Definition of Material and PSAK 25, (amendment) Accounting Policies, Changes in Accounting Estimates, and Errors: Definition of Material
- PSAK 1, (amendment) Presentation of Financial Statements: Titles of Financial Statements
- PSAK 1, (Annual improvements 2019) Presentation of Financial Statements

Standards and amendments to standards effective for periods beginning on or after January 1, 2021, with early application permitted are as follows:

- PSAK 112, Accounting for Endowments
- PSAK 22, (amendment) Business Combination: Definition of a Business

As of the issuance date of the financial statements, the effects of adopting these standards, amendments and interpretations on the financial statements is not known nor reasonably estimable by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Preparation

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

c. Financial Instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

Financial assets

The Company's financial assets are classified as loans and receivables.

Cash in banks, trade accounts receivable, other accounts receivable, other current assets and security deposits are subsequently measured at amortized cost using the effective interest method less impairment losses. Interest is recognized by applying the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Company's financial liabilities are classified as at amortized cost.

Trade accounts payable and accrued expenses are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Interest-bearing bank loan is initially measured at fair value and subsequently measured at amortized cost,using the effective interest method. Interest expense calculated using the effective interest method is recognized over the term of the borrowing in accordance with the Company's accounting policy for borrowing costs (Note 3j).

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

d. Cash on Hand and in Banks

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand and in banks with maturities of three months or less from the date of placement.

e. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Cost is determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

f. Property, Plant and Equipment

Property, plant and equipment held for use in the production or supply of goods or services or for administrative purposes, are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is recognized so as to write off the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings	20
Machinery and tools	4 - 10
Office equipment and furnitures	4
Vehicles	5

Moulds and dies are depreciated based on units of production of 125,000 - 150,000 units in 2020 and 2019.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Land stated in the statement of financial position at its revalued amount, being the fair value at the date of the revaluation. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting date.

Any revaluation increase arising on the revaluation of land is credited in other comprehensive income and accumulated in equity and presented as revaluation surplus, under other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit of loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation land is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

The cost of maintenance and repairs is charged to operations as incurred.Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is reflected in the current operations.

An items of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

g. Impairment of Assets

Assets of the Company are subject to impairment requirements as stated below.

Loans and receivables

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of loans and receivables are reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

h. Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

i. After Sales Warranty

The Company makes a provision to cover possible cost on after sales warranty granted to customers. Such provision is recognized based on certain percentage of sales

j. Revenue and Expense Recognition

Sale of goods

Revenue from the sale of goods is recognized upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognized to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest Income

Interest income from a financial asset is recognized when is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Expenses

Expenses are recognized when incurred.

k. Employee Benefits

The Company provides post-employment benefits as required under Labor Law No. 13/2003 (the "Labor Law").

Defined benefit plan

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement comprising actuarial gains and losses are recognized immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in "retained earnings" and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs, or when the Company recognizes related restructuring costs or termination benefits, if earlier. Curtailment gains and losses are accounted for as past service costs. Interest is calculated by applying a discount rate at the beginning of the period to the defined benefit liability. Defined benefit costs are divided into three categories:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Interest expense; and
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss.

l. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities [appropriate for Group financial statements, delete when not relevant] when there is an intention to settle its current tax assets and current tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

m. Foreign Currency Transactions and Translation

The financial statements of the Company are presented in Indonesia Rupiah, which is the functional currency and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period.

n. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

a. A person or a close member of that person's family is related to the reporting entity if that person:
   - i. has control or joint control over the reporting entity;
   - ii. has significant influence over the reporting entity; or
   - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following conditions applies:
   - i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   - iii. Both entities are joint ventures of the same third party.
   - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   - vi. The entity is controlled or jointly controlled by a person identified in (a).
   - vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).
   - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Significant transactions with related parties are disclosed in the financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company accounting policies, which are described in Note 3, the director is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the financial statements, apart from those involving estimates, which are dealt with below.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Impairment Loss on Loans and Receivables

The Company assesses their loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is an objective evidence that loss event has occurred. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss. The carrying amount of loans and receivables are disclosed in Notes 5, 6 and 7.

- Allowance for Decline in Value of Inventories

The Company provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Company's operations. The carrying amount of inventories is disclosed in Note 8.

- Income Taxes and Realization of Deferred Tax Assets

The Company is exposed to assessments on its income taxes and significant judgment is involved in determining the provision for income taxes. In certain circumstances, the Company may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognizes deferred tax assets on deductible temporary differences and fiscal loss carry forwards to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences and fiscal loss can be utilized. In assessing whether deferred tax assets should be recognized, management makes judgement as to the assumptions used in estimating future taxable income. Any significant changes in the assumptions may materially affect the amount of deferred tax assets and ultimately will have an impact on its results of operations.

The carrying amounts of the prepaid taxes, taxes payable and deferred tax assets (net of deferred tax liabilities) at the end of the reporting period are discussed in Notes 9, 15 and 24.

- Fair Value of Land

Effective April 1, 2013, the Company's land is measured at fair value. In estimating the fair value of land, management engages third party qualified appraisal to perform the valuation. Management works closely with the qualified external appraisal to establish the appropriate valuation techniques and inputs. Any changes in the inputs and valuation techniques may have a material effect in the financial statements.

As of March 31, 2020, the carrying value of land amounted to Rp304,162,000,000 (2019: Rp 306,416,500,680 (Note 11).

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended *(Continued)*

5. CASH ON HAND AND IN BANKS

	March 31, 2020	March 31,2019
	Rp	Rp
Cash on hand	150,655,568	92,086,366
Cash in banks		
Rupiah		
PT. Bank DBS Indonesia	2,544,081,294	2,550,240,850
PT. Bank Mandiri (Persero) Tbk	1,123,647,278	1,051,604,506
PT. Bank Danamon Indonesia Tbk	1,008,480,772	1,154,056,988
PT. Bank SBI Indonesia	311,514,733	40,914,829
Standard Chartered Bank Indonesia	54,988,000	-
PT. Bank Ina Perdana Tbk	42,984,653	90,324,046
Bank UOB Buana	-	-
Sub total	5,085,696,730	4,887,141,219
US Dollar		
PT. Bank DBS Indonesia	47,985,047,693	6,445,232,805
Deutsche Bank AG, Jakarta branch	16,773,680,178	17,934,545,619
PT. Bank Mandiri (Persero) Tbk	186,029,613	100,636,281
Standard Chartered Bank Indonesia	180,023,579	-
PT. Bank SBI Indonesia	-	28,658,410,655
Sub total	65,124,781,063	53,138,825,360
Total	70,361,133,361	58,118,052,945

6. TRADE ACCOUNTS RECEIVABLE

	March 31, 2020	March 31, 2019
	Rp	Rp
a. By debtor		
Related parties (Note 25) -		
TVS Auto Bangladesh Ltd.	7,147,667,104	6,005,432,782
TVS Motor Company Limited, India	933,468,632	270,938,970
Sub total	8,081,135,736	6,276,371,752
Third partiesTVS Global Automobile Traders FZCO	225,451,433,743	93,798,260,547
Agrocorp International Pte., Ltd.	62,755,565,013	40,913,251,441
PT. Gamma Sakti Indonesia	53,094,542,149	54,919,399,759
Kosambh Multitred Pvt., Ltd.	35,659,055,411	18,568,398,491
Stargold Motorcycle Corporation	11,097,480,680	12,976,786,101
Good Brothers' Company Limited	4,523,314,729	-
PT. Utama Sulawesi Makmur	4,141,800,286	5,217,604,185
Wandel International Nigeria Limited	3,309,898,410	-
PT. Motormart Multi Artha	467,785,429	1,185,950,524
Manalebish Bekele Importer	-	1,794,957,660
Others (below Rp 1,000,000,000 each)	2,887,547,106	2,643,524,301
Sub total	403,388,422,956	232,018,133,009
Allowance for impairment losses	(5,702,360,470)	(679,129,737)
Sub total	397,686,062,486	231,339,003,272
Net	405,767,198,222	237,615,375,024
Less: non current portion	28,706,677,314	-
Total current portion	377,060,520,908	237,615,375,024
b. By age category		
Not yet due	232,391,858,005	155,172,754,394
Past due		
1 - 30 days	33,851,171,718	25,067,225,516
31 - 60 days	28,533,916,279	1,768,872,517
61 - 90 days	35,343,092,189	1,151,583,430
91 - 120 days	11,641,613,713	8,970,259,800
121 - 180 days	12,852,817,264	15,737,253,385
181 - 360 days	17,052,715,212	28,213,094,359
Over 360 days	39,802,374,312	2,213,461,360
Subtotal	411,469,558,692	238,294,504,761
Allowance for impairment losses	(5,702,360,470)	(679,129,737)
Total	405,767,198,222	237,615,375,024

6. TRADE ACCOUNTS RECEIVABLE

	March 31, 2020	March 31, 2019
	Rp	Rp
c. By currency		
US Dollar	350,883,884,952	174,395,024,783
Rupiah	60,585,673,740	63,899,479,978
Subtotal	411,469,558,692	238,294,504,761
Allowance for impairment losses	(5,702,360,470)	(679,129,737)
Total	405,767,198,222	237,615,375,024

The changes in allowance for impairment losses are as follows:

	March 31, 2020	March 31, 2019
	Rp	Rp
Balance at beginning of year	679,129,737	490,017,129
Provision during the year (Note 23)	6,235,139,425	189,112,608
Write off during the year	(1,211,908,692)	-
Balance at the end of the year	5,702,360,470	679,129,737

The strategic focus of the Company in building up its business through aggressive approach in export of two wheelers in ASEAN and African market and three wheelers to ASEAN market as well as sales within Indonesia, has led to the increase in receivables which the management is fully aware and conscious of. The management views this phenomenon as part of its growth strategy and is optimistic of overcoming this condition in the next fiscal year.

Included in the Company's trade accounts receivable are past due but not impaired receivables with carrying amounts of Rp 173,375,340,217 as of March 31, 2020 (2019: Rp 82,442,620,630).

Allowance for impairment losses are recognized against trade accounts receivable that are current and past due based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

As of March 31, 2020, an allowance for impairment losses of Rp 5,702,360,470 (2019: Rp 679,129,737) was provided. Management believes that the allowance for impairment losses on trade accounts receivable from third parties is adequate to cover possible losses on uncollectible accounts.

Trade accounts receivable are used as collateral for bank loans (Note 12)

7. OTHER ACCOUNTS RECEIVABLE FROM RELATED PARTY

Other accounts receivable from related party represents service fees and claim for reimbursements in 2020 and 2019 from TVS Motor Company Limited, India (Note 25).

8. INVENTORIES

	March 31, 2020	March 31, 2019
	Rp	Rp
Finished goods	47,266,553,922	17,560,566,935
Materials, components and spare parts	169,285,738,600	134,351,654,213
Others	484,512,120	313,091,719
Total	217,036,804,642	152,225,312,867
Allowance for inventory obsolescence	(4,826,111,946)	(1,719,549,300)
Net	212,210,692,696	150,505,763,567

The change in allowance for inventory obsolescence is as follows:

	March 31, 2020	March 31, 2019
	Rp	Rp
Balance at beginning of year	1,719,549,300	1,181,519,438
Provision during the year	3,619,502,452	1,202,882,038
Write-off during the year	(512,939,806)	(664,852,176)
Balance at end of year	4,826,111,946	1,719,549,300

Management believes that allowance for inventory obsolescence is adequate.

All inventories are insured with total coverage of US$ 12,000,000 and Rp 8,000,000,000 as of March 31, 2020 (2019: US$ 10,000,000 and Rp 7,500,000,000) to PT. Asuransi Multi Artha Guna Tbk for both years.

Inventories are used as collateral for bank loans (Note 12).

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended*(Continued)*

9. PREPAID TAXES

	March 31, 2020	March 31, 2019
	Rp	Rp
Income tax (Note 24)	1,954,648,998	1,557,925,998
Value added tax (VAT)		
2020	64,398,202,265	-
2019	12,743,220	38,980,455,707
2018	231,638,724	290,639,299
2008	-	407,691,281
Total	66,597,233,207	41,236,712,285
Claims for VAT refund - noncurrent portion	-	(39,678,786,287)
Current portion	66,597,233,207	1,557,925,998

VAT – 2008

In August 2018, based on the Tax Decision letter, the Company received Rp 1,878,034,793 out of its total claim of Rp 2,481,263,587, related with the tax claim for year 2008. The difference of Rp 195,537,513 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income. The remaining amount of Rp 407,691,281 will be appealed by the Company.

In March 2020, the Company recorded Rp 407,691,281 as tax expense under others-net in the statement of profit or loss and other comprehensive income, related with the tax claim for year 2008.

VAT – 2018

In November 2018, the Company received Rp 34,841,492,200 out of its total claim of Rp 35,386,935,603. The difference of Rp 254,804,104 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income. The remaining amount of Rp 290,639,299 will be appealed by the Company.

In March 2020, the Company recorded Rp 59,000,575 as tax expense under others-net in the statement of profit or loss and other comprehensive income, related with the tax claim for year 2018.

VAT – 2019

In 2020, the Company received Rp 38,731,977,627 out of its total claim of Rp 38,980,455,707. The difference of Rp 235,734,860 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income. The remaining amount of Rp 12,743,220 have been received fully on April 2020.

VAT – 2020

In March 2020, the Company can either apply for VAT refund or can be compensated for future period amounting to Rp 64,398,202,265.

Management believes that the above claims are recoverable.

10. ADVANCES TO SUPPLIERS

This account represents advances made by the Company to its suppliers for the purchase of raw materials, tools and other components.

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended *(Continued)*

11. PROPERTY, PLANT AND EQUIPMENT

	April 1, 2019	Additions	Deductions	Revaluation	March 31, 2020
	Rp	Rp	Rp	Rp	Rp
Revalued amount:					
Land	306,416,500,680	-	-	(2,254,500,680)	304,162,000,000
Cost:					
Buildings	87,392,480,993	647,800,003	-	-	88,040,280,996
Machinery and tools	109,120,964,992	2,506,226,790	518,394,798	-	111,108,796,984
Moulds and dies	100,261,562,084	981,834,619	-	-	101,243,396,703
Office equipment and furnitures	10,325,066,721	458,736,699	134,508,110	-	10,649,295,310
Vehicles	1,219,363,584	-	-	-	1,219,363,584
Construction in Progress					
Machinery and tools	-	58,939,000	-	-	58,939,000
Total	614,735,939,054	4,653,537,111	652,902,908	(2,254,500,680)	616,482,072,577
Accumulated depreciation:					
Buildings	47,372,972,350	4,365,482,127	-	-	51,738,454,477
Machinery and tools	93,791,132,602	2,886,658,903	508,271,120	-	96,169,520,385
Moulds and dies	28,361,716,713	5,358,221,033	-	-	33,719,937,746
Office equipment and furnitures	9,360,791,846	433,852,493	134,508,110	-	9,660,136,229
Vehicles	726,312,746	119,647,440	-	-	845,960,186
Total	179,612,926,257	13,163,861,996	642,779,230	-	192,134,009,023
Net Book Value	435,123,012,797				424,348,063,554

	April 1, 2018	Additions	Deductions	Revaluation	March 31, 2019
	Rp	Rp	Rp	Rp	Rp
Revalued amount:					
Land	295,918,659,320	-	-	10,497,841,360	306,416,500,680
Cost:					
Buildings	86,810,459,998	582,020,995	-	-	87,392,480,993
Machinery and tools	108,110,528,065	1,024,231,927	13,795,000	-	109,120,964,992
Moulds and dies	96,976,199,299	3,285,362,785	-	-	100,261,562,084
Office equipment and furnitures	9,811,725,963	513,340,758	-	-	10,325,066,721
Vehicles	1,219,363,584	-	-	-	1,219,363,584
Total	598,846,936,229	5,404,956,465	13,795,000	10,497,841,360	614,735,939,054
Accumulated depreciation:					
Buildings	43,026,472,704	4,346,499,646	-	-	47,372,972,350
Machinery and tools	90,953,605,336	2,851,322,266	13,795,000	-	93,791,132,602
Moulds and dies	23,610,050,723	4,751,665,990	-	-	28,361,716,713
Office equipment and furnitures	8,907,676,973	453,114,873	-	-	9,360,791,846
Vehicles	606,665,306	119,647,440	-	-	726,312,746
Total	167,104,471,042	12,522,250,215	13,795,000	-	179,612,926,257
Net Book Value	431,742,465,187				435,123,012,797

Depreciation expense was allocated to the following :

	2020	2019
	Rp	Rp
Manufacturing cost	12,597,856,837	11,949,487,902
General and administrative expenses (Note 23)	566,005,159	572,762,313
Total	13,163,861,996	12,522,250,215

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended *(Continued)*

The Company owns a piece of land located in Karawang, Ciampel – Kutanegara, Jawa Barat with a total area of 126,541 square meters as of March 31, 2020 and 2019, with Building Use Rights (HGB) expiring on November 11, 2028. Management believes that there will be no difficulty in the extension of the landrights since the land were acquired legally and supported by sufficient evidence of ownership.

The fair value of land was obtained from independent sources and was determined based on market approach that considers current market value from identical or comparable assets transaction and is classified as level two. Level two fair value measurements are those derived from inputs that are observable for the asset either directly or indirectly.

Property, plant and equipment except land were insured with PT. Asuransi Multi Artha Guna Tbk., PT Asuransi Harta Aman Pratama Tbk., and PT. Asuransi FPG Indonesia, against earthquake, fire, lightning, explosion and other possible risks for US$ 31,500,000 as of March 31, 2020 (2019: US$ 44,293,650). Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Sales of property, plant and equipment are as follows:

	2020
	Rp
Net book value	10,123,678
Proceeds from sales of property, plant and equipment	5,340,000
Loss on sale and disposal	4,783,678

12. BANK LOANS

	March 31, 2020	March 31, 2019
	Rp	Rp
Rupiah		
PT. Bank DBS Indonesia	15,837,290,579	23,787,588,384
US Dollar		
PT. Bank SBI Indonesia (US$ 12,191,904 in 2020 and US$ 11,400,000 in 2019)	199,545,010,595	162,381,600,000
Deutsche Bank AG, Jakarta Branch (US$ 3,000,000 in 2020)	49,101,030,000	-
Deutsche Bank AG, Singapore branch (US$ 12,000,064 in 2020 and US$ 11,666,725 in 2019)	196,405,167,489	166,180,830,330
PT. Bank DBS Indonesia (US$ 2,297,019 in 2020 and US$ 2,119,849 in 2019)	37,595,315,194	30,195,124,171
Chinese Yuan		
PT. Bank DBS Indonesia (CNH 551,022 in 2019)	-	1,164,860,508
Subtotal	498,483,813,857	383,710,003,393

	March 31, 2020	March 31, 2019
	Rp	Rp
The bank loans are repayable as follows:		
Due in the year		
2019	-	383,710,003,393
2020	498,483,813,857	-
Total	498,483,813,857	383,710,003,393
Accrued interest (Note 16)	3,490,068,349	2,354,897,340
Total	501,973,882,206	386,064,900,733

PT. Bank DBS Indonesia

In May 2013, the Company obtained the following loan facilities from PT. Bank DBS Indonesia:

- Trade finance facility for accounts payable financing with a maximum limit of US$ 5,000,000 which also can be drawn in Indonesian Rupiah.
- Overdraft working capital facility with a maximum credit of Rp 15,000,000,000.

The trade finance facility and overdraft working capital facility were extended several times, most recently in September 2019 and will mature in August 2020. The outstanding balances are as follows:

	March 31, 2020	March 31, 2019
	Rp	Rp
Trade finance facility		
Rupiah	13,477,541,905	13,748,081,406
US Dollar (US$ 2,297,019 in 2020 and US$ 2,119,849 in 2019)	37,595,315,194	30,195,124,171
Chinese Yuan (CNH 551,022 in 2019)	-	1,164,860,508
Subtotal	51,072,857,099	45,108,066,085
Overdraft working capital facility		
Rupiah	2,359,748,674	10,039,506,978
Total	53,432,605,773	55,147,573,063

In 2020, interest rate per annum is at 7.30% (2019: 7.40%) for US Dollar denominated loans and at 13% (2019: 13.50%) for IDR denominated loans.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 5,793,093,805 in 2020 (2019: Rp 6,676,517,682).

The above loan facilities with DBS Indonesia contains certain covenant such as maintaining an adequate ratio of collateral to capital not exceeding 120% and maintaining gearing ratio not to exceed more than 6 times, computed based on the financial statements. The loan facilities require the Company to maintain certain positive covenants. As of March 31, 2020 and 2019, the Company is compliant to the loan covenants.

PT. Bank SBI Indonesia

In 2019, the Company renewed the revolving credit facility from PT. Bank SBI Indonesia with a maximum credit limit of US$ 12,350,000, which is a combination of demand loan, foreign exchange facility and LC facility which is due within twelve months since the signing of the credit agreement. The facilities are secured by a Standby Letter of Credit (SBLC) issued by the State Bank of India, CAG, Chennai – India amounting to US$ 13,000,000. The loan bears an interest rate of 7.50% per annum.

In 2020, the Company renewed the revolving credit facility from PT. Bank SBI Indonesia with a maximum credit limit of US$ 13,350,000, which is a combination of demand loan, foreign exchange facility and LC facility which is due within twelve months since the signing of the credit agreement. The facilities are secured by a Standby Letter of Credit (SBLC) issued by the State Bank of India, CAG, Chennai – India amounting to US$ 13,000,000. The loan bears an interest rate of 7.50% per annum.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 10,278,436,854 in 2020 (2019: Rp 13,570,898,957).

The above loan facilities with Bank SBI Indonesia contains certain covenant which, among other, submits a quarterly financial report, with submission no later than 30 days from the reporting date and annual financial statement, with submission no later than 90 days from reporting date.

Deutsche Bank AG, Singapore branch

In July 2017, the Company signed an amendment and restatement deed relating to the pre-shipment facility agreement dated September 23, 2016 with Deutsche Bank AG, Singapore branch where the Company was provided with a usance letter of credit facility to the extent of US$ 5,000,000 in favour of TVS Company Motor Limited, India towards supply of materials. This facility has been utilised by the Company and the letter of credit was issued in July 2017. This additional facility of US$ 5,000,000 has to be liquidated in three equal installments at end of the 12th month, 18th month and 24th month. The loan is based on “Advance Payment and Supply Agreement” between the Company and TVS Motor Company Limited India and is secured over a lien on the collection account with Deutsche Bank AG, Jakarta branch. The outstanding balance as of March 31, 2019 is US$ 1,666,725. This facility has been paid in July 2019.

In March 2019, the Company obtained a working capital loan facility of US$ 15,000,000 from Deutsche Bank AG, Singapore branch. The loan bears an interest rate of three months LIBOR + 4.45%. The Company drew the first tranche of US$ 10,000,000 in March 2019 and several tranches of US$ 2,000,064 during March 2020, which are outstanding as of March 31, 2020.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 12,207,134,065 in 2020 (2019: Rp 4,732,244,079).

Deutsche Bank AG, Jakarta branch

In October 2019, Company obtained a revolving credit facility with Deutsche Bank, Jakarta for US$ 3,000,000 which is renewable. The interest rate is 5.75%.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 676,792,664 in 2020.

The above loan facilities with Deutsche Bank AG, Singapore branch and Jakarta branch contains certain covenant which, among other, submits a semesterly financial report, with submission no later than 90 days from the reporting date, and annual financial statement, with submission no later than 180 days from reporting date

As per loan agreements entered with banks, all the above short term loans are renewable in nature and there are no fixed due dates. No principal payment is becoming due in year 2020 - 2021.

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended(Continued)

13. TRADE ACCOUNTS PAYABLE

	March 31 2020	March 31 2019
	Rp	Rp
a. By Creditors		
Related party - TVS Motor Company Limited,		
India (Note 25)	326,674,494,272	167,742,101,496
Third parties		
PT National Assemblers	5,764,653,142	554,591,321
PT. Setia Guna Sejati	5,398,729,154	5,610,545,153
PT. GS Battery	4,680,697,500	5,042,198,700
PT Kimu Sukses Abadi	2,041,751,802	1,884,589,163
PT. FCC Indonesia	1,539,873,025	3,057,468,074
Other (below Rp 2,000,000,000 each)	21,672,601,631	21,543,178,769
Subtotal	41,098,306,254	37,137,979,859
Total	367,772,800,526	204,880,081,355
b. By Currency		
US Dollar	330,696,302,362	173,279,124,468
Rupiah	36,500,147,026	31,420,344,462
Chinese Yuan	576,351,138	180,612,425
Total	367,772,800,526	204,880,081,355

14. OTHER ACCOUNTS PAYABLE

	March 31 2020	March 31 2019
	Rp	Rp
Related party - TVS Motor Company Limited,		
India (Note 25)	556,870,808	8,180,247,012
Third parties		
PT. Agility International	2,190,167,993	558,316,261
PT. Talisman Insurance Brokers	1,406,363,895	947,113,408
PT. Pan Asia Logistics Indonesia	1,015,326,149	953,998,131
PT. Speedmark Logistik Indonesia	35,524,390	759,289,089
PT. NCS Logistic Link	-	770,609,262
Others (below Rp 600,000,000 each)	3,113,775,541	3,484,599,405
Subtotal	7,761,157,968	7,473,925,556
Total	8,318,028,776	15,654,172,568

Other accounts payable to a related party represents information technology service fees.

15. TAXES PAYABLE

	March 31 2020	March 31 2019
	Rp	Rp
Income taxes		
Article 21	471,743,242	160,014,600
Article 26	323,623,723	93,110,651
Article 4(2) Final	70,699,820	123,057,181
Article 23	70,023,100	70,023,100
Article 22	5,869,272	23,691,963
Total	941,959,157	469,897,495

16. ACCRUED EXPENSES

	March 31 2020	March 31 2019
	Rp	Rp
Provision for sales, marketing and warranty expense	12,067,469,014	13,219,738,901
Interest (Note 12)	3,490,068,349	2,354,897,340
Professional fees	1,075,000,000	721,500,000
Employees' social security	402,241,647	653,855,896
Others	11,312,917,959	14,709,230,231
Total	28,347,696,969	31,659,222,368

17. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits are 330 employees (2019: 342 employees).

The defined benefit pension plan typically exposes the Company to actuarial risks such as: interest rate risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Amounts recognized in the statement of profit or loss and other comprehensive income with respect to these post-employment benefits are as follows:

	March 31 2020	March 31 2019
	Rp	Rp
Service cost:		
Current service cost	2,726,069,000	2,806,033,000
Interest cost	1,450,832,000	1,231,854,000
Gain on settlement	(1,517,227,000)	-
Components of defined benefits cost recognised in profit or loss	2,659,674,000	4,037,887,000
Remeasurement on the net		
defined benefit obligation		
Actuarial gains arising from		
changes in financial assumptions	(793,616,000)	(1,624,737,000)
Actuarial gains arising from		
experience adjustments	(501,346,000)	(614,940,000)
Components of defined benefit costs recognised in other comprehensive income	(1,294,962,000)	(2,239,677,000)
Total	1,364,712,000	1,798,210,000

The amounts recognized in the statements of financial position arising from the Company's obligation with respect to its post-employment benefits are as follows:

	March 31 2020	March 31 2019
	Rp	Rp
Present value of post-employment benefits obligation	18,653,913,000	17,882,492,000

Changes in the present value of unfunded defined benefits obligations are as follows:

	March 31 2020	March 31 2019
	Rp	Rp
Balance at beginning of year	17,882,492,000	16,765,168,000
Component of defined benefit costs recognized in profit or loss	2,659,674,000	4,037,887,000
Component of defined benefit costs recognized in other comprehensive income	(1,294,962,000)	(2,239,677,000)
Benefits payment	(593,291,000)	(680,886,000)
Balance at end of year	18,653,913,000	17,882,492,000

Significant actuarial assumptions for the determination of the defined benefits obligation is discount rate and expected salary growth. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1% higher (lower), the defined benefits obligation would decrease to Rp 16,610,718,000 (increase to Rp 21,080,376,000).
- If the expected salary growth is 1% higher (lower), the defined benefits obligation would increase to Rp 21,292,234,000 (decrease to Rp 16,409,973,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefits obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefits obligation has been calculated using the projected unit credit method at the end of the reporting year, which is the same as that applied in calculating the defined benefits obligation liability recognized in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended(Continued)

The cost of providing post-employment benefits is calculated by an independent actuary, PT. Milliman Indonesia. The actuarial valuation was carried out using the following key assumptions:

	2020	2019
Discount rate per annum	8.8%	8.3%
Salary increment rate per annum	7.0%	7.0%
Normal retirement age	56 years old and can be extended up to 60 years old	55 years old and can be extended up to 60 years old
Mortality rate	TMI III	TMI III
Resignation rate	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter
Disability	10% of TMI III	10% of TMI III

18. CAPITAL STOCK

	March 31, 2020		
Name of Stockholders	Ordinary Shares	Percentage of Ownership	Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	5,324,187	33%	518,575,813,800
TVS Motor Company (Europe) B.V.	2,870,000	18%	279,538,000,000
TVS Motor Company Limited, India	8,097,000	49%	788,647,800,000
Total	16,291,187	100%	1,586,761,613,800

	March 31, 2019		
Name of Stockholders	Ordinary Shares	Percentage of Ownership	Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	5,224,187	33%	508,835,813,800
TVS Motor Company (Europe) B.V.	2,870,000	18%	279,538,000,000
TVS Motor Company Limited, India	7,597,000	49%	739,947,800,000
Total	15,691,187	100%	1,528,321,613,800

Movements in paid-in capital are as follows:

	2020	2019
	Rp	Rp
Beginning of the year	1,528,321,613,800	1,460,141,613,800
Issuance of capital stock	58,440,000,000	68,180,000,000
End of the year	1,586,761,613,800	1,528,321,613,800

Changes in the Company's outstanding shares are as follows:

	2020	2019
	Number of Shares	Number of Shares
Beginning of the year	15,691,187	14,991,187
Issuance of capital stock for cash	600,000	700,000
End of the year	16,291,187	15,691,187

In 2020, the Company received additional capital stock subscription amounting to US$ 5,000,000 (equivalent to Rp 70,672,000,000) from TVS Motor Company Limited, India.

In 2020, the Company received additional capital stock subscription amounting to US$ 1,000,000 (equivalent to Rp 13,676,000,000) from TVS Motor (Singapore) Pte., Limited.

In 2019, the Company received additional capital stock subscription amounting to US$ 7,000,000 (equivalent to Rp 99,354,000,000) from TVS Motor Company Limited, India.

19. FOREIGN EXCHANGE RATE DIFFERENCE ON PAID-IN CAPITAL

This account represents the difference between the exchange rate stated in the articles of association and the actual exchange rate at the date the payments for capital subscription were received, with details as follows:

	2020	2019
	Rp	Rp
Balance at beginning of year	165,802,517,840	134,628,517,840
Foreign exchange rate difference on issuance of shares	25,908,000,000	31,174,000,000
Balance at end of year	191,710,517,840	165,802,517,840

20. REVALUATION SURPLUS

This amount represents the increase in value of land due to revaluation.

	2020	2019
	Rp	Rp
Balance at beginning of year	278,749,714,924	268,251,873,564
Revaluation (deficit) surplus (Note 11)	(2,254,500,680)	10,497,841,360
Balance at end of year	276,495,214,244	278,749,714,924

21. NET SALES

	2020	2019
	Rp	Rp
Sales	714,342,121,737	492,579,068,525
Less sales discounts	(3,532,257,055)	(3,437,288,847)
Net	710,809,864,682	489,141,779,678

3.1% (2019: 2.6%) of the total revenues were made with related parties (Note 25).
Details of net sales to dealers representing more than 10% of the sales are as follows:

Name of Customers	2020	2019
	Rp	Rp
Koshambh Multitred Pvt., Ltd.	204,313,678,766	165,662,914,369
TVS Global Automobile Traders FZCO	190,632,468,832	97,165,379,921
Agrocorp International Pte., Ltd.	138,020,648,406	74,075,661,536
Stargold Motorcycle Corporation	-	63,763,966
Total	532,966,796,004	336,967,719,792

22. COST OF GOODS SOLD

	2020	2019
	Rp	Rp
Raw materials and components used	586,938,161,808	400,776,806,336
Direct labor	17,433,287,195	14,734,154,186
Overhead	78,226,733,895	65,413,222,092
Total Manufacturing Cost	682,598,182,898	480,924,182,614
Finished goods		
At beginning of year	17,560,566,935	11,947,995,441
At end of year (Note 8)	(47,266,553,922)	(17,560,566,935)
Cost of Goods Sold	652,892,195,911	475,311,611,120

63% in 2020 and 54% in 2019 of the total purchases of raw materials and components were made from TVS Motor Company Limited, India, the ultimate holding company (Note 25).

23. OPERATING EXPENSES

	2020	2019
	Rp	Rp
Marketing		
Advertising, market research and warranty	8,194,659,063	14,845,075,361
Dealer development and public relations	334,571,603	119,903,390
Free service charges	302,715,116	525,398,622
Others	93,040,000	125,412,100
Total	8,924,985,782	15,615,789,473

	2020	2019
	Rp	Rp
General and administrative		
Salaries, allowances and other benefits (Note 25)	26,504,231,903	25,062,572,255
Rental	6,385,188,885	6,056,447,322
Bad debt expense (Note 6)	6,235,139,425	189,112,608
Consultancy fees	5,786,911,676	4,817,870,806
Travel and transportation	5,134,611,677	6,017,867,367
Training and development	4,573,588,177	2,703,434,556
Data processing	1,642,056,430	1,728,676,368
Insurance	1,255,119,562	1,266,708,806
Taxes, permit and license	1,244,751,820	1,516,821,939
Professional Fees	699,256,609	694,395,222
Research and development	669,750,273	1,393,406,127
Office Supplies	598,568,898	561,005,326
Depreciation (Note 11)	566,005,159	572,762,313
Others	1,611,176,206	2,484,849,092
Total	62,906,356,700	55,065,930,107

24. INCOME TAX

The tax expense (benefit) of the Company consist of the following:

	2020	2019
	Rp	Rp
Current tax		
Adjustment of Tax Assessment Letter		
2017	467,640,000	-
Deferred tax	10,006,786,091	(3,456,286,138)
Total	10,474,426,091	(3,456,286,138)

Current tax

The reconciliation between loss before tax per statements of profit or loss and other comprehensive income and fiscal loss is as follows:

	2020	2019
	Rp	Rp
Loss before tax per statements of profit or loss and other comprehensive income	(82,396,767,280)	(94,377,807,304)
Temporary differences:		
Provision for employee benefits - net	2,066,383,000	3,357,001,000
Depreciation of property, plant and equipment	2,742,192,021	1,513,863,136
Provision for accrued expenses	(1,152,269,886)	319,248,827
Total	3,656,305,135	5,190,112,963
Permanent differences:		
Employee welfare	4,021,965,245	4,034,819,177
Tax expenses	590,196,628	499,190,020
Provision for inventory obsolescence	3,619,502,452	1,202,882,038
Interest income already subjected to final tax	(341,592,533)	(375,070,275)
Provision for impairment losses	6,235,139,425	189,112,608
Others	273,673,675	417,265,475
Total	14,398,884,892	5,968,199,043
Fiscal loss before fiscal loss carryforward	(64,341,577,253)	(83,219,495,298)
Fiscal loss carry forward - net of expired portion	(376,438,741,823)	(442,485,747,914)
Total accumulated fiscal loss	(440,780,319,075)	(525,705,243,212)
Current tax	Nil	Nil

	2020	2019
	Rp	Rp
Prepaid taxes		
2020	864,363,000	-
2019	518,102,000	518,102,000
2018	572,183,998	572,183,998
2017	-	467,640,000
Prepaid taxes (Note 9)	1,954,648,998	1,557,925,998

Deferred Tax

The details of the Company's deferred tax assets (liabilities) are as follows:

	April 1, 2018	Credited (charged) to profit or loss for the year	Credited to Other Comprehensive Income	March 31, 2019	Credited (charged) to profit or loss for the year	Credited to Other Comprehensive Income	March 31, 2020
	Rp	Rp	Rp	Rp	Rp	Rp	Rp
Deferred tax asset (liabilities):							
Fiscal loss	37,664,150,217	3,246,291,759	-	40,910,441,976	(11,398,227,466)	-	29,512,214,510
Accrued expenses	3,225,122,518	79,812,207	-	3,304,934,725	(891,440,922)	-	2,413,493,803
Property, plant and equipment	(16,214,862,573)	(709,068,078)	-	(16,923,930,651)	2,763,730,297	-	(14,160,200,354)
Post-employment benefits obligation	4,191,292,000	839,250,250	(559,919,250)	4,470,623,000	(480,848,000)	(258,992,400)	3,730,782,600
Deferred Tax Asset - Net	28,865,702,162	3,456,286,138	(559,919,250)	31,762,069,050	(10,006,786,091)	(258,992,400)	21,496,290,559

In accordance with Government Regulation in Lieu of Acts (Perpu) No. 1 Tahun 2020, regarding State Financial Policy and Financial System Stability for Handling the Corona Virus Disease 2019 (Covid- 19) and/or in Order to Face Threats that Harm National Economy and/or Financial System Stability, the corporate income tax rate of 25% is reduced to 22% for fiscal year 2020 and 20% for fiscal year 2022 onwards.

Based on the Company's estimates, the Company will be able to realize the fiscal loss against taxable income in any of the five years following the year in which the fiscal loss is incurred, thus a deferred tax of Rp 29,512,214,510 was recognized as of March 31, 2020 (2019: Rp 40,910,441,976).

A reconciliation between the tax expense and the amounts computed by applying the effective tax rates to profit before tax is as follows:

	2020	2019
	Rp	Rp
Loss before tax per statements of profit or loss and other comprehensive income	(82,396,767,280)	(94,377,807,304)
Tax benefit at effective tax rates	(16,479,353,456)	(23,594,451,826)
Unrecognized deferred tax on fiscal loss	16,084,454,522	17,558,582,065
Tax effect of permanent differences	2,879,776,978	1,492,049,760
Adjustment of deferred tax asset beginning due to decrease in tax rate	6 ,352,413,810	-
Tax base correction	1,169,494,237	1,087,533,863
Adjustment of Tax Assessment	467,640,000	-
Tax expense (benefit)	10,474,426,091	(3,456,286,138)

In 2020, the Company wrote off prepaid income tax Article 28A for 2017 amounting to Rp 467,640,000 and recorded under tax expense.

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended(Continued)

25. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

a. TVS Motor Company (Europe) B.V. and TVS Motor (Singapore) Pte., Limited, are stockholders of the Company.

b. TVS Motor Company Limited, India (TVS India) is the ultimate holding company of the Company and a stockholder.

c. Related party which conform to criterias on Note 3n is TVS Auto Bangladesh Ltd.

Transactions with Related Parties

The Company entered into certain transactions with related parties, including the following:

a. Compensation paid to the Board of Commissioners and Director of the Company amounted to Rp 5,357,167,751 in 2020 (2019: Rp 5,009,593,680).

b. Net sales to related parties accounted for 3.1% in 2020 (2019: 2.6%), of the total net sales. At reporting date, the receivables for these sales were presented as trade accounts receivable which constituted 0.6% of the total assets as of March 31, 2020 and 2019.

c. Purchases from a related party constituted 63% in 2020 (2019: 54%) of the total purchases of raw materials and components. At reporting date, the liabilities for these purchases were presented as trade accounts payable which constituted 35% as of March 31, 2020 (2019: 26%) of the total liabilities.

d. The Company also entered into non-trade transactions such as service fee, claim for reimbursements (Note 7), and information technology services fees with a related party (Note 14).

26. SIGNIFICANT CONTRACTS AND AGREEMENTS

On April 1, 2017, the Company and TVS Motor Company Limited entered into a new License and Technical Assistance Agreement, wherein the Company obtains the right to use industrial property rights and technical information in connection with the manufacture, assembly, sale and service of TVS two and three wheeler brands. As per agreement, the Company has to pay royalty of 2% on the net ex-factory price of every product sold. The payment of royalty will only begin when the combined production of two and three wheelers exceed 20,000 units per month. This agreement will be valid for 5 years from effectivity date.

The Company and TVS Motor Company Limited entered into a Memorandum of understanding February 9, 2019, which has been further amended on February 13, 2020. As per memorandum, the Company is entitled to receive service fee of every vehicle, both two and three wheelers, sold by TVS Motor Company Limited in the ASEAN region except for sale of TVS XL 100 in Philippines. During the year, the income from such service fee amounted to Rp 9,756,721,325 in 2020 (2019: Rp 1,825,704,300).

27. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

		March 31, 2020		March 31, 2019	
		Foreign Currency	Equivalent in Rp	Foreign Currency	Equivalent in Rp
Monetary Assets					
Cash and cash equivalents	USD	3,978,787	65,124,781,063	3,730,611	53,138,825,360
Trade accounts receivable					
Related parties	USD	493,716	8,081,135,736	440,632	6,276,371,752
Third parties	USD	20,943,472	342,802,749,216	11,802,770	168,118,653,031
Other accounts receivable					
Related party	USD	1,327,264	21,724,661,488	685,496	9,764,200,893
Security deposits	USD	7,911	129,495,049	7,912	112,697,958
Total Monetary Assets			437,862,822,552		237,410,748,994
Monetary Liabilities					
Bank loans	USD	29,487,203	482,646,523,278	25,186,574	358,757,554,501
	CNH	-	-	551,022	1,164,860,508
Trade accounts payable					
Related party	USD	19,958,119	326,674,494,272	11,776,334	167,742,101,496
Third parties	USD	245,712	4,021,808,090	388,727	5,537,022,972
	CNH	250,044	576,351,138	85,380	180,612,425
Other accounts payable					
Related party	USD	34,022	556,870,808	574,294	8,180,247,012
Third parties	USD	20,673	338,370,863	95,045	1,353,827,532
Accrued expenses	USD	235,279	3,851,042,068	138,297	1,969,899,049
Deposit from customers	USD	-	-	2 ,000	28,488,000
Total Monetary Liabilities			818,665,460,518		544,914,613,495
Net Monetary Liabilities			(380,802,637,965)		(307,503,864,501)

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended(Continued)

The conversion rates used by the Company are as follows:

	2020	2019
	Rp	Rp
USD	16,368	14,244
CNH	2,305	2,114

28. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT
a. Categories and Classes of Financial Instruments

	March 31, 2020	
	Loans and receivables	Liabilities at amortized cost
	Rp	Rp
Financial Assets		
Cash in banks	70,210,477,793	-
Trade accounts receivable		
Related parties	8,081,135,736	-
Third parties	397,686,062,486	-
Other accounts receivable		
Related party	21,999,044,331	-
Other current assets	5,240,708,755	-
Security deposits	1,077,652,187	-
Financial Liabilities		
Trade accounts payable		
Related party	-	326,674,494,272
Third parties	-	41,098,306,253
Other acounts payable		
Related party	-	556,870,808
Third parties	-	7,761,157,968
Accrued expenses	-	28,347,696,969
Deposit from customers	-	1,389,875,630
Bank loans	-	498,483,813,857
Total	504,295,081,288	904,312,215,757

	March 31, 2019	
	Loans and receivables	Liabilities at amortized cost
	Rp	Rp
Financial Assets		
Cash and cash equivalents	58,025,966,579	-
Trade accounts receivable		
Related parties	6,276,371,752	-
Third parties	231,339,003,272	-
Other accounts receivable		
Related party	10,587,427,232	-
Other current assets	7,433,068,843	-
Security deposits	1,074,954,253	-
Financial Liabilities		
Trade accounts payable		
Related party	-	167,742,101,496
Third parties	-	37,137,979,859
Other acounts payable		
Related party	-	8,180,247,012
Third parties	-	7,473,925,556
Accrued expenses	-	31,659,222,368
Deposit from customers	-	1,234,415,184
Bank loans	-	383,710,003,393
Total	314,736,791,931	637,137,894,868

Capital Risk Management

The Company manages capital risk to ensure that it will be able to continue as a going concern, in addition to maximizing the profits of the shareholders through the optimization of the balance of debt and equity. The Company's capital structure consists of cash and cash equivalents (Note 5), bank loans (Note 12), and equity, consisting of subscribed and paid-up capital (Note 18), foreign exchange rate difference on paid-in capital (Note 19), revaluation surplus (Note 20), other comprehensive income and deficit.

The gearing ratio as of March 31, 2020 and 2019 is as follows:

	March 31,2020	March 31, 2019
	Rp	Rp
Debt	4 98,483,813,857	383,710,003,393
Cash and cash equivalents	70,361,133,361	58,118,052,945
Debt - net	428,122,680,496	325,591,950,448
Equity	317,405,797,237	327,147,521,688
Net debt to equity ratio	135%	100%

b. Financial risk management objectives and policies

The Company's overall financial risk management and policies seek to ensure that adequate financial resources are available for operations and development of its business, while managing its exposure to foreign exchange, interest rate, credit and liquidity risks. The Company operates within defined guidelines that are approved by the Director.

i. Interest rate risk management

The interest rate risk exposure relates to the amount of assets or liabilities which is subject to a risk that a movement in interest rates will adversely affect the loss for the year. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The Company has a policy of obtaining financing from banks which offer the most favorable interest rate. Approvals from the Director and Commissioners must be obtained before committing the Company to any of the instruments to manage the interest rate risk exposure.

Financial instruments that are exposed to interest rate risk are included in the liquidity table in item (iv).

The sensitivity analysis below had been determined based on the exposure of the financial liabilities to floating interest rates as of March 31, 2020 and 2019. The analysis is prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year.

In 2020, if interest rate had been 97 basis points (2019: 80 basis points), higher (lower) and the other variables held constant, the Company's profit after tax would decrease (increase) by Rp 1,783,927,020 and Rp 1,002,713,574, respectively.

ii. Foreign currency risk management

The Company is exposed to the effects of foreign currency exchange rate fluctuations mainly because of foreign currency denominated transactions such as sales and purchases of goods, and borrowings denominated in foreign currency.

The Company manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 27.

The Company is mainly exposed to the US Dollar. The following table details the Company's sensitivity to changes in Indonesian Rupiah against US Dollar. The sensitivity analysis represents management's assessment of the effect to the financial statements caused by the reasonably possible change in foreign exchange rates, on outstanding foreign currency denominated monetary financial assets and liabilities.

	2020		2019	
	Percentage of change in exchange rate	Effect on profit or loss after tax	Percentage of change in exchange rate	Effect on profit or loss after tax
		Rp		Rp
US Dollar	3%	8,554,571,395	3%	6,888,563,810

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company.

As the Company has changed its strategy of focussing more on exports and with more than 90% of its sales are through export of vehicles, the Company supplies its products to well established distributors who are mostly the distributors of the parent company also. Exports to countries like Bangladesh, Myanmar, West Africa are done based on letters of credit issued by reputable banks. For exports to certain countries like middle east and other African and ASEAN countries are based on advance remittance of money by telegraphic transfer. In respect of Philippines, the Company has agreed to provide extended credit facility to the distributor/importer assembler in view of the need to supply different variants in different colours in an uninterrupted manner to the several multi brand outlets. The management periodically examines the credit limit exposure and takes decisions accordingly.

In respect of domestic sales, the Company obtains bank guarantee or asset collateral or cash deposit which is the basis of setting up the distributors credit limit. The Company's exposure and its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and for the year then ended(Continued)

exposure is continuously monitored and limits are reviewed and approved based on the track record of these distributors. In respect of three wheelers, in order to create more visibility by putting more vehicles on the road, the Company has agreed to provide extended credit period as the lead time for conversion of prospects to customers is quite long.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade accounts receivables is partially mitigated because the trade accounts receivable are partially secured by bank guarantee, land certificates and letter of credits. Trade accounts receivable amounting to Rp 115,891,222,359 as of March 31, 2020 (2019: Rp 69,736,521,513) are fully covered by collaterals.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment losses and credit risk enhancements represents the Company's exposure to credit risk.

iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Director, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company receives support from shareholders to finance its ongoing working capital requirements.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

	March 31, 2020						
	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
		Rp	Rp	Rp	Rp	Rp	Rp
Non-interest bearing							
Trade accounts payable							
Related party	-	-	30,270,635,466	296,403,858,806	-	-	3 26,674,494,272
Third party	-	8,003,883,306	15,395,311,709	17,699,111,239	-	-	4 1,098,306,254
Other accounts payable							
Related party	-	-	286,258,747	270,612,061	-	-	5 56,870,808
Third party	-	1,948,698,553	3,811,160,856	2,001,298,559	-	-	7,761,157,968
Accrued expense	-	4,161,726,455	5,696,199,595	18,489,770,919	-	-	28,347,696,969
Variable interest rate instruments							
Bank loans	6% - 7%	50,966,884,447	43,716,537,639	162,987,933,560	-	-	257,671,355,646
Fixed interest rate instruments							
Bank loans	6% - 13.5%	19,797,826,461	29,946,840,257	220,184,219,407	-	-	269,928,886,125
Total		84,879,019,222	129,122,944,269	718,036,804,551	-	-	932,038,768,042

	March 31, 2019						
	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
		Rp	Rp	Rp	Rp	Rp	Rp
Non-interest bearing							
Trade accounts payable							
Related party	-	6,820,244,919	15,913,904,812	99,236,406,586	45,771,545,179	-	167,742,101,496
Third party	-	10,002,047,865	13,299,014,577	13,836,917,417	-	-	37,137,979,859
Other accounts payable							
Related party	-	869,309,896	3,368,261,730	3,942,675,386	-	-	8,180,247,012
Third party	-	1,761,174,166	2,858,191,514	2,854,559,876	-	-	7,473,925,556
Accrued expense	-	7,186,534,905	12,549,217,800	11,923,469,663	-	-	31,659,222,368
Variable interest rate instruments							
Bank loans	3% - 6.9%	24,728,390,501	49,054,045,092	96,077,364,457	-	-	169,859,800,050
Fixed interest rate instruments							
Bank loans	7.5% - 13'%	11,742,187,055	34,819,097,473	185,845,747,838	-	-	232,407,032,366
Total		63,109,889,307	131,861,732,998	413,717,141,223	45,771,545,179	-	654,460,308,707

c. Fair Value Measurements

Management considers that the carrying amounts of the Company's financial assets and liabilities recognized in the financial statements approximate their fair values because they have short-term maturities.

29. OTHER MATTERS

The Company incurred a total comprehensive loss of Rp 94,089,724,451 during the year ended March 31, 2020 and, as of that date, the Company's current liabilities exceeded its current assets by Rp 141,349,542,875 and has a deficit of Rp 1,746,372,640,747 as a result of recurring losses from operations. The Company's management believes that they maintain considerable financial resources, including continuous support from the Company's ultimate shareholder. In addition, the Company has been able to significantly improve its performance over the last three years through increase in sales volume, sales turnover and generating gross profit.

Management has also implemented the following measures:

- Continuing focus on export markets through consolidation of existing markets and entry into new markets;
- Collaborate with e-commerce company in Indonesia through its distributor
- Increase the sales of three wheeler both passenger and Kargo version which was launched recently, including exports of these products;
- Focus on niche segments in premium motorcycles in the domestic market.

The Company's management believes that it is well placed to manage the Company's business risks successfully despite the current condition and is able to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities

	April 1, 2019	Financing cash flows	Non-cash transaction changes	March 31, 2020
	Rp	Rp	Rp	Rp
Bank loans	383,710,003,393	48,569,707,914	66,204,102,550	498,483,813,857

	April 1, 2018	Financing cash flows	Non-cash transaction changes	March 31, 2019
	Rp	Rp	Rp	Rp
Bank loans	374,134,893,826	(2,715,938,545)	12,291,048,112	383,710,003,393

31. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 1 to 38 were the responsibilities of the management, and were approved by the Director and authorized for issue on May 21, 2020.

RE-STATED ACCOUNTS OF
PT. TVS MOTOR COMPANY INDONESIA

BALANCE SHEET AS AT 31ST MARCH 2020

	Notes	IDR in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment	1	453,779.75	169.00
Capital work in progress	1	58.94	0.03
Other non-current assets	2	2,858.22	1.33
		456,696.91	170.36
Current assets			
Inventories	3	212,210.69	98.69
Financial assets			
i. Trade receivables	4	427,766.24	198.93
ii. Cash and cash equivalents	5	70,361.14	32.72
Current tax assets (Net)		1,954.65	0.91
Other current assets	6	81,388.42	37.84
		793,681.14	369.09
Total Assets		1,250,378.05	539.45
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	1,586,761.61	869.56
Other equity	8	(1,270,172.59)	(764.32)
		316,589.02	105.24
Liabilities			
Non-current liabilities			
Provisions	9	27,465.00	12.77
		27,465.00	12.77
Current liabilities			
Financial liabilities			
i. Borrowings	10	498,483.82	231.79
ii. Trade payables	11		
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues of other than (ii) (a) above		404,438.53	188.06
iii. Other financial liabilities	12	1,389.88	0.65
Other current liabilities	13	2,011.80	0.94
		906,324.03	421.44
Total liabilities		933,789.03	434.21
Total equity and liabilities		1,250,378.05	539.45

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

		Notes	IDR in Mn.	Rupees in crores
I	Revenue from operations	14	722,485.96	361.97
II	Other income	15	341.59	0.17
III	Total Income (I +II)		722,827.55	362.14
IV	Expenses:			
	Cost of material consumed	16	586,938.15	292.64
	Purchase of stock in trade	16	-	-
	Changes in inventories of finished goods, stock-in -trade and work-in-progress	16	(29,705.98)	(13.46)
	Employee benefits expense	17	73,920.97	37.03
	Finance costs	18	80,496.00	40.33
	Depreciation and amortisation expense	1	13,834.19	7.02
	Other expenses	19	80,152.33	41.11
			805,635.66	404.67
V	Profit before exceptional items (III - IV)		(82,808.11)	(42.53)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(82,808.11)	(42.53)
VIII	Tax expense			
	i) Current tax		467.64	0.23
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(83,275.75)	(42.76)
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	(3.94)
			-	(3.94)
XI	Total Comprehensive Income (IX+X)		(83,275.75)	(46.70)
XII	Earnings per equity share (Face value of IDR.97,400/- each)			
	Basic & Diluted earnings per share (in IDR / in rupees)		(5,111.71)	(26.25)

Notes to Accounts

1. PROPERTY, PLANT & EQUIPMENT

IDR in Millions

Description	Property, Plant & Equipment					
	Land	Buildings	Plant & equipment	Vehicles	Furniture, fixtures and eqipments	Total
	1	2	3	4	5	6
Cost of assets						
Gross carrying value as at 01-04-2019	222,928.86	101,453.76	321,313.76	1,219.65	10,325.07	657,241.10
Additions	-	647.80	3,488.06	-	458.73	4,594.59
Sub-total	222,928.86	102,101.56	324,801.82	1,219.65	10,783.80	661,835.69
Sales / deletion	-	-	518.39	-	134.51	652.90
Total	222,928.86	102,101.56	324,283.43	1,219.65	10,649.29	661,182.79
Depreciation / Amortisation						
Upto 31-03-2019	-	51,488.65	132,635.88	726.31	9,360.79	194,211.63
For the year	-	5,068.55	8,212.14	119.65	433.85	13,834.19
Sub-total	-	56,557.20	140,848.02	845.96	9,794.64	208,045.82
Withdrawn on assets sold / deleted	-	-	508.27	-	134.51	642.78
Total	-	56,557.20	140,339.75	845.96	9,660.13	207,403.04
Carrying value						
As at 31-03-2020	222,928.86	45,544.36	183,943.68	373.69	989.16	453,779.75
Capital work-in-progress (at cost) as at 31-03-2020						
Plant & equipment	58.94					
Total	58.94					

Rupees in Crores

Description	Property, Plant & Equipment					
	Land	Buildings	Plant & equipment	Vehicles	Furniture, fixtures and eqipments	Total
	1	2	3	4	5	6
Cost of assets						
Gross carrying value as at 01-04-2019	108.12	49.20	154.32	0.59	5.01	317.24
Additions	-	0.30	1.63	-	0.21	2.14
Foreign Currency translation reserve difference	(4.46)	(1.74)	(4.19)	(0.02)	(0.21)	(10.62)
Sub-total	103.66	47.76	151.76	0.57	5.01	308.76
Sales / deletion	-	-	0.24	-	0.06	0.30
Total	103.66	47.76	151.52	0.57	4.95	308.46
Depreciation / Amortisation						
Upto 31-03-2019	-	24.78	107.14	0.35	4.54	136.81
For the year	-	2.53	4.21	0.06	0.22	7.02
Foreign Currency translation reserve difference	-	(1.11)	(2.74)	(0.01)	(0.21)	(4.07)
Sub-total	-	26.20	108.61	0.40	4.55	139.76
Withdrawn on assets sold / deleted	-	-	0.24	-	0.06	0.30
Total	-	26.20	108.37	0.40	4.49	139.46
Carrying value						
As at 31-03-2020	103.66	21.56	43.15	0.17	0.46	169.00
Capital work-in-progress (at cost) as at 31-03-2020						
Plant & equipment	0.03					
Total	0.03					

Notes on accounts - *(continued)*

		IDR in Mn. As at 31-03-2020	Rupees in crores As at 31-03-2020
2	OTHER NON-CURRENT ASSETS		
	Advances other than capital advances:		
	Deposits made	1,077.65	0.50
	VAT Receivable	1,780.57	0.83
		2,858.22	1.33
3	INVENTORIES		
	Raw materials and components	164,459.63	76.48
	Finished goods	47,266.55	21.98
	Stores and spares	484.51	0.23
		212,210.69	98.69
4	TRADE RECEIVABLES		
	Secured, considered good	-	-
	Unsecured, considered good	427,766.24	198.93
		427,766.24	198.93
	Less : Loss allowance	-	-
		427,766.24	198.93
5	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	70,210.48	32.65
	Cash on hand	150.66	0.07
		70,361.14	32.72
6	OTHER CURRENT ASSETS		
	Vendor advance	9,404.81	4.37
	VAT receivable	64,642.58	30.06
	Others	7,341.03	3.41
		81,388.42	37.84
7	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	17,500,000 Ordinary shares of IDR.97,400 each	1,704,500.00	934.08
	Issued, subscribed and fully paid up:		
	16,291,187 Ordinary shares of IDR.97,400 each	1,586,761.61	869.56
		1,586,761.61	869.56

		IDR in Mn. As at 31-03-2020	Rupees in crores As at 31-03-2020
8	OTHER EQUITY		
	General reserve	(8,135.60)	(0.81)
	Retained earnings	(1,453,747.51)	(722.25)
	Foreign currency translation reserve	191,710.52	(41.26)
		(1,270,172.59)	(764.32)
9	NON - CURRENT LIABILITIES - PROVISIONS		
	Pension	27,465.00	12.77
		27,465.00	12.77
10	FINANCIAL LIABILITIES - BORROWINGS (CURRENT)		
	Borrowings repayable on demand from banks		
	Secured	498,483.82	231.79
		498,483.82	231.79

Short term borrowings from banks include :

a) A loan of Rs.92.79 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.

b) A loan of Rs.7.36 crores in IDR and Rs.131.64 crores in USD obtained from another bank secured by subsidiary inventories and trade account receivable.

		IDR in Mn.	Rupees in crores
11	TRADE PAYABLES		
	Current		
	Dues to Micro and Small Enterprises **	-	-
	Dues to enterprises other than Micro and Small Enterprises	404,438.53	188.06
		404,438.53	188.06

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		IDR in Mn.	Rupees in crores
12	OTHER FINANCIAL LIABILITIES		
	Trade deposits	1,389.88	0.65
		1,389.88	0.65
13	OTHER CURRENT LIABILITIES		
	Statutory dues	941.96	0.44
	Advance received from customers	1,069.84	0.50
		2,011.80	0.94

Notes on accounts - *(continued)*

		IDR in Mn. Year ended 31-03-2020	Rupees in crores Year ended 31-03-2020
14	REVENUE FROM OPERATIONS		
	Sale of products	710,809.86	356.12
	Other operating revenue	11,676.10	5.85
		722,485.96	361.97
15	OTHER INCOME		
	Interest income	341.59	0.17
		341.59	0.17
16	MATERIAL COST :		
	Cost of Materials Consumed		
	Opening stock of raw materials and components	132,632.10	64.33
	Add: Purchases	618,765.68	304.79
		751,397.78	369.12
	Less: Closing stock of raw materials and components	164,459.63	76.48
	Consumption of raw materials and components	586,938.15	292.64
	Purchases of stock-in-trade	-	-
	Changes in inventories of finished goods, work-in-progress and stock-in-trade:		
	Opening stock:		
	Work-in-progress	-	-
	Stock-in-trade	-	-
	Finished goods	17,560.57	8.52
	(A)	17,560.57	8.52
	Closing stock:		
	Work-in-progress	-	-
	Stock-in-trade	-	-
	Finished goods	47,266.55	21.98
	(B)	47,266.55	21.98
	(A)-(B)	(29,705.98)	(13.46)

		IDR in Mn. Year ended 31-03-2020	Rupees in crores Year ended 31-03-2020
17	EMPLOYEE BENEFITS EXPENSE		
	Salaries, wages and bonus	66,182.89	33.16
	Contribution to provident and other funds	1,123.09	0.56
	Staff welfare expenses	6,614.99	3.31
		73,920.97	37.03
18	FINANCE COSTS		
	Interest	33,128.92	16.60
	Exchange differences	47,367.08	23.73
		80,496.00	40.33
19	OTHER EXPENSES		
	(a) Consumption of stores, spares and tools	2,756.34	1.38
	(b) Rent	9,706.26	4.86
	(c) Repairs - buildings	2,260.66	1.13
	(d) Repairs - plant and equipment	1,441.54	0.72
	(e) Insurance	1,255.12	0.63
	(f) Rates and taxes (excluding taxes on income)	1,244.75	0.62
	(g) Audit fees	699.26	0.35
	(h) Packing and freight charges	31,896.17	15.98
	(i) Advertisement and publicity	7,516.59	3.77
	(j) Other marketing expenses	1,408.40	0.71
	(k) Loss on sale of fixed asset	4.78	-
	(l) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1%of revenue from operations or Rs.10 lakh, whichever is higher)	19,962.46	10.96
		80,152.33	41.11

Independent Auditor's Report

Board of Directors

Sundaram Holding USA, Inc. and subsidiaries

We have audited the accompanying consolidated financial statements of Sundaram Holding USA, Inc. and subsidiaries ('the Company'), which comprise the consolidated balance sheets as at March 31, 2020 and March 31, 2019 and the related consolidated statements of loss, changes in stockholders' equity and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of the Company as at March 31, 2020 and March 31, 2019 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States.

Knav P.A.
Atlanta, Georgia
May 05, 2020

CONSOLIDATED BALANCE SHEET

(All amounts in United States Dollars, unless otherwise stated)

ASSETS	**As at March 31, 2020**	As at March 31, 2019
Current assets		
Cash and cash equivalents	2,294,932	912,555
Inventories	831,384	331,652
Accounts receivable, net of allowances	141,711	-
Other current assets	111,787	4,993
Total current assets	**3,379,814**	**1,249,200**
Property, plant and equipment, net	66,601,680	47,268,202
Capital work-in-progress	12,824,934	18,658,167
Capital advances	436,386	1,943,686
Total assets	**83,242,814**	**69,119,255**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	-	20,000,000
Other current liabilities	5,389,989	4,540,880
Total current liabilities	**5,389,989**	**24,540,880**
Other liabilities	1,985,048	1,100,000
Long term borrowings	36,239,358	-
Total liabilities	**43,614,395**	**25,640,880**
Stockholders' equity		
Common stock, $1 par, authorized - 60,000,000 shares (*previous year 50,000,000 shares)*; issued and outstanding - 59,000,000 *shares* (*previous year 51,000,000 shares*) *(Refer note P)*	59,000,000	51,000,000
Accumulated deficit	(19,371,581)	(7,521,625)
Total stockholders' equity	**39,628,419**	**43,478,375**
Total liabilities and stockholders' equity	**83,242,814**	**69,119,255**

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF LOSS

(All amounts in United States Dollars, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	403,242	-
Cost of revenues	(610,492)	-
Gross Loss	**(207,250)**	-
Costs and expenses		
Depreciation	1,691,128	581,379
Finance charges	1,394,939	38,161
Payroll expenses	4,218,455	1,169,920
General and administrative expenses	4,336,804	2,204,316
Total costs and expenses	**11,641,326**	**3,993,776**
Operating loss	**(11,848,576)**	**(3,993,776)**
Other expenses	1,380	-
Net loss	**(11,849,956)**	**(3,993,776**

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the year ended March 31, 2020 and March 31, 2019 (All amounts in United States Dollars, except number of shares)

Particulars	Common stock – Authorized – Shares	Common stock – Authorized – Value	Common stock – Issued & outstanding – Shares	Common stock – Issued & outstanding – Value	Accumulated deficit	Total stockholders' equity
Balance as at April 01, 2018	**50,000,000**	**50,000,000**	**32,000,000**	**32,000,000**	**(3,527,849)**	**28,472,151**
Common stock authorized/issued	10,000,000	10,000,000	19,000,000	19,000,000	-	19,000,000
Net loss	-	-	-	-	(3,993,776)	(3,993,776)
Balance as at March 31, 2019	**60,000,000**	**60,000,000**	**51,000,000**	**51,000,000**	**(7,521,625)**	**43,478,375**
Balance as at April 01, 2019	**60,000,000**	**60,000,000**	**51,000,000**	**51,000,000**	**(7,521,625)**	**43,478,375**
Common stock issued	-	-	8,000,000	8,000,000	-	**8,000,000**
Net loss	-	-	-	-	(11,849,956)	**(11,849,956)**
Balance as at March 31, 2020	**60,000,000**	**60,000,000**	**59,000,000**	**59,000,000**	**(19,371,581)**	**39,628,419**

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(All amounts in United States Dollars, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Net loss	(11,849,956)	(3,993,776)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,691,128	581,379
Amortization of debt issuance cost	55,358	-
Changes in assets and liabilities		
Accounts receivables, net of allowances	(141,711)	-
Inventories	(499,732)	(331,652)
Other current assets	(106,794)	574
Other current liabilities	1,180,187	(85,406)
Other liabilities	885,048	1,100,000
Net cash used in operating activities	**(8,786,472)**	**(2,728,881)**
Cash flow from investing activities		
Purchase of property, plant and equipment and capital assets	(17,460,163)	(41,081,153)
Net cash used in investing activities	**(17,460,163)**	**(41,081,153)**
Cash flow from financing activities		
Issuance of common stock	8,000,000	19,000,000
Repayment of short-term borrowings	(20,000,000)	-
Proceeds from long term borrowings	40,000,000	-
Payment of debt issuance cost	(216,000)	-
Proceeds from short term borrowings	-	20,000,000
Repayment of finance lease	(154,988)	-
Net cash provided by financing activities	**27,629,012**	**39,000,000**
Net (decrease) increase in cash and cash equivalents	**1,382,377**	**(4,810,034)**
Cash and cash equivalents at the beginning of the year	912,555	5,722,589
Cash and cash equivalents at the end of the year	**2,294,932**	**912,555**
Supplemental non-cash information		
Interest capitalized during the year	-	286,054
Assets purchased on finance lease	995,519	-
Interest paid	795,927	238,496
Income tax paid	51,015	-

(The accompanying notes are an integral part of these consolidated financial statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in United States Dollars unless otherwise stated)

NOTE A – NATURE OF OPERATIONS

Sundaram Holding USA Inc. (the "Company"), was incorporated in the State of Delaware on September 09, 2015. The Company is held by Sundaram Auto Components Limited and Sundaram Clayton Limited. The Company is the sole owner member of four single member limited liability companies - Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram Clayton USA LLC (erstwhile Workspace Projects LLC) (all incorporated on September 16, 2016) and Premier Land Holding LLC (incorporated on December 06, 2016). The Company and its subsidiaries are in a start-up phase and they are yet to start their revenue generating activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). The significant accounting policies are detailed below.

1. **Basis of presentation**

a. The accompanying financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the financial position, results of operations, stockholder's equity and cash flows. All amounts are stated in United States Dollars, except as otherwise specified.

b. The financial statements are presented for the year ended March 31, 2020 and March 31, 2019.

c. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to confirm to the classifications used in the current year. This has no impact on the statement of income (loss).

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets, determination of useful lives for property, plant and equipment and their impairment, and inventory valuation and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revisions in accounting estimates are recognized prospectively in the current and future periods.

3. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of $ 250,000 per depositor at each financial institution.

4. Revenue recognition

The Company adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) as of January 1, 2019. Results for the year ended March 31, 2020 are presented under Topic 606, while earlier periods are presented under previous guidance. Please refer Note T "Revenue from contracts with customers" for further information on the Company's revenue.

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company's products or services. The Company's global payment terms are typically 90 days. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

5. Inventories

Inventories are stated at the lower of cost and market value. Cost is determined using the weighted average method. Cost in the case of raw materials comprises the purchase price and attributable direct costs, less trade discounts. Cost in the case of work-in-progress and finished goods comprise direct labor, material cost and production overheads.

A write down of inventory to the lower of cost or market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances.

6. Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Cost of items of property, plant and equipment comprise cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to operations.

Major maintenance projects that extend the life of the related equipment are capitalized. Cost of maintenance and repairs are charged to expense when incurred.

The calculation of depreciation expense is based on the estimated economic useful lives of the underlying property and equipment and finite-lived intangible assets. The Company periodically obtains updated depreciation studies to evaluate whether certain useful lives remain appropriate. The Company has analyzed the useful lives of assets during 2019. Based on the results of the analysis, the Company revised useful lives of assets from April 01, 2019 (refer table below). For the year ended March 31, 2020, depreciation expense was lower by approximately $ 779,419 had the useful life of these assets not been extended and the net loss would have increased by the same amount.

The estimated useful life used to determine depreciation is:

Particulars	**Old useful life**	**Revised useful life**
Building	30 years	45 years
Machinery and equipment	4-15 years	10-25 years
Equipment under lease	8 years	8 years
Furniture and fixtures	5 years	10 years
Production tools and dies	4-8 years	4-8 years
Vehicles	9 years	6 years
Computers and office equipment	3 years	3 years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

7. Impairment of long-lived assets

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

8. Capitalized interest

The Company capitalizes interest costs for qualifying assets. Qualifying assets are assets that require a significant amount of time to prepare for their intended use, including projects that are in the development or construction stages. Capitalized interest costs are considered an element of the historical cost of the qualifying asset. Capitalization ceases when the asset is substantially complete or if construction is interrupted for an extended period. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period. Where funds borrowed are directly attributable to a qualifying asset, the amount capitalized represents the borrowing costs specific to those borrowings. Where surplus funds available out of money borrowed specifically to finance a project are temporarily invested, the total capitalized interest is reduced by income generated from short-term investments of such funds.

9. Leases

Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

Capital leases

Capital leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charges and reduction of the lease liability based on the implicit rate of return.

10. Debt issuance cost

Debt issuance costs related to loans are reported in the balance sheet as a direct deduction from the face amount of the note. Amortization of debt issuance costs has been reported as financing costs. Further, the discount or premium resulting from the determination of present value in cash or non-cash transactions is not presented as a separate asset or liability from the note that gives rise to it but is reported in the balance sheet as a direct deduction from or addition to the face amount of the note.

11. Government incentive

The incentive received from government for creation of asset is deferred and is classified as liability until the conditions based on which the incentives are granted, are met.

12. Income taxes

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

13. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

14. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

15. Recently issued accounting standards not yet adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning January 1, 2021. The Company is currently evaluating the impact of this standard on its financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

In November 2018, the FASB issued ASU 2018-18, Collaborative Arrangements (Topic 808), clarifying the interaction between Topic 808 and Topic 606. The amendments in ASU 2018-18 make targeted improvements to GAAP for collaborative arrangements by clarifying that certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606 when the collaborative arrangement participant is a customer in the context of a unit of account. In those situations, all the guidance in Topic 606 should be applied, including recognition, measurement, presentation, and disclosure requirements. In addition, unit-of-account guidance in Topic 808 was aligned with the guidance in Topic 606 (that is, a distinct good or service) when an entity is assessing whether the collaborative arrangement or a part of the arrangement is within the scope of Topic 606. ASU 2018-18 is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - INVENTORIES

Inventories comprise of:

	As at	
	March 31, 2020	**March 31, 2019**
Raw material	831,384	325,137
Stores and spares	-	6,515
Total	**831,384**	**331,652**

NOTE D - OTHER CURRENT ASSETS

Other current assets comprise of:

	As at	
	March 31, 2020	**March 31, 2019**
Prepaid expenses	105,244	-
Security deposits	6,543	4,993
Total	**111,787**	**4,993**

NOTE E - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment of the Company comprise of:

	As at	
	March 31, 2020	**March 31, 2019**
Land	2,934,860	2,934,860
Building	39,737,888	39,160,146
Equipment under lease	999,519	-
Machinery and equipment	21,851,035	4,675,650
Vehicles	481,473	211,140
Furniture and fixtures	433,659	280,268
Computers and office equipment	1,599,467	92,152
Production tools and dies	905,205	555,047
Less: accumulated depreciation	(2,341,426)	(641,062)
Total	**66,601,680**	**47,268,202**

Depreciation for the year ended March 31, 2020 was $ 1,691,128 (March 31, 2019: $ 581,379). The amount of interest capitalized as construction in progress during the year ended March 31, 2020 is $ 391,334 (March 31, 2019 was $ 286,054). Depreciation includes expense for equipment taken under capital lease.

NOTE F - CAPITAL WORK-IN-PROGRESS

The capital work in progress amounted to $ 12,824,934 as at March 31, 2020 (previous year $ 18,658,167). The balance as on March 31 2020 represents capital projects under construction which were yet to be installed.

NOTE G - CAPITAL ADVANCES

Capital advance of $ 436,386 (Previous year $ 1,943,686) has been given towards the purchase of machinery, and other fixed assets which shall be acquired in the next financial year.

NOTE H - SHORT-TERM BORROWING

Short-term borrowing comprise of:

	As at	
	March 31, 2020	**March 31, 2019**
Loan from bank	-	20,000,000
Total	**-**	**20,000,000**

The Company obtained loan from bank of $ 20,000,000 in 2019 for funding the acquisition of capital assets. The amount of loan was fully repaid on April 18, 2019 along-with accrued interest amounting to $ 47,985.

NOTE I - LONG-TERM BORROWING

Long term borrowing comprise of:

	As at	
	March 31, 2020	**March 31, 2019**
Loan from bank	40,000,000	-
Less: current maturities	(3,600,000)	-
Less: Unamortized debt issuance cost	(160,642)	-
Total	**36,239,358**	**-**

The Company obtained loan from bank of $ 40,000,000 in the current year for funding the acquisition of capital assets and for repayment of short-term borrowing. The amount of loan was outstanding as at March 31, 2020 was $ 40,547,920 which included interest and unamortized portion of debt issuance cost. The refinancing transaction is treated as a modification of debt and the debt issuance costs paid to the lender are capitalized. The debt issuance cost on the new loan is $ 216,000 of which $ 160,642 remains outstanding as at the balance sheet date.

The loan is scheduled to be fully repaid by December 31, 2024. Below is the repayment schedule on the loan

For the year ended	**Amount ($)**
March 31, 2021	3,600,000
March 31, 2022	7,200,000
March 31, 2023	8,000,000
March 31, 2024	10,600,000
March 31, 2025	10,600,000
Total	**40,000,000**

The effective interest rate ("EIR") on the loan post the transaction costs is 3.54%. The interest expense accrued for the year ended March 31, 2020 is $ 1,295,423 and the interest paid during the year ended March 31, 2020 is $ 695,017.

NOTE J - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2020	**March 31, 2019**
Capital vendor payables*	753,128	3,978,908
Current obligations under capital leases	106,558	-
Current maturities of long-term debt	3,600,000	-
Related party payable	58,999	300,526
Employee related liability	103,727	124,713
Accrued state franchise taxes	59,015	51,015
Interest payable	708,562	85,719
Total	**5,389,989**	**4,540,881**

*The net payable to vendors is on account of construction in progress and installation of machinery.

NOTE K - OTHER LIABILITIES

The Company received an incentive of $ 1,100,000 as at March 31, 2019 from the county of Dorchester, South Carolina for Project Gateway (the operating facility being built by the Company). The incentive was granted to the Company on the following terms:

- Project Gateway will locate an automotive component manufacturing facility in Dorchester County, South Carolina.
- Project Gateway will invest $50.5 million in the project, of which $15 million will be in real property (land and building) and $35.5 million will be in tangible personal property (machinery and equipment).
- Of the $35.5 million in tangible personal property (machinery and equipment), $1 million will be in pollution control equipment.
- Project Gateway will create 130 new jobs over 5 years.

The Company received advance incentive of $ 200,000 during the year from the county of Dorchester, South Carolina for the Project SC2 (the operating facility being built by the Company). The incentive was granted to the Company on the following terms:

- Project SC2, a “C” corporation, will locate an automotive component manufacturing facility in Dorchester County, South Carolina.
- Project SC2 will invest additional $40 million in the project, of which $14.75 million will be in real property (land and building) and $26.15 million will be in tangible personal property (machinery and equipment).
- Project SC2 will create additional 100 new jobs over 5 years.

Other liabilities comprise of:

	As at	
	March 31, 2020	**March 31, 2019**
Grant from county	1,300,000	-
Long term capital lease obligations	685,048	-
Total	**1,985,048**	**-**

Long term capital lease obligation is calculated as-

	As at	
	March 31, 2020	**March 31, 2019**
Total capital lease obligation	791,606	-
Less: Current portion	(106,558)	-
Long term capital lease obligations	**685,048**	**-**

NOTE L - INCOME TAXES

The Company files federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The following is the summary of items giving rise to deferred tax assets and liabilities:

	As at	
	March 31, 2020	**March 31, 2019**
Non–current deferred tax assets		
Organization cost	3,466,501	1,661,776
Net operating losses	6,910,892	386,904
Loan processing fees	4,361	-
Accrued expense	-	18,517
Total non-current deferred tax asset	**10,381,754**	**2,067,197**
Non-current deferred tax liability		
Property, plant and equipment	(6,278,925)	(198,957)
Total non-current deferred tax liability	**(6,278,925)**	**(198,957)**
Total deferred tax asset, net	**(4,102,829)**	**1,868,239**
Valuation allowance	(4,102,829)	(1,868,239)
Deferred tax asset, net	**-**	**-**

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible.

Management considers the projected future taxable income and tax planning strategies in making this assessment. Since the company has just started earning revenue, the management believes there exists significant uncertainties regarding the realization of deferred tax assets in US jurisdiction and accordingly the company has provided a valuation allowance of $ 4,102,829 and $ 1,868,239 as of March 31,2020 and March 31,2019 respectively.

The Company has federal Net operating losses (NOLs) of $ 30,597,732 and $ 908,427 as at March 31,2020 and March 31, 2019. The NOLs generated till 2017-18 which if unutilized will expire by the year 2037 and the NOLs generated after 2018-19 will be carry forwarded indefinitely.

The Company has state net operating loss carryforwards of approximately $ 9,707,366 and $ 603,039 as at March 31, 2020 and March 31, 2019, which if unutilized will expire based on the statutes of various states.

Accounting for uncertain tax position

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of this standard had no material effect on the Company's financial position, results of operation or cash flows. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2020 and March 31, 2019.

The tax year 2016 to 2018 remain subject to examination by the taxing authorities.

NOTE M - RELATED PARTY TRANSACTIONS

The Company had accounts payable to Sundaram Clayton Limited as at year ended March 31, 2020 amounting to $ 58,999 (March 31, 2019: $ 300,526). This was on account of expenses incurred for tools & dies and casting samples by the aforesaid related party.

NOTE N - CONCENTRATION OF RISKS

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents involve risk including the credit risk of non-performance by counter parties. In management’s opinion, as of the balance sheet date, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents.

NOTE O - COMMITMENTS AND CONTINGENCIES

Capital commitments

As at March 31, 2020, the Company has committed to spend $ 3,069,817 (as at March 31, 2019 amounting to $ 11,323,937) under agreements to purchase property and equipment and set up its operating facility.

Lease obligations

Operating leases

The Company occupies substantially all of its locations under short-term leases, most of which contain renewal options. The Company entered into lease for rented locations and forklifts as detailed below:

Premises A Summerville, SC

Rented for the period up to April 30, 2019, for rent amounting to $ 3,510 per month, and renewed from August 26, 2019 up to August 25, 2020, for rent amounting to $ 3,510 per month.

Premises B, North Charleston, SC

Rented for the period up to June 30, 2019, for rent amounting to $ 1,500 per month, and renewed up to June 30, 2020, for rent amounting to $ 1,525 per month.

Premises C, North Charleston, SC

Rented for the period up to March 31, 2020, for rent amounting to $ 1,750 per month.

Rental expense under all operating leases was $ 295,838 and $ 89,224 for the years ended March 31, 2020 and March 31, 2019, respectively.

As at March 31, 2020 future rental commitments for the non-cancelable leases are as follows:

For the year ended	Premises
March 31, 2021	42,445
Total	**42,445**

Capital leases

The company has taken eight forklifts under capital lease. The minimum future lease payments under capital lease as at March 31, 2020 are as follows:

For the year ended	Forklifts
March 31, 2021	207,913
March 31, 2022	207,913
March 31, 2023	207,913
March 31, 2024	207,913
March 31, 2025	146,289
Total	**977,941**

NOTE P - STOCKHOLDERS' EQUITY

Authorized common stock

The authorized common stock is 60,000,000 shares with a par value of $ 1 as at March 31, 2020.

Common stock issued

Common stock issued and outstanding as at March 31, 2020 was 59,000,000 shares at $ 1 par value each. (March 31, 2019 – 51,000,000 shares of $ 1 par value each.)

The Company issued the following shares, $ 1 par value each, as below –

	Year ended	
	March 31, 2020	March 31, 2019
Sundaram Auto Components Limited	44,000,000	38,000,000
Sundaram Clayton Limited*	15,000,000	13,000,000
Total number of shares issued	**59,000,000**	**51,000,000**

The Company issued 8,000,000 shares at $1 par value during the year ended March 31, 2020 out of which 6,000,000 shares were issued to Sundaram Auto Components Limited and $ 2,000,000 shares were issued to Sundaram Clayton Limited.

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders.

NOTE Q - EMPLOYEE BENEFIT PLAN

The Company set up a 401(k) plan for its employees on December 22, 2016. The Company made a matching contribution of $ 85,077 for the year ended March 31, 2020 (March 31, 2019 $ 7,913).

NOTE R - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 05, 2020 which is the date the financial statements were issued. There are no material effects of the same on the financial statements as on March 31, 2020.

RE-STATED ACCOUNTS OF
SUNDARAM HOLDING USA INC.

BALANCE SHEET AS AT 31ST MARCH 2020

	Notes	USD in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment	1	4.93	37.29
Capital work in progress	1	91.33	691.05
Right of use asset		0.25	1.91
Other non current assets	2	0.44	3.30
		96.95	733.55
Current assets			
Financial assets			
Inventories	3	0.83	6.29
Cash and cash equivalents	4	2.29	17.35
Trade receivables	5	0.14	1.07
Others		0.01	0.05
Non-current tax assets (Net)		0.04	0.27
Other current assets	6	0.01	0.07
		3.32	25.10
Total Assets		100.27	758.65
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	59.00	394.45
Other equity	8	(2.55)	32.66
		56.45	427.11
Liabilities			
Non-Current liabilities			
Financial liabilities			
Borrowings	9	36.24	274.21
Lease liability		0.95	7.15
Other financial liabilities		1.30	9.84
Current liabilities			
Financial liabilities			
(i) Lease liability		0.11	0.81
(ii) Trade payables	10		
(a)Total outstanding dues of micro and small enterprises		-	-
(b) Total outstanding dues of other than (ii) (a) above		0.81	6.15
(iii) Other financial liabilities	11	4.31	32.60
Other current liabilities	12	0.10	0.78
		43.82	331.54
Total Equity and Liabilities		100.27	758.65

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

		Notes	USD in Mn.	Rupees in crores
I	Revenue from operations	13	0.40	2.85
II	Other income		-	-
III	Total Income (I +II)		0.40	2.85
IV	Expenses:			
	Cost of goods sold		0.61	4.33
	Depreciation and amortisation expense	1	0.38	2.69
	Other expenses	14	0.06	0.43
			1.05	7.45
V	Profit before exceptional items (III - IV)		(0.65)	(4.60)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(0.65)	(4.60)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(0.65)	(4.60)
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss Foreign currency translation adjustments		-	34.99
			-	34.99
XI	Total Comprehensive Income (IX + X)		(0.65)	30.39
XII	Earnings per equity share (Face value of USD 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		(0.01)	(0.78)

Notes on accounts

1 Property, Plant & Equipment

USD in Millions

Description	Property, Plant & Equipment				
	Land	Vehicles	Furniture	Office Equipments	Total
	1	2	3	4	5
Cost of assets					
Gross carrying value as at 01-04-2019	2.93	0.21	0.28	0.09	3.51
Additions	-	0.31	0.15	1.51	1.97
Sub-total	2.93	0.52	0.43	1.60	5.48
Sales / deletion	-	0.05	-	-	0.05
Total	2.93	0.47	0.43	1.60	5.43
Depreciation / Amortisation					
Upto 31-03-2019	-	0.06	0.02	0.04	0.12
For the year	-	0.03	0.04	0.31	0.38
Sub-total	-	0.09	0.06	0.35	0.50
Withdrawn on assets sold / deleted	-	-	-	-	-
Total	-	0.09	0.06	0.35	0.50
Carrying value					
As at 31-03-2020	2.93	0.38	0.37	1.25	4.93
Capital work-in-progress (at cost) as at 31-03-2020					
(a) Plant & equipment					12.82
(b) Pre-operative expenses					78.51
Total					91.33

1 Property, Plant & Equipment

Rupees in crores

Description	Property, Plant & Equipment				
	Land	Vehicles	Furniture	Office Equipments	Total
	1	2	3	4	5
Cost of assets					
Gross carrying value as at 01-04-2019	20.30	1.46	1.94	0.64	24.34
Additions	-	2.32	1.16	11.41	14.89
Foreign exchange translation reserve adjustments	1.91	0.14	0.18	0.06	2.28
Sub-total	22.21	3.92	3.28	12.10	41.51
Sales / deletion	-	0.40	-	-	0.40
Total	22.21	3.52	3.28	12.10	41.11
Depreciation / Amortisation					
Upto 31-03-2019	-	0.41	0.17	0.33	0.91
For the year	-	0.19	0.28	2.22	2.69
Foreign exchange translation reserve adjustments	-	0.03	0.04	0.19	0.26
Sub-total	-	0.63	0.48	2.74	3.86
Withdrawn on assets sold / deleted	-	0.04	-	-	0.04
Total	-	0.60	0.48	2.74	3.82
Carrying value					
As at 31-03-2020	22.21	2.92	2.80	9.36	37.29
Capital work-in-progress (at cost) as at 31-03-2020					
(a) Plant & equipment					97.04
(b) Pre-operative expenses					594.01
Total					691.05

Notes on accounts - *(Continued)*

		USD in Mn. As at 31-03-2020	Rupees in crores As at 31-03-2020
2	OTHER NON CURRENT ASSETS		
	Capital advances	0.44	3.30
		0.44	3.30
3	INVENTORIES		
	Finished goods	0.06	0.44
	Raw materials and components	0.77	5.85
		0.83	6.29
4	CASH AND CASH EQUIVALENTS		
	Balance with banks	2.29	17.35
		2.29	17.35
5	TRADE RECEIVABLE		
	Trade receivable	0.14	1.07
		0.14	1.07
6	OTHER CURRENT ASSETS		
	Prepaid expense	0.01	0.07
		0.01	0.07
7	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	60,000,000 Ordinary shares of USD 1/- each	60.00	343.00
	Issued, subscribed and fully paid up:		
	59,000,000 Ordinary shares of USD 1/- each	59.00	337.28
		59.00	337.28
8	OTHER EQUITY		
	Retained earnings	(2.55)	(17.18)
	Foreign currency translation reserve	-	49.84
		(2.55)	32.66

		USD in Mn. As at 31-03-2020	Rupees in crores As at 31-03-2020
9	FINANCIAL LIABILITIES - BORROWINGS (NON-CURRENT)		
	From Banks (Secured)	36.24	274.21
		36.24	274.21
10	TRADE PAYABLES		
	CURRENT		
	Dues to Micro and Small Enterprises**	-	-
	Dues to enterprises other than Micro and Small Enterprises	0.81	6.15
		0.81	6.15

**** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		USD in Mn. As at 31-03-2020	Rupees in crores As at 31-03-2020
11	OTHER FINANCIAL LIABILITIES		
	Current Maturities of long term borrowings	3.60	27.24
	Interest accrued but not due	0.71	5.36
		4.31	32.60
12	OTHER CURRENT LIABILITIES		
	Statutory dues	0.02	0.17
	Employee related liability	0.08	0.61
		0.10	0.78

		USD in Mn. As at 31-03-2020	Rupees in crores As at 31-03-2020
13	REVENUE FROM OPERATIONS		
	Sale of products	0.40	2.85
		0.40	2.85
14	OTHER EXPENSES		
	Loss on sale of Fixed assets	-	0.01
	General and administrative expenses	0.06	0.42
		0.06	0.43

Independent Auditor's Report

Board of Directors
Sundaram-Clayton (USA) Limited

We have audited the accompanying financial statements of Sundaram-Clayton (USA) Limited ('the Company'), which comprise the balance sheets as at March 31, 2020 and March 31, 2019 and the related statements of income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at March 31, 2020 and March 31, 2019 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States.

KNAV P.A.
Atlanta, Georgia

May 07, 2020

BALANCE SHEETS
(All amounts in United States Dollars, unless otherwise stated)

	As at	
	March 31, 2020	**March 31, 2019**
ASSETS		
Current assets		
Cash and cash equivalents	12,594	15,222
Total assets	**12,594**	**15,222**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Other current liabilities	10,167	13,068
Total current liabilities	**10,167**	**13,068**
Stockholder's equity		
Common stock, $1 par, 100 shares authorized, issued and outstanding	100	100
Accumulated surplus	2,327	2,054
Total stockholder's equity	**2,427**	**2,154**
Total liabilities and stockholder's equity	**12,594**	**15,222**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF INCOME
(All amounts in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2020	**March 31, 2019**
Revenues		
Service fees	7,078	7,574
Total revenues	**7,078**	**7,574**
Costs and expenses		
General and administrative expenses	6,688	7,165
Total costs and expenses	**6,688**	**7,165**
Income before tax	**390**	**409**
Current tax expense	117	118
Net income	**273**	**291**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY
For the years April 01, 2019 to March 31, 2020 and April 01, 2018 to March 31, 2019
(All amounts in United States Dollars, except number of shares)

Particulars	Common stock Authorized, issued & outstanding		Accumulated surplus	Total stockholder's equity
	Shares	Value		
Balance as at April 01, 2018	**100**	**100**	**1,763**	**1,863**
Net income for the year	-	-	291	291
Balance as at March 31, 2019	**100**	**100**	**2,054**	**2,154**
Balance as at April 01, 2019	**100**	**100**	**2,054**	**2,154**
Net income for the year	-	-	273	273
Balance as at March 31, 2020	**100**	**100**	**2,327**	**2,427**

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF CASH FLOWS
(All amounts in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2020	**March 31, 2019**
Cash flow from operating activities		
Net income	273	291
Adjustments to reconcile net income to net cash used in operating activities:		
Changes in assets and liabilities		
Other current liabilities	(2,901)	(1,262)
Net cash used in operating activities	**(2,628)**	**(971)**
Net decrease in cash and cash equivalents	**(2,628)**	**(971)**
Cash and cash equivalents at the beginning of the year	15,222	16,193
Cash and cash equivalents at the end of the year	**12,594**	**15,222**
Supplemental cash flow information		
Income taxes paid	117	118

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS
(All amounts in United States Dollars, unless otherwise stated)

NOTE A – NATURE OF OPERATIONS

Sundaram-Clayton (USA) Limited (the "Company" or "SCUL"), was incorporated in the State of Illinois on December 14, 2011. The Company is a wholly owned subsidiary of Sundaram Clayton Limited ("SCL" or "parent company"). The Company provides Professional Employer Organization ("PEO") services to its parent company in North America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States. The significant accounting policies are detailed below:

1.Basis of preparation

The financial statements are for the years ended March 31, 2020 and March 31, 2019. All amounts are stated in US Dollars, unless specified otherwise.

2.Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for accruals at the balance sheet dates represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

3.Cash and cash equivalents

The Company considers all highly liquid investments and deposits with an original maturity of ninety days or less to be cash equivalents. Cash and cash equivalents comprise of balances in bank accounts and cash in hand. Cash balances in bank accounts are insured by the Federal Deposit Insurance Corporation up to $ 250,000 for each insured bank for each account per depositor.

4.Revenue recognition

The Company reports revenues, net of direct pass-through costs, which are costs billed and incurred for PEO worksite employees, primarily consisting of payroll wages and payroll taxes. Benefits and workers' compensation fees for PEO worksite employees are included in PEO revenues and the associated costs are included in operating expenses.

5. Income taxes

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740 "Income Taxes," income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their

respective tax bases and operating loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

6. Fair values measurements and financial instruments

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that theCompany has the ability to access as of the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for theasset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, marketactivity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

NOTE C - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2020	**March 31, 2019**
Advance from related party *(Refer note E)*	10,063	12,964
Provision for tax	104	104
Total	**10,167**	**13,068**

NOTE D - INCOME TAXES

The Company files federal and state tax returns as a Chapter C corporation. The income tax expense for the year is as follows:

	For the year ended	
	March 31, 2020	**March 31, 2019**
Current tax	117	118
Total	**117**	**118**

The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

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Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards. No deferred tax asset or liability existed as at March 31, 2020 and March 31, 2019.

The tax years of 2016 through 2018 remain subject to examination by the taxing authorities.

NOTE E - RELATED PARTY TRANSACTIONS

The Company has a vendor-customer relationship with Sundaram Clayton Limited - USA branch office ('Branch of parent company'). The PEO service charges during the year ended March 31, 2020 are $ 7,078 (March 31, 2019 is $ 7,574). The advance payable as at March 31, 2020 is $ 10,063 (March 31, 2019: $ 12,964).

NOTE F - CONCENTRATION OF RISK

The only customer of the Company is Sundaram Clayton Limited - USA branch office (Branch of parent company) located in Illinois, North America. Accordingly, trade receivables are concentrated in North America. The Company derives all its revenue from its parent. The revenue stream and credit worthiness of its receivable depends upon the financial condition of its parent company. However, the trade receivable balance is $ Nil as at March 31, 2020 (March 31, 2019: $ Nil). The advance payable to the parent company as at March 31, 2020 is $ 10,063 (March 31, 2019: $ 12,964).

NOTE G - COMMON STOCK

Common stock

The Company's common stock authorized, issued and outstanding as at March 31, 2020 was 100 shares at $ 1 par value each. (March 31, 2019: 100 shares of $ 1 par value each.)

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders. The Company is currently owned by a single shareholder.

NOTE H - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 07, 2020 which is the date the financial statements were issued. There are no material effects of the same on the financial statements as on March 31, 2020.

RE-STATED ACCOUNTS OF
SUNDARAM-CLAYTON (USA) LIMITED

Balance Sheet as at 31st March 2020

	Notes	USD in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment		-	-
Non-Current tax assets (Net)		-	-
		-	-
Current assets			
Financial assets			
Cash and cash equivalents	1	12,594.00	0.10
		12,594.00	0.10
Total Assets		12,594.00	0.10
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2	100.00	-
Other equity	3	2,327.00	0.02
		2,427.00	0.02
Liabilities			
Current liabilities			
Other current liabilities	4	10,167.00	0.08
		10,167.00	0.08
Total equity and liabilities		12,594.00	0.10

Statement of Profit and loss for the year ended 31st March 2020

		Notes	USD in Mn.	Rupees in crores
I	Revenue from operations	5	7,078.00	0.05
II	Other income		-	-
III	Total Income (I +II)		7,078.00	0.05
IV	Expenses:			
	Other expenses	6	6,688.00	0.05
			6,688.00	0.05
V	Profit before exceptional items,(III - IV)		390.00	0.01
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		390.00	0.01
VIII	Tax expense			
	i) Current tax		117.00	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		273.00	0.01
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	-
			-	-
XI	Total Comprehensive Income (IX + X)		273.00	0.01
XII	Earnings per equity share (Face value of USD 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		2.73	590.00

Notes on Accounts - *(Continued)*

		USD in Mn.	Rupees in crores
1	CASH AND CASH EQUIVALENTS		
	Balance with banks	12,594.00	0.10
		12,594.00	0.10
2	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	100 Ordinary shares of USD 1 each	100.00	-
	Issued, subscribed and fully paid up:		
	100 Ordinary shares of USD 1 each	100.00	-
		100.00	-
3	OTHER EQUITY		
	General reserve	-	-
	Retained earnings	2,327.00	0.02
	Foreign currency translation reserve	-	-
		2,327.00	0.02
4	OTHER CURRENT LIABILITIES		
	Advance from related party	10,063.00	0.08
	Provision for tax	104.00	-
		10,167.00	0.08

		USD in Mn.	Rupees in crores
5	REVENUE FROM OPERATIONS		
	Service fee	7,078.00	0.05
		7,078.00	0.05
6	OTHER EXPENSES		
	General and administrative expenses	6,688.00	0.05
		6,688.00	0.05