

# **SUNDARAM-CLAYTON LIMITED**

**Annual Report of Subsidiary Companies  
for the year 2021-2022**

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## TVS MOTOR COMPANY LIMITED

|   |  |
|---|--|
| Board of Directors                        | PROF. SIR RALF DIETER SPETH<br><i>Chairman</i>   |
|   | VENU SRINIVASAN<br><i>Chairman Emeritus &amp; Managing Director</i>  |
|   | SUDARSHAN VENU<br><i>Managing Director</i>   |
|   | K.N. RADHAKRISHNAN<br><i>Director &amp; CEO</i>  |
|   | C. R. DUA  |
|   | R. GOPALAN   |
|   | LALITA D. GUPTA  |
|   | T. KANNAN  |
|   | KUOK MENG XIONG  |
|   | H. LAKSHMANAN  |
|   | HEMANT KRISHAN SINGH   |
|   | DR. LAKSHMI VENU   |
|   |  |
| Audit Committee                           | R. GOPALAN, <i>Chairman</i><br>C. R. DUA<br>T. KANNAN  |
| Nomination and Remuneration Committee     | C.R. DUA, <i>Chairman</i><br>T. KANNAN<br>H. LAKSHMANAN  |
| Risk Management Committee                 | T. KANNAN, <i>Chairman</i><br>SUDARSHAN VENU<br>K.N. RADHAKRISHNAN<br>LALITA D. GUPTA<br>HEMANT KRISHAN SINGH<br>K. GOPALA DESIKAN   |
| Stakeholders' Relationship Committee      | HEMANT KRISHAN SINGH, <i>Chairman</i><br>VENU SRINIVASAN<br>SUDARSHAN VENU<br>C.R. DUA<br>LALITA D. GUPTA  |
| Corporate Social Responsibility Committee | VENU SRINIVASAN, <i>Chairman</i><br>H. LAKSHMANAN<br>R. GOPALAN  |
| Chief Financial Officer                   | K. GOPALA DESIKAN  |
| Company Secretary                         | K.S. SRINIVASAN  |
| Statutory Auditors                        | V. SANKAR AIYAR & Co.,<br>Chartered Accountants,<br>2-C, Court Chambers,<br>35 New Marine Lines, Mumbai - 400 020.<br>Tel. : 022-22004465<br>E-mail : <a href="mailto:mumbai@vsa.co.in">mumbai@vsa.co.in</a>                                 |
| Cost Auditor                              | A.N. RAMAN<br>Cost Accountant,<br>No. 10 P, Muthukumaraswami Salai,<br>Off. Baby Nagar 1 <sup>st</sup> Main Road,<br>Velachery, Chennai - 600 042.<br>Tel. 044-22433462<br>E-mail : <a href="mailto:anraman@gmail.com">anraman@gmail.com</a> |

|                      |   |
|----------------------|---|
| Secretarial Auditors | S. KRISHNAMURTHY & CO.,<br>Company Secretaries,<br>No. 16, Pattammal Street,<br>Mandaveli, Chennai - 600 028.<br>Tel. : 044-42074012<br>E-mail : <a href="mailto:skco.cs@gmail.com">skco.cs@gmail.com</a> |
| Shares listed with   | BSE Ltd., Mumbai.<br>National Stock Exchange of India Ltd., Mumbai.   |

### Bankers

STATE BANK OF INDIA  
Corporate Accounts Group Branch, Chennai.

### Registered Office

"Chaitanya" No. 12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai 600 006, Tamil Nadu, India  
Tel : 044-28332115 Fax : 044- 28332113  
CIN No. L35921TN1992PLC022845  
E-mail: [contactus@tvsmotor.com](mailto:contactus@tvsmotor.com)  
Website: [www.tvsmotor.com](http://www.tvsmotor.com)

### Share Transfer Agent

Integrated Registry Management Services Private Limited  
2<sup>nd</sup> Floor, Kences Towers, No. 1, Ramakrishna Street,  
North Usman Road, T Nagar, Chennai-600 017  
Tel: 044-2814 0801-03; Fax: 044-2814 2479  
Email:[corpserv@integratedindia.in](mailto:corpserv@integratedindia.in), [srirams@integratedindia.in](mailto:srirams@integratedindia.in)

### Plant Locations

1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India. Tel : 04344 - 276780
2. Post Box No. 1, Byathahalli Village, Kadakola Post, Mysuru - 571 311, Karnataka, India. Tel : 0821 - 2596561
3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh, Solan District - 174 101, Himachal Pradesh, India. Tel : 01795 - 220492/93

### Subsidiary Companies

Sundaram Auto Components Limited  
TVS Housing Limited  
TVS Motor Services Limited  
Intellicar Telematics Private Limited  
TVS Credit Services Limited  
TVS Electric Mobility Limited  
TVS Motor (Singapore) Pte. Limited, Singapore  
The Norton Motorcycle Co Limited, United Kingdom  
TVS Motor Company (Europe) B.V., Amsterdam  
PT TVS Motor Company Indonesia, Jakarta  
Swiss E-Mobility Group (Holding) AG, Switzerland  
The GO Corporation, Switzerland  
TVS Digital Pte. Ltd, Singapore

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**Financial Highlights**

Rupees in crores

| Details   | IGAAP   |         |         |         | Ind AS  |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|   | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Sales & other income @                                      | 7,875   | 8,694   | 10,788  | 12,195  | 13,363  | 15,618  | 18,217  | 16,455  | 16,784  | 20,810  |
| Profit before interest, depreciation, amortisation and tax* | 461     | 536     | 669     | 914     | 1,030   | 1,274   | 1,441   | 1,378   | 1,462   | 1,981   |
| Profit before tax*  | 254     | 355     | 456     | 629     | 699     | 879     | 961     | 787     | 826     | 1,243   |
| Exceptional / Extraordinary Items                           | (91)    | (3)     | -       | -       | -       | -       | -       | (32)    | -       | (30)    |
| Profit after tax  | 116     | 262     | 348     | 489     | 558     | 663     | 670     | 592     | 612     | 894     |
| Net fixed assets  | 1,048   | 1,174   | 1,419   | 1,751   | 2,046   | 2,503   | 2,837   | 3,185   | 3,289   | 3,731   |
| Share capital   | 47.51   | 47.51   | 47.51   | 47.51   | 47.51   | 47.51   | 47.51   | 47.51   | 47.51   | 47.51   |
| Reserves and surplus  | 1,177   | 1,368   | 1,598   | 1,911   | 2,361   | 2,833   | 3,300   | 3,571   | 4,123   | 4,775   |
| Net worth   | 1,225   | 1,416   | 1,646   | 1,959   | 2,409   | 2,881   | 3,348   | 3,619   | 4,171   | 4,822   |
| Total borrowings  | 634     | 528     | 970     | 924     | 1,107   | 1,189   | 1,400   | 2,022   | 1,106   | 1,601   |
| Earnings per share (₹)                                      | 2.44    | 5.51    | 7.32    | 10.30   | 11.75   | 13.95   | 14.11   | 12.47   | 12.88   | 18.81   |
| Dividend per share (₹)                                      | 1.20    | 1.40    | 1.90    | 2.50    | 2.50    | 3.30    | 3.50    | 3.50    | 3.50    | 3.75    |
| Book value per share (₹)                                    | 25.78   | 29.81   | 34.65   | 41.23   | 50.71   | 60.64   | 70.47   | 76.18   | 87.79   | 101.50  |
| Operating EBITDA (%)  | 6.09    | 6.35    | 6.36    | 7.29    | 7.06    | 7.74    | 7.87    | 8.19    | 8.53    | 9.44    |
| Profit before tax * / Turnover (%)                          | 3.24    | 4.10    | 4.24    | 5.20    | 5.30    | 5.66    | 5.28    | 4.79    | 4.93    | 5.98    |
| Return on capital employed (%)                              | 14.68   | 18.88   | 20.27   | 23.24   | 21.67   | 24.61   | 23.55   | 16.62   | 17.15   | 22.77   |
| Return on net worth (%)                                     | 9.69    | 19.82   | 22.73   | 27.15   | 25.56   | 25.06   | 21.52   | 17.01   | 15.72   | 19.87   |

Notes:

@ Sales includes Excise duty upto June 2017.

\* Figures stated are before exceptional and extraordinary items.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have the pleasure in presenting the 30<sup>th</sup> annual report and the audited accounts of the Company for the year ended 31<sup>st</sup> March 2022.

### 1. COMPANY PERFORMANCE

#### Key Performance Snapshot

The Company registered sales of 31.37 lakh units of two-wheelers in 2021-22. The Company registered its highest turnover and profit before tax until now of ₹ 20,791 Cr and ₹ 1,213 Cr, respectively, in spite of many critical headwinds.

#### Macro Overview

The year was marked by the severe second wave of the pandemic, supply chain disruptions and the onset of a super cycle of commodity price increases. The last quarter also witnessed the outbreak of geopolitical unrest and strife, which though localized to some extent, affected the entire globe.

However, 2021-22 will be remembered for the unparalleled resilience of human spirit across the world, even more so in the Indian populace, the Indian economy, industry, and the Company. In response to the pandemic 11.4 billion and 1.86 billion doses of vaccine were delivered globally and in India, respectively. The Company ensured 100% vaccination coverage of all its employees. The vaccination coverage was also facilitated for employee families. Many employees from TVS and SST also provided exception service as voluntary CoVID frontline warriors.

#### Robust growth of Indian economy in fiscal 2022 as activities return to pre-CoVID levels

The Indian economy bounced back after the CoVID-induced shock in fiscal 2021. It withstood the second wave of the CoVID pandemic that hit India in April-June 2021 and the third wave in January 2022 as vaccination levels increased and the people and the government learned to adapt their responses through experiences gained during the first wave. Increased vaccination coverage, reduction in mortality rates and ease of restrictions gave a fillip to private consumption and supported recovery of aggregate demand. The recovery was also supported by increased spending by the government, strong pick up in export demand, and the RBI continuing to support the incipient recovery by maintaining a low interest rate regime. The Indian economy regained its tag of being one of the fastest growing economies in the world.

As per the second advance of the National Statistical Office, the economy was estimated to have grown by 8.9% during fiscal 2022. Real GDP growth returned to pre-pandemic levels, though capacity utilization and consumer confidence are yet to reach pre-pandemic levels, signalling further growth potential.

#### Mobility Industry Performance - India overview

The domestic two-wheeler industry declined by 11% in 2021-22 on the back of a 13% decline in 2020-21. The industry size is at 13.47 million units, similar to 2011-12 levels of 13.41 million units. The 2-wheeler industry saw sharp changes in the growth momentum over the quarters. Q1 2021-22 grew by 85% partially due to the low industry base of last year and all subsequent quarters witnessed declines, over the comparable periods of last year - Q2 (12.5%), Q3 (25%) and Q4 (23.3%).

Compared to the two-wheeler industry decline of 11% in 2021-22, the Company's performance in domestic was at a 6% decline in sales volume.

#### Mobility Industry Performance - International Business overview

In the International Business, exports of two-wheelers in 2021-22 were at 10.9 lakh units with a growth of 43% over 2020-21 against an industry growth of 36% for two-wheeler exports from India. The Company achieved a milestone of exceeding 1 million units in two-wheeler export. Three-wheeler exports during the year reached 1.63 lakh units, a growth of 41% over 2020-21.

#### Mobility Industry Performance - Electric Vehicles (EV) Overview

The Company continued its expansion in its EV footprint and the buildout of the infrastructure as this category gains momentum. The Company has created a dedicated vertical with over 600 engineers and adopted the Centres of Competency (COCs) with agile working approach. The EV 2W industry predominantly operates in the scooter form, and today is ~10% of the total scooter Industry (ICE + EV). TVS has sold more than 10,000 EV vehicles in 2021-22 with a geographical presence equivalent to 50%+ of the EV industry. Further, there have been alliances and joint initiatives with partners like TATA Power, JIO BP, BESCOM among others to expedite the creation of the charging infrastructure.

#### New Product Launches

The Company's new product launches have been well received by consumers, experts, and the trade. TVS RAIDER 125 (Sporty commuter motorcycle) consumer's appreciation of the products manifested as advance orders that continue to be very strong across the country and global markets like South Asia and Latin America. TVS Jupiter 125 (executive commuter scooter) is an extension of the Company's leading Scooter Brand, TVS Jupiter. TVS Apache 160 4V (premium segment) was another successful premium product variant that was launched. TVS HLX 150 5 speed is a very significant product launch targeting the African commercial use market where the Company enjoys strong market presence.

These new offerings that were designed and developed through pandemics and lockdowns have been true to the TVS DNA of customer-centric innovation and quality that ensured that they have become the most awarded launches in their respective categories. The TVS Jupiter 125 is the most awarded Scooter launch of the year. The TVS Raider became the second offering from the TVS stable to be adjudged INDIAN MOTORCYCLE OF THE YEAR (IMOTY) 2022 - the first 125 segment motorcycle ever to win this accolade.

### BMW Association

The Company expanded its strategic association with BMW. Through the association, the Company is targeting joint development of new platforms and future technologies, including urban-centric electric vehicles. The products will be targeted for the global urban centric markets and the "cool" next gen consumers.

### Corporate Social Responsibility

The Company has always recognized its social responsibility as an integral and critical part of its value system. The Company also places on record its gratitude to all the CoVID frontline warriors from within and outside the Company, for the outstanding service to society through the second wave of the pandemic and after. The Company and its CSR arm, the Srinivasan Services Trust (SST) undertook many initiatives including donation of relief materials to Public Health Centres in villages, Government General Hospitals at Chennai, and Corona Care Centres in SST villages during Second wave of CoVID-19. In the last 26 years, SST has been on the forefront of various empowerment activities including organizing more than 60,000 women into Self-Help Group (SHGs), repairing and renovating the government infrastructure for more than 2,500 villages and desilting more than 290 water bodies.

SST's significant contributions and innovations for driving social impact received recognition as it won the 'Outstanding Social Innovation' award at the CK Prahalad Awards 2021 in the 'Bottom of the Pyramid' category.

TVS Motor Company became the First Indian 2W & 3W maker to have become a signatory to the world's largest sustainability initiative, the United Nations Global Compact (UNGC). This will ensure enhanced collaborations and actions towards wider development of goals, particularly the sustainable development goals (SDGs).

### Cost & Price Management

The Company responded to the unprecedented increases in commodity costs through various Company-wide initiatives. These included premiumisation across products through a variants based strategy, focus on building volume share from the export segment, continued focus on reduction of material and fixed costs, waste elimination and enhancing the supply chain effectiveness. While price increases also

had been taken to mitigate the impact of the raw material costs, the head room for passing on cost increase is very limited since for the last 3 years the prices of 2-Wheeler in India have seen sharp increases and the increasing prices are impacting demand.

All of these actions required significant rigour, expertise and agility that allowed the Company to, in addition to reducing cost, improve value delivery to all stakeholders, especially our consumers.

## 2. FINANCIAL HIGHLIGHTS

The Company for the full financial year reported its highest ever annual turnover and profit before tax of ₹ 20,791 Cr and ₹ 1,213 Cr respectively.

| Details | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
|---------|--------------------------|--------------------------|
|---------|--------------------------|--------------------------|

### SALES

| Quantitative               | (Numbers in lakhs) |              |
|----------------------------|--------------------|--------------|
| Motorcycles                | 17.32              | 13.42        |
| Mopeds                     | 4.83               | 6.26         |
| Scooters                   | 9.23               | 9.61         |
| Three Wheelers             | 1.72               | 1.24         |
| <b>Total vehicles sold</b> | <b>33.10</b>       | <b>30.53</b> |

| Financials  | (Rupees in Crores) |          |
|---|--------------------|----------|
| Revenue from operations   | 20790.51           | 16750.54 |
| Other Income  | 18.99              | 32.97    |
| Profit / loss before Depreciation, Finance Costs, Exceptional items and Tax Expense | 1980.73            | 1461.52  |
| Less:   |                    |          |
| Depreciation / Amortization / Impairment  | 611.44             | 493.68   |
| Profit / loss before Finance Costs, Exceptional items and Tax Expense               | 1369.29            | 967.84   |
| Less: Finance Costs   | 125.92             | 141.60   |
| Profit / loss before Exceptional items and Tax Expense                              | 1243.37            | 826.24   |
| Add / less: Exceptional items   | (30.16)            | —        |
| Profit / loss before Tax Expense  | 1213.21            | 826.24   |
| Less:   |                    |          |
| Tax Expense (Current & Deferred)  | 319.65             | 214.20   |
| Profit / loss for the year  | 893.56             | 612.04   |
| Other Comprehensive Income / loss   | (64.31)            | 107.09   |
| Total Comprehensive Income  | 829.25             | 719.13   |
| Less: Dividend on Equity Shares   | 178.16             | 166.28   |
| Balance carried forward   | 651.09             | 552.85   |



### 3. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 18<sup>th</sup> March 2022, declared an interim dividend of ₹ 3.75 per share (375%) on 47,50,87,114 equity shares of ₹ 1/- each for the year 2021-22 absorbing a sum of ₹ 178.16 Cr. The same was paid before 5<sup>th</sup> April 2022.

The Board does not recommend any further dividend for the year under consideration. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy.

The Board is not considering any transfer of amount to General Reserves for the year under review, as it is not mandatorily required.

### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

##### Two-wheeler

The domestic two-wheeler industry recorded a sale of 13.4 Mn units in 2021-22, a decline of 11% from 15.1 Mn units in 2020-21. It witnessed a growth of 85% in Q1 due to the low base in the previous year. However, for the rest of the year, the industry declined and did not recover. This decline was due to weakened demand in both urban and rural markets, with the rural markets being severely impacted. While the monsoon remained favourable, the non-agri rural services sector underperformed significantly. This manifested itself in lower demand in the entry and mid-level segments of commuter motorcycles and mopeds. The rural markets felt the combined effect of savings depletion, income erosion, broad inflation, fuel inflation and rising vehicle prices due to commodity cost increases.

The scooter industry declined by 10.9%, with 3.98 Mn units sold in 2021-22 compared to 4.48 Mn units in 2020-21. The category share was 29.7% in 2021-22 compared to 32% in 2020-21. This was primarily led by the pandemic impact and subsequent stringent lockdown norms. The slow resumption of schools and colleges and continued work from home practices impacted the resurgence of the scooter segment. The upward momentum in vehicle prices and petrol prices further slowed the demand trajectory.

The motorcycle industry declined by 10% over last year. The category share of motorcycle grew by 0.5% to reach 66.8% in 2021-22. The premium motorcycle sales declined by 24% from 1.39 Mn units in 2020-21 to 1.05 Mn units in 2021-22 and the category share declined by 1.4% to reach 9.2%. The commuter motorcycle category share grew 1.7% to 53.2% while volumes declined by 8% to 7.17 Mn units in 2021-22 from 7.80 Mn units in 2020-21. The Premium motorcycle segment decline was primarily due to the semi-conductor shortages that have affected the supply chain. The Commuter Motorcycle segment relative resilience on the other hand reflects the continuing need for mobility to fulfill economic and social responsibilities. However, there is an increased tendency of postponement of purchase, especially in replacement buyers

and down-trading due to escalating vehicle acquisition costs has impacted volumes.

In the international market, the two-wheeler industry grew by 36% in 2021-22 over 2020-21, making it the best year for exports from India. The industry saw a revival post CoVID, bouncing back to the levels of 2019-20 with strong growth of personal mobility needs and the marginal impact of pent-up demand post lockdowns. Supplies remained stable with timely availability of raw materials for meeting the market demand.

##### Three-wheeler

The overall three-wheeler small passenger industry (3 plus 1 segment) grew by 31% in 2021-22 (from 4.43 lakh units in 2020-21 to 5.82 lakh units in 2021-22). The domestic industry grew by 65% and exports market grew by 26% in 2021-22 over last year.

##### Electric two-wheelers

On VAHAN, electric two-wheeler today accounts for 4.5% of the total two-wheeler registrations. However, this under-represents the consumer mindspace that it enjoys. The last year has seen the consumer perspective of the transition to EV move from "IF" to "WHEN". Large numbers of consumers today are actively considering EVs for their respective needs.

The industry saw a robust growth of ~5.6x. The growing sensitivity to climate impact and the improved Total Cost to Operation (TCO) proposition considering rising fuel prices saw accelerated consumer interest in the category. The FAME II enhancement, Production Linked Incentive (PLI), state subsidy and other EV related infrastructure initiatives of the government reinforced consumer faith in the segment.

#### BUSINESS OUTLOOK & OVERVIEW

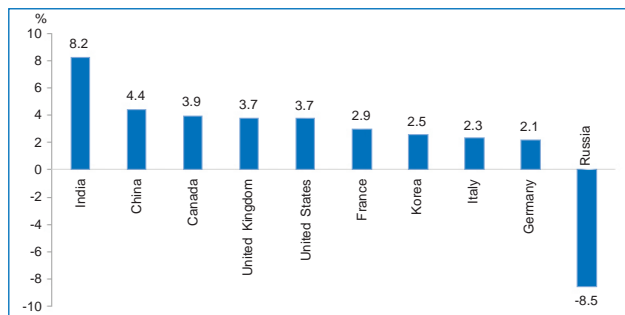
As we step into fiscal 2023, the Company remains sanguine about the prospects for its business. The RBI, in its April 2022 monetary policy announcement, has projected GDP growth for fiscal 2023 at 7.2%. Further, 19 of the 22 high frequency indicators including railway freight, e-way bill volumes and coal production have returned to pre-pandemic levels and point towards a strong continuing recovery in the broader economy. This gathering momentum is expected to drive the remaining 3 indicators (automotive sales, steel consumption and air passenger traffic) also to positive territory. Growth in fiscal 2023 is expected to be holistic, supported by following factors:

- Strong rural demand supported by favorable rabi output and increase in crop prices.
- A pickup in urban consumption demand due to increasing vaccination coverage, ease of restrictions and an increase in contact-intensive services that bore the brunt of the pandemic.
- Improving consumer sentiment as also indicated by RBI's Consumer Confidence survey (April 2022) and a return to pre-pandemic levels.

- Normal monsoon as per the initial forecast of the India Meteorological Department
- Uptick in capex spends by the Central and State governments as also private corporates

The focus of the Union Budget for fiscal 2023 on increasing Capital Expenditure (CapEx) despite walking a fiscal tightrope is extremely heartening as it creates a platform for higher growth. The Government's thrust on CapEx coupled with initiatives such as the PLI scheme is expected to give a push for improvement in investment activity. The lift in the consumption cycle is tied to broad based pick-up in economic activity, which the Indian government is trying to engineer through focus on investments. This is expected to enhance the growth potential of the Indian economy and, it is hoped, will bring endurance to growth in the medium term. The International Monetary Fund (IMF) projects India to remain the fastest growing major economy in the world in calendar year 2022.

### GDP Growth (constant prices) for major global economies (CY 2022)



Source: IMF, CRISIL Research

Longer term, the Indian economy is expected to increase by ~2.5x to \$6.5 trillion by 2030 with a real GDP growth rate in the range of 6-6.5%. Per capita income and vehicle ownership is expected to double by 2030 led by formalization, digitization and urbanization.

The two greatest risks for the economy at this stage stems from inflationary pressures and supply side concerns. The super cycle of commodity prices that began in fiscal 2022 was further fueled due to the war between Russia and Ukraine. It led to a significant spike in oil and commodity prices, thereby further exerting significant upward pressure on inflation. Taking cognizance of the spike in prices, the Government pro-actively increased subsidy on fertilizers in-order to absorb shocks on farm input prices due to rise in commodity prices. Supply chain challenges and increasing logistics costs due to the war and CoVID-19 induced lockdowns in China are key areas of concern and will be monitored carefully.

The improving road infrastructure and economic environment with our current mass transit systems will further drive the demand for mobility for the masses. This demand is today best served by the 2-wheeler segment, making its fundamentals very attractive in light of a resurgent India.

Due to the strong product line-up, unwavering focus on consumer, quality, cost, and the strong new launches the Company is confident about outperforming the industry, inspite of the global challenges and a tough business environment.

Domestic Moped and Economy motorcycle segments have lately underperformed and are likely to return to growth, with some buoyancy expected in rural agriculture led markets. However, with considerable improvement in the urban markets across India, the Company is positive about the performance of the scooter segment. This segment will see significant demand from students, working women and the broader replacement segment is likely to perform better in line with the re-opening of school, colleges along with offices.

Export of two-wheelers is likely to see a growth during the year fuelled by strong demand for TVS products and due to its operations in diverse geographies that mitigates overall risk. Some of geographies which are agriculture dependent and have surplus of crude oil will act as a hedge against the countries which may face adverse impact due to high fuel and food prices.

### Electric two-wheeler

The Company has setup a vertical to rapidly ramp up its product pipeline and presence globally. The PLI and FAME II initiatives of the government will be fully leveraged by the Company and strategically build a sustained dominant play in this segment. The industry is slated to grow rapidly and the Company has robust plans for this segment. In addition, with the strategic association with BMW, the Company will be exploring the joint design and development of urban EV options for the global markets.

### New Product Launches and Initiatives

During the year 2021-22, the following new products and variants were launched.

#### TVS Raider:



TVS Raider was launched in September 2021 to cater to the aspirations of global customers. Designed for Gen Z, TVS Raider is the most stylish offering in the 125cc segment. The 'distinctly young' motorcycle offers first-in-class

features such as reverse LCD cluster, multiple ride modes, first-in-category under seat storage and best in class performance.

TVS Raider is delighting customers in the segment with its distinct style, features and performance and has gotten rave reviews from auto journalists across traditional and digital media. TVS Raider has also become the most awarded commuter motorcycle of the year winning more than 8 awards including the coveted "Indian motorcycle of the year 2022".



### TVS Apache:



The TVS Apache RTR Series has always led the premium segment by being a pioneer in race performance and introduced many industry firsts and best-in-class offerings. It has proudly upheld the tradition of catering to the evolving customer needs this year as

well. Though the year started in lockdown, Apache was able to establish itself as a dominant player in the premium segment.

Leading the segment with its technological prowess, the TVS Apache RTR 160 4V was introduced with first-in-class features - 3 ride modes (Urban, Rain, Sport), SmartXconnect and LED Headlamp with DRL. It received a welcoming response from customers across the country. In addition, there was also the successful launch of Apache RTR 160 4V Special Edition in Matte Black.

Leading the two-wheeler industry with another important milestone, was the crossing of 1 lakh AOG (Apache Owners' Group) members, the first domestic OEM to have achieved this feat. This advocacy momentum on the ground and in the digital space further strengthens the brand. This experience is further enhanced by the exquisite brand experience due to many initiative including, APP (Apache Pro Performance), Apache Riding Experience (ARE), TVS Training School, Women's Training and Selection, and the One Make Championship, which continue to grow the aspiration for the brand.

The TVS Apache RR310 with its aspirational and excitement quotient continues to increase its footprint with the premium dealership network expansion and a best-in-class product offering. The flagship product was the first to have an offering under the TVS Built to Order (BTO) - an industry first factory customization offering that allows the customers to customize and personalize their bike with the Web Configurator or TVS ARIVE App (industry first Augmented Reality App for virtual experience). The offering has received overwhelming response.

The brand continued to evolve by keeping customers engaged with consistent interaction on social media and brand experience programs. On-ground brand experience activities helped to create brand advocacy, with its involvement among both genders alike.

As we move into the new financial year, we have already taken steps to make a bigger impact and build a stronger connect with all our customers. With more exciting offerings in the line-up, the TVS Apache Series will continue to focus on brand building and engagement as we progress.

### TVS Jupiter 125:



Taking the legacy of TVS Jupiter forward, the all new TVS Jupiter 125 was launched in October'21 marking its entry into the 125cc scooter segment. Jupiter 125 was conceptualised keeping the affluent Indian commuter in mind who has progressed and

moved up in life. Keeping the core philosophy of "Zyada" (MORE) intact, Jupiter 125 takes it a notch above and promises to offer "Zyada se bhi Zyada" on all counts.

The progressive neo masculine styling and features reinforce the premiumisation journey of the scooter customer. The feature rich scooter is truly bigger and more spacious with industry-first features such as the largest under-seat storage, segment-leading longest seat, progressive neo masculine styling, unrivalled mileage and much more.

The launch was a grand success, and the product has been gaining great acceptance in the market. Within 5 months of launch, Jupiter 125 has sold more than 93k units. In order to build awareness and establish product superiority, a complete 360° campaign was executed in the TV, print, outdoor and digital channels, highlighting the brand proposition and key differentiating features of the brand.

### TVS Jupiter:



TVS Jupiter reached 4.5 Mn+ happy customers during FY'21-22.

To continue the journey of providing "Zyada ka Fayda" TVS Jupiter ZX SmartXconnect was launched in March 2022, making it "The only 110cc scooter in India to offer fully digital console, navigation and voice assist feature"

SmartXconnect Bluetooth connectivity is being introduced in the new top-of-the line variant (ZX Disc) with best-in-class technology features like fully digital console, Bluetooth connectivity with Voice Assist, Navigation Assist, and SMS/ Call alerts to cater to tech-savvy customers.

The scooter now comes with new Silver Oak colour inner panels that differentiate this flagship variant from the rest of the trims to step up the desirability quotient further. Apart from these advanced features, the new variant of TVS Jupiter ZX also offers a new Dual Tone seat with a new design pattern for Zyada style. Additionally, this variant in the TVS Jupiter series also gets a rear backrest to provide added comfort and convenience to the pillion. TVS Jupiter

ZX SmartXonnect is available in two new colour options of Matte Black & Copper Brown.

To establish awareness of the new variant launch the Company has adopted a 360° approach for promotion through TV commercial, Digital and On-Ground visibility actions across key markets.

### TVS XL100:



TVS Moped has crossed a new milestone of 1.5 Crore Happy customers since its launch in 1980. To celebrate this milestone a new edition 'TVS XL100 Win Edition' was launched in a Heavy Duty variant and a special colour "coral silk" in the Comfort Variant.

New colour 'Coral Silk', the premium shade with satin matte finish was introduced in the TVS XL100 Comfort i-Touchstart Variant that has many appealing style features like Stylish Front Visor, Long and comfortable dual tone seat, Cushion Backrest, and stylish Chrome Accents. The TVS XL100 Comfort i-Touchstart comes with an innovative first of its kind in the two-wheeler segment, electric start technology 'i-Touchstart' (Silent start) with integrated starter generator system and with EcoThrust Fuel Injection Technology which offers 15% more mileage. It also comes with useful features like Mobile charging option and Sync Braking Technology.

The launch of the TVS XL100 Comfort & TVS XL100 Win Edition i-Touchstart variant aims to offer a series of new age features for growing customer needs, promising better comfort through its compact and lightweight design with automatic gear, making these vehicles one of the most affordable and easy to ride two wheelers available in the market.

### TVS NTORQ 125:



TVS NTORQ was the Company's first 125cc product in the Scooter segment. Designed for Gen-Z, TVS NTORQ provides a revolutionary riding experience with cutting edge technology, style and performance. Keeping the core customers in mind, this product

has been provided with many technologically superior features like Bluetooth connectivity - the first ever scooter to have this feature.

In FY July 2021, TVS NTORQ 125 Race XP was launched, the only scooter in the 125cc segment with more than 10 PS power with dual ride modes and first-of-its-kind Voice Assist feature. Having set the direction for connected mobility earlier, with TVS NTORQ 125 Race XP and its SMARTXONNECT™ connectivity platform, TVS Motor Company has yet again set a new industry benchmark by

equipping it with the first-of-its-kind Voice Assist feature. This covers various connectivity functions, including mode change, navigation, console brightness adjustment and Do-not-Disturb (DnD). It brings a new set of benchmarks to get the Indian two-wheeler industry on the accelerated path of connected mobility

In FY 2020-21, TVS NTORQ introduced a special variant in the portfolio - Super Squad Edition, in association with Marvel Studios, inspired from the epic characters of the Marvel Avenger's series - a first of its kind association in the two-wheeler industry in India. In December 2021, TVS announced the launch of Marvel Spider-Man and Thor inspired scooters under the TVS NTORQ 125 SuperSquad Edition. The new scooters will join the SuperSquad Edition inspired by Marvel Super Heroes - Iron Man, Black Panther, and Captain America launched last year.

### ELECTRIC - TVS IQUBE



Launched in January 2020, TVS iQube marked the foray of the Company into the Electric Vehicle segment. The TVS iQube is a smart mobility solution that promises to deliver a convenient, personalized, connected and future mobility experience.

Over a period of 2 years since launch, the iQube has expanded its presence to 33 cities and 74 dealers across India that offer sales and after sales service for iQube.

The iQube has seen great acceptance from consumers. It has received extremely positive feedback on its dependable performance, reliable range, and silent comfortable driving experience. The connected features like turn-by-turn navigation, live charge status, geofencing and multiple vehicle function alerts have also been greatly appreciated by customers in making their everyday commute much more comfortable and worry free. Customers have found value in the build quality of the iQube that ensures greater safety and durability of the vehicle. The wide presence of network for sales and after sales service gives customers complete peace of mind for vehicle ownership as they have a credible and established touchpoint for their purchase and service needs.

The Company has achieved 19% market share in the high-speed electric scooter segment (FY 2021-22). The Company further intends to consolidate position as a leader in the EV segment through relevant product offerings and increasing our network presence across the country.

The EV industry is the future of commuting and with the iQube, TVS Motor Company has marked a strong presence in this segment. The Company will focus on offering different products under the iQube brand to consumers, so that they have access to latest technology and connected commuting experience at an affordable price.

### Domestic Sales

The Company achieved sales of 20.3 lakh units of two wheelers in the domestic market compared to sales of 21.6 lakhs in 2020-21. The Company outperformed the broader Industry which declined by 11%.

In domestic motorcycles, Company achieved sales of 7.02 lakh units and registered a growth of 12% over 2020-21. The TVS Apache, performed better than the Premium motorcycle industry with sale of 3.2 lakh units, posting a decline of only 1% while the Premium Motorcycle industry declined by 24% in 2021-22 against 2020-21.

The Company sold 3.77 lakh units of commuter motorcycles in 2021-22 which is growth of 26.4% over last year. During the H1 period, commuter motorcycles industry grew by 10% and TVS commuter sales grew by 29%, however in H2 as the commuter Two-wheeler industry declined by 21%, TVS commuter Motor Cycle grew by 24.5% over H2 2020-21. This growth was possible due to the launch of TVS Raider 125 in September '21.

In domestic scooters, the Company achieved sales of 8.56 lakh units and registered a decline of 7% over 2020-21. However, Scooters performed better than Industry with launch of new products like Jupiter 125 and Ntorq 125 special editions.

### International Business sales - two-wheeler and three-wheeler

The Company's two-wheeler exports in 2021-22 were 11.76 lakh units and witnessed an improvement with a growth of 43% over 2020-21.

Three-wheeler exports during the year reached 1.63 lakh units and recorded a growth of 41% over 2020-21.

## RISKS AND CONCERNS

### Environmental & Geopolitical Factors:

CoVID remains a potential risk with any resurgence from a new variant leading to hospitalisation and lockdowns that could cause hardship for the population and disruption to the progress of the economic resurgence.

The geopolitical strife while currently localized remains volatile. Economic sanctions and other disruptions to global supply chains could adversely impact the economic recovery across the world.

Country specific risk factors may also impact us including socio economic and political factors in Sri Lanka, Afghanistan, Myanmar, and regulatory framework and duty structure risks in Egypt and Iraq.

### Supply Side Factors

Raw material timely availability, shortages of semi-conductor and some EV specific components could lead to impacted financial performance. The Premium segment has dependency on semi-conductor supplies and any gaps could lead to a high financial burden.

Container availability is impacted due to CoVID led disruptions in China. This may result in significant disruption in global supply chain, both in inbound and outbound logistics.

### Demand Side Factors

Demand growth is highly dependent on improvement in consumer sentiment. The improvement in sentiment is yet to fully recover to pre covid levels and could be impacted by Inflation, especially energy and food led and any significant adverse development in CoVID.

Monsoon still delivers majority of the irrigation needs of the Indian agriculture, and any deviation from the predicted normal monsoons would impact rural markets significantly. This would be 4<sup>th</sup> consecutive year of normal monsoons for India, which has not happened in recent history.

Any further price increases due to additional commodity cost escalation could adversely impact demand. The low and mid segment of the market have low headroom for further price increases.

Less than projected GDP growth and/or consequent jobs growth could adversely impact domestic demand.

Country specific retail prices may be adversely impacted by Currency devaluations due to global inflation and supply disruptions.

## 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)

Total Quality Management (TQM) remained a key focus in the organization both during the pandemic and post pandemic to mitigate the business risks amidst an uncertain industry environment in the first quarter of the year and to drive the organization towards the growth path in the remaining three quarters.

Strengthening cross functional management using Taskforce and Cross Functional Team (CFT) approaches in specific geography / products helped in retaining and improving market share during the year despite challenges in the market. Dealer transformation team towards establishing TVS retail system have focused on permeating "Focus on process for



results". Digitization and analytics initiatives are used to continuously improve customer experience processes in the front end. Daily Work Management (DWM) tools, emphasized culture of speed and rigor in execution during the pandemic through 'new normal' way of working with Daily management by senior leadership team on revenue achievement, working capital management and CoVID-19 risk mitigation.

Supplier excellence team is a continuous program being initiated to extend the TVS production system to suppliers. The objective is to improve maturity levels, Quality and Delivery performance ratings of selected chronic suppliers through establishing sustainable manufacturing system and focusing war on waste. The best practices are horizontally cross deployed. Going forward this program will be further extended to more suppliers and their tiers.

CoP (Community of Practice) groups are informally bound together by shared expertise and passion in a specific area. CoPs of OR, TRIZ and Taguchi methods are being leveraged to drive strategy, solve complex problems quickly, optimise solutions, transfer best practices, develop professional skills and competencies across the Company.

Total Employee Involvement culture was significantly permeated towards profitability of the organization by promoting 'Profit Improvement Plan' initiatives. Both workmen, executives and managers significantly focused on implementing cost reduction towards operational improvements and waste elimination to support and enable lower spending during the year. Theme of 'waste elimination' in areas of inventory management and asset management helped the Company to improve its working capital management.

### **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 import substitution / localization to reduce material costs. During the year, focused working capital management and improved operating performance helped the Company to generate operating free cash flow. Rigorous focus on lean trade stock with the dealers also enhanced the financial health of the channel partners by reducing nonvalue adding costs and improving speed and freshness across the entire supply chain. Waste elimination, productivity improvements and process improvements through multiple means including small scale automation will continue across the supply chain during 2021-22.

In the area of fixed cost, similar systematic approach of deployment of cost reduction is being done, with significant and increasing digitalization of internal processes to eliminate cost and enhance speed.

### **Research and Development**

The Research and Development (R&D) team continued its focus on in-depth customer understanding, technology

development and design innovations. This has led to launch of a performance scooter TVS Jupiter 125 and a sporty motorcycle TVS Raider for both domestic and the global markets.

TVS Jupiter 125 is a scooter with perfect blend of style & practicality. It has progressive neo masculine styling with signature LED lights, diamond cut alloy wheels which makes it premium. TVS Raider is the best in class performance motorcycle with naked street design with hi-tech advanced features such as multiple ride modes, bold Headlamp, ETFI powered intelligo technology, SBT for better braking and other safety features.

TVS Apache RR310 BTO (Built to Order) is the first race machine that can be crafted-to-order, creating opportunities for the more demanding customers. It comes with two pre-defined customisable performance kits which offers the user to select according to their needs.

The R&D team is gearing up further in developing cutting-edge technologies that are relevant for the near and long-term requirements of the Company's business plans, emerging mobility needs, providing advanced safety systems and sustainability. Research focus is aligned to chosen fields of science and engineering in order to be future ready.

TVS Motor has strong philosophy of Design, Technology and Make in India, leading to world class in-house skill set on technology as well as development of supply chain in India. Deep focus on building core technology for EV such as battery, e-powertrain, Controllers & infotainment is a priority for the Company's R&D organisation.

TVS Racing, an arm of the Research and Development department, had a very successful season 2021 with 100% podium finish in all the races participated. The collaborative and supportive work between the racing team engineers and product development engineers is fortified for developing relevant technologies using the Motorsports as a greater opportunity.

### **Digital and AI Technologies**

The Company continues to invest in digitalizing Company's operations from customer facing digital assets, retail management, manufacturing and supply chain and enterprise functions with the aim of improving customer experience, sales performance, dealer engagement, efficiency and transparency in operations.

This year, customer-facing digital products were scaled by introducing capabilities such as virtual store and chatbot on the Company's website and instrumenting clickstream data in website and consumer applications that help understand prospect needs on these digital products. Further, we leveraged AI technologies to differentiate leads, both digital and dealer walk-ins, based on their propensity to buy. Integrating this AI based classification in our dealer systems and operations have improved follow up effectiveness in retail management. Digital leads were scaled to authorised dealer network for further improving the digital contribution

to sales. Moreover, the Company has started systematic improvements in websites for international business operations.

Another area of focus in 2021-22 was in improving digitalization in dealer systems. Digital enablement for dealer sales executives, was launched in the domestic network with the capability and process to capture lead information, follow up and with the aid of recommendation systems for the sales staff to improve conversion rates. Similar enhancements have been made by digitalizing the service process through DigiApp for service on mobile that allows dealer service personnel to increase service traffic with the aid of AI classification engines, capture service requests and share service progress to customers. Hyperlocal understanding of customers also helped launch pilots of service specific outlets.

Data engineering to capture real-time information, power BI based visualizations and machine learning models were enhanced in 2021-22 to improve retail management from sales forecasting, marketing effectiveness improvements, dealer performance management and end-consumer sales visibility. Further, the Company has begun a customer experience transformation program to benchmark customer expectations across industries, blueprint a digital-first customer experience and activate the same across electric and ICE businesses.

Given the focus on electric mobility, the Company enhanced the end-to-end digitalization of customer journey in vehicle discovery and purchase of iQUBE from targeted digital marketing, 360° views and chatbot on website, vehicle booking online, test ride experience and mobile app experience for iQUBE owners. Real time visibility of customer experience online and retail operations, AI and optimization algorithms to match supply with growing demand have been put in place.

The Company completed assessments of Industry 4.0 maturity and supply chain planning effectiveness through external agencies, charted out improvement areas and has begun a supply chain transformation program by piloting machine learning based demand forecasting, sales and operations planning (S&OP) and supplier intelligence automation.

Automation of enterprise operations continued to be an area of focus in 2021-22. The Company launched TVS Sampark, a mobile application to enable self-service for employees for various HR function. Work from anywhere (WFA) matured to the default operating model, connecting team members in multiple locations seamlessly, thereby improving overall productivity and collaboration.

Improving information security continued to be an area of focus by introducing new tools and processes in both IT and OT security. The Company leveraged the cyber-security governance council, consisting of senior management and industry experts, to both expand the coverage of cyber defences and coordination amongst the group companies. The data management and governance office established in 2020-21 continued to make systematic progress in improving capture, quality and governance of data captured.

Benchmarking against internationally embraced standards for data management and governance helped assess areas of opportunity and continued progress. Further, the Company completed an audit of data privacy and has expanded the data governance program to include data protection and privacy for all its operations.

The Company institutionalized digitalization as a key accountability area in all departments to make the aforementioned progress in 2021-22. In order to accelerate the progress, the Company is strengthening the digital and AI accountability area in 2021-22 to scale the company wide digital transformation.

## INTERNAL CONTROL AND THEIR ADEQUACY

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 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.

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 an Independent audit firm as well as 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.

## KEY FINANCIAL RATIOS

As required under Regulation 34 of the Listing Regulations, there was a significant change in Debtors turnover ratio and Debt equity ratio. Details of changes are:

| Ratios                 | UOM   | Standalone |         | Consolidated |         |
|------------------------|-------|------------|---------|--------------|---------|
|                        |       | 2021-22    | 2020-21 | 2021-22      | 2020-21 |
| Debtors Turnover Ratio | Times | 22.80      | 15.60   | 22.10        | 15.60   |
| Debt Equity Ratio      | Times | 0.26       | 0.06    | 2.74         | 2.46    |
| Return on Net worth    | %     | 19.87      | 15.72   | 18.40        | 16.72   |

Improvement in Debtors Turnover Ratio reflects better operational performance. Debt Equity Ratio (Standalone) increased as the Company availed additional borrowings for funding capex and strategic investments.

### NON-CONVERTIBLE DEBENTURES

The Company had issued and allotted 5,000 unsecured, redeemable, non-convertible debentures (NCD) of face value of ₹ 10 Lakhs each on 15<sup>th</sup> May 2020 aggregating to ₹ 500 Crores at 7.5% p.a. and redeemable at the end of 3<sup>rd</sup> year. The NCDs were listed with National Stock Exchange of India Limited (NSE) on 19<sup>th</sup> May 2020.

### Environment, Occupational Health & Safety:

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 making it leaner and more efficient. In addition, our canteen facility at Hosur plant is certified under ISO 22000:2018 (Food safety Management system) & also we are certified as "EAT RIGHT CAMPUS" -5 Star rating, as per guidelines established by Food Safety & Standards Authority of India (FSSAI).

The Company has reduced 18% specific water consumption in last 3 years. The Company's approach was "Demand side Water management" which best utilizes the available water. The water management framework has - water resource management, water distribution & supply management, management of water by end-users and waste-water management. During 2021-22, the Company repurposed RO rejects in domestic & industrial applications which resulted in fresh water saving of 50 lakh litres. The Company is making itself water positive by incorporating rainwater harvesting that reserve and refine ground water.

Renewable power contributes to about 80% in overall share of power consumed. Initiatives taken towards using renewable energy resulted in CO<sub>2</sub> emissions reduction of more than 60,000 tons during 2021-22. Efforts in enhancing Renewable Energy share has been recognised and was awarded "Outstanding Renewable Energy User" by Indian Federation of Green energy. Under Extended Producer Responsibility, the Company collected & recycled 318 tons of post-consumer plastic waste. To improve environment performance in the supply chain, 33 suppliers & recycling agencies were supported during 2021-22.

As a part of continual improvement in safety, close to 700 proactive hazard control measures have been implemented across all plants in Hosur, Mysuru & Nalagarh. The overall "Plant Safety Rating System" (PSRS) score which is a lead measure of safety performance among plants improved from 324 to 352. The Company was recognized as 'Winner in Category 1' of OHS Award for 2021-22 conducted by Office of JDISH Hosur, HIA & NHRD Hosur chapter.

Periodical safety trainings have been organized and close to 15,000 persons were covered on various safety topics. Towards improving the safety awareness and safety performance of the suppliers, identified Tier-1 suppliers have been covered under scheduled audit by certified OHS professionals through sharing of best practices, identifying hazards and implementing control measures.

For enhanced safety of Electric Vehicle (EV) manufacturing, various engineering and administrative controls have been introduced. For storage, handling and assembly of battery packs, there are temperature controlled dedicated enclosures (that are of 2-hour fire rating), automatic "smoke / flame detection & clean agent suppression system", access control with 24X7 CCTV surveillance and emergency exits. Ensuring ESD safety, especially while handling / having close proximity to sensitive electronic components of Electric Vehicles, ESD safe PPE's are deployed. Assembly and regenerative End of Line (EOL) Testing processes for EV battery packs and vehicles, are of intrinsically safe design, automated with multi levels of protection during testing. All critical / safety joints are ensured for torque and number of turns, ensuring safety of product and people. Everyone on EV assembly lines is trained and participated in periodic mock drills for creating awareness on safety Know-how and Know-why.

During second wave of CoVID-19 pandemic, Occupational Health Centre (OHC) extended support to all employees and their families by arranging CoVID testing at various hospitals and labs. In addition, support was extended towards arranging beds for employees and members of their families in times of need. Vaccination drive through camps and tie ups with reputed service providers enabled us to achieve 100% vaccination (double dose) for all employees including contractors and their families.

### HUMAN RESOURCE DEVELOPMENT (HRD)

Constituents of Human Resources Development framework followed at the Company include Talent Management, Employee engagement, Performance management, Talent Acquisition, Diversity & Inclusion, Total rewards, 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. We have successfully expanded as a Company in future technology areas. The newly formed Future Mobility vertical is building talent depth in the areas of connected services, autonomous driving, charging technology etc. The Company is committed on building an Inclusive Workforce. In 2021-22 alone the Company has trained up to 300 managers across levels and across departments about Inclusion. In the journey of HR digitization, an integrated HRMIS platform "Sampark" was launched to improve employee experience. As a part of SPARK project, the Company has completed re-design and launch of holistic talent process across organisation.

TVS Institute of Quality & Leadership (IQL) was certified as a Corporate University in 2018, by Global Council of Corporate Universities. This institute set on 75 acres campus near Attibele, Karnataka, focuses on cultural capabilities, collective capabilities, supporting strategy delivery and enhancing sustainability.



In 2021-22, four Community of Practice (CoPs) were launched for Taguchi Methods, Operations Research (OR), Reliability Engineering and TRIZ (Inventive problem methodology). These CoPs contributed significantly for tangible and intangible business impact. Skills training centre trained 2,584 person in the areas of assembly, fabrication, painting, CKD for IB.

As on 31<sup>st</sup> March 2022, the Company had 5161 employees on its roll.

#### CAUTIONARY STATEMENT

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

#### 5. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. that in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March 2022, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- 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 31<sup>st</sup> March 2022 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 26 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 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. The projects / programmes undertaken by SST and other eligible Trusts are falling within the CSR activities as specified under Schedule VII to the Act, 2013.

Based on the recommendation of the CSR Committee, the Board has approved the projects/programmes carried out as CSR for an amount of ₹ 17.01 Cr for 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 2021-22 and the Company has met the CSR spending through the following trusts registered with the Ministry of Corporate Affairs.

(₹ in Cr)

| Sl. No | Name of the Institution   | Amount |
|--------|---------------------------|--------|
| 1      | Srinivasan Services Trust | 16.76  |
| 2      | Vidya Foundation          | 0.25   |
|        | Total                     | 17.01  |

Presently, SST work with communities and governments to empower India's rural poor through awareness, skills and training programs. SST also do this by helping them find solutions that are sustainable, in areas ranging from economic development, and infrastructure to healthcare and education. SST encourage them to alter their attitudes and take ownership of changes that bring about lasting development

SST is working in thousands of villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh, and Andhra Pradesh. SST has focused on the areas of economic development, health care, education, environment, social, infrastructure and water conservation actively in many villages. So far in the last 26 years, across SST, more than 60,000 women have been organized into Self-Help Group (SHGs), 2,500 village government infrastructures have been repaired and renovated, more than 290 water bodies have been desilted, to name a few of the activities.

SST has won the 'Outstanding Social Innovation' award at the CK Prahalad Awards 2021 under 'Bottom of the Pyramid'

category. The award is a testament to the efforts SST has put in the last 26 years working in 2500 villages in and around Southern India bringing about holistic development.

Vidya Foundation is a registered Non-Governmental Organisation (NGO) that is executing its efforts in the field of Sports Development, Healthcare and Education.

All of the projects undertaken through SST or other trusts, for its CSR obligations, are within the limit of ₹ 1 Cr and do not require impact assessment.

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 the CSR Committee and approved by the Board for the financial year 2021-22 are given by way of Annexure IV attached to this Report.

It may also be noted that the CSR Committee has approved the projects or programmes to be undertaken by the SST and other eligible trusts for the year 2022-23, preferably in local areas including the manner of execution, modalities of utilisation of funds and implementation schedules and also monitoring and reporting mechanism for the projects or programmes, as required under the Companies Amendment Act, 2020.

## **7. FINANCIAL PERFORMANCE OF SUBSIDIARIES & ASSOCIATES**

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

### **Subsidiaries**

1. Sundaram Auto Components Limited (SACL), Chennai
2. TVS Housing Limited, Chennai
3. TVS Motor Services Limited, Chennai
4. TVS Credit Services Limited, Chennai (TVSCS)
5. Intellicar Telematics Private Limited, Bengaluru (Intellicar)
6. TVS Electric Mobility Ltd, Chennai (From 13.12.2021)
7. TVS Motor Company (Europe) B.V., Amsterdam
8. TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore)
9. PT TVS Motor Company Indonesia, Jakarta.

### **Subsidiaries of TVSCS**

10. Harita ARC Private Limited, Chennai
11. TVS Housing Finance Private Limited, Chennai
12. TVS Two-wheeler Mall Private Limited, Chennai

### **Subsidiaries of TVSM Singapore**

13. The GO Corporation, Switzerland (GO AG), (From 16.09.2021)
14. Swiss E-Mobility Group (Holding) AG, Switzerland (SEMG) (From 27.01.2022)
15. The Norton Motorcycle Co Limited, UK
16. TVS Digital Pte Ltd, Singapore (From 20.05.2021)

### **Subsidiaries of GO AG (From 16.09.2021)**

17. EGO Movement Stuttgart, GmbH, Germany

### **Subsidiaries of SEMG (From 27.01.2022)**

18. Swiss E-Mobility Group (Schweiz), Switzerland
19. Colag E-Mobility GmbH, Germany

### **Subsidiaries of SACL**

20. Sundaram Holding USA Inc, Delaware, USA
21. Green Hills Land Holding LLC, South Carolina, USA
22. Components Equipment Leasing LLC, South Carolina, USA
23. Sundaram - Clayton (USA) LLC, South Carolina, USA
24. Premier Land Holding LLC, South Carolina, USA

### **Subsidiary of Intellicar (From 10.11.2021):**

25. Intellicar Singapore Pte Ltd, Singapore

### **Associates**

1. Emerald Haven Realty Limited, Chennai and its eight subsidiaries
2. Ultraviolette Automotive Private Limited, Bengaluru
3. Tagbox Solutions Private Limited, Bengaluru

### **Associates of TVS Digital Pte Ltd:**

1. Tagbox Pte Limited, Singapore
2. Predictronics Corp., USA
3. Scienaptic Systems Inc., USA
4. Altizon Inc, USA

Post 31<sup>st</sup> March 2022, the following acquisitions were made by the Company through its overseas subsidiaries:

- (1) EBCO Limited, UK, dedicated for producing and distributing electric bikes designed for the rapidly expanding British e-bike market, through TVS Motor (Singapore) Pte Ltd. (70% stake)
- (2) Alexand'Ro Edouard'O Passion Vélo Sàrl ("Passion Vélo"), primarily engaged in the sale of e-bikes as well as e-bike accessories through Swiss E-Mobility Group (Holding) AG. (100% stake)

The Company has also acquired 1.81 % stake in Roppen Transportation Services Private Limited ("Rapido").

### PERFORMANCE OF SUBSIDIARIES

#### **Sundaram Auto Components Limited (SACL)**

The total income of SACL was ₹ 608 Cr in the current year as against ₹ 463 Cr in the previous year 2020-21.

SACL earned a profit before tax of ₹ 4.30 Cr after incurring an exceptional cost of ₹ 6 Cr during the year 2021-22 as against loss of ₹ 19.08 Cr in the previous year after incurring an exceptional cost of ₹ 9.36 Cr. Exceptional cost includes separation cost. SACL is a wholly owned subsidiary of the Company.

#### **TVS Housing Limited (TVSH)**

TVS Housing Limited is a wholly owned subsidiary of the Company.

#### **TVS Motor Services Limited (TVS MS)**

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

TVS MS now holds 0.54% only in TVS CS post redemption of its preference shares held by the Company and TVS MS continues to be a wholly owned subsidiary of the Company.

#### **TVS Credit Services Limited (TVS CS)**

TVS CS is the retail finance arm of the Company for financing of two wheelers.

During the year 2021-22, TVS CS's overall disbursements registered at ₹ 12,533 Cr as compared to ₹ 8,627 Cr in the previous year registering growth of 45%. During the year under review, the assets under management are around ₹ 13,911 Cr as against ₹ 11,200 Cr during the previous year registering a growth of 24%. Total income during the financial year 2021-22 increased to ₹ 2,731 Cr from ₹ 2,241 Cr during the financial year 2020-21, an increase of 22% over previous year.

The profit before tax after exceptional items for the year stood at ₹ 151 Cr as against ₹ 105 Cr during the previous year registering a growth of 44%.

The following companies are the subsidiaries of TVSCS.

1. Harita ARC Private Limited, Chennai
2. TVS Housing Finance Private Limited, Chennai
3. TVS Two-wheeler Mall Private Limited, Chennai

All the above subsidiaries are yet to commence their operations.

During the year, TVS CS has divested its entire stake in Harita Collection Services Private Limited, TVS Micro Finance Private Limited and TVS Commodity Financial Solutions Private Limited.

#### **Intellicar Telematics Private Limited (Intellicar)**

Intellicar is a wholly owned subsidiary of the Company. Intellicar provides advanced fleet management solutions through an integrated platform powered by IoT technologies coupled with strong analytics and data management capabilities. It will help

accelerate the ongoing digital initiative of the Company that are targeted at delivering enhanced customer experience. Total income of Intellicar was at ₹ 21.6 Cr in the year 2021-22 as against ₹ 7.9 Cr in the previous year 2020-21. Intellicar made a profit before tax of ₹ 0.96 Cr in the year 2021-22 as against loss of ₹ 4.8 Cr in the previous year 2020-21 and is forecasting strong YoY financials with material growth in both revenue and ARR (Annual Recurring Revenue) for 2022-23.

#### **TVS Electric Mobility Ltd, Chennai (TVSEM)**

During the year, the Company has incorporated TVSEM on 13<sup>th</sup> December 2021, to undertake Electric Mobility business. The entire shares of TVSEM have been subscribed by the Company and hence, TVSEM is a wholly owned subsidiary of the Company.

#### **TVS Motor Company (Europe) B.V.**

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

#### **TVS Motor (Singapore) Pte. Ltd**

TVS Motor (Singapore) Pte Limited, a wholly owned subsidiary, through its subsidiary TVS Digital Pte. Ltd. (TVSD) is being leveraged to operationalize a digital technology organization focused on delivering high quality digital solutions that address real life business challenges by harnessing the power of Analytics, Artificial Intelligence, Augmented Reality, Machine Learning and Internet of Things. The solutions and offerings are focused in the areas of automotive and fintech industries that have direct relevance to the Company and its subsidiaries and are scalable and monetizable in the digital economy.

TVS Motor (Singapore) Pte Limited had made investments aggregating USD 17.9 Mn in Altizon Inc (USA) in the area of Digital Manufacturing focused on Digitizing Legacy Factories, Predictronics Corporation (USA) in the area of Digital Manufacturing focused on Predictive Maintenance, Scienaptic (USA) in the area of Credit Services focused on Credit Decisioning, Underwriting and Collections and in Tagbox (Singapore) in the area of Fleet Management focused on Granular Asset Tracking.

The Company's invested entities have performed very well with Altizon, Intellicar and Tagbox registering double-digit revenue growth, while all invested entities delivered YoY multiples in ARR growth coupled with improved operational and financial metrics compared to the previous financial year. Thanks to the growth in digital technologies driven by both CoVID-19 and booming digital economy, it is expected that the invested start-ups will continue to deliver material growth in FY 2022-23 including financial and operational metrics while continuing to add value to the ongoing digital transformation initiatives in our group companies.

During the year, the Company has invested a sum of SGD 199.62 Mn in the ordinary shares of TVS Motor (Singapore) Pte Limited.

### ***TVS Digital Pte Ltd, Singapore***

TVS Digital Pte Limited, Singapore is a wholly owned subsidiary of TVS Motor (Singapore) Pte Limited.

### ***PT. TVS Motor Company Indonesia (PT TVS)***

PT TVS posted an Operating PBT of ₹ 17.69 Cr for the full year.

PT TVS recorded sales of 11,094 nos. of three wheelers as against 5,863 nos. of sales during the previous year (growth of 89%) and 86,196 nos. of two wheelers as against 58,901 nos. in last year, thereby registering a growth of 46%.

The growth in sales numbers, coupled with effective management of fixed costs enabled company to achieve EBITDA of ₹ 38.53 Cr as against ₹ 20.08 Cr of last year.

### ***Swiss E-Mobility Group (Holding) AG (SEMG)***

During the year, the Company acquired majority stake in Swiss E-Mobility Group and its subsidiaries viz., Swiss E-Mobility Group (Schweiz) and Colag E-Mobility GmbH Swiss E-mobility through TVS Motor (Singapore) Pte Ltd.

The acquisition reaffirms the Company's commitment to expansion in Europe, largest eBike market outside of China, through a portfolio of premium and technology leading brands including EGO Movement.

SEMG is a market-leading provider of e-mobility solutions within the DACH region, operating the largest pure-play e-bike retail chain M-way in Switzerland. By combining its extensive physical network and e-commerce platform with two online platforms and 31 physical stores strategically located across Switzerland.

SEMG has strong omnichannel distribution and aspirational brands, including Cilo, Simpel, Allegro and Zenith-Bikes. The Company enhanced the product range further and scale the Company in the DACH region and beyond. SEMG is No. 1 in Switzerland with a market share of 20%. During last year SEMG reported revenue of ₹ 546.72 Cr and PAT of ₹ 43.39 Cr and expected revenue for the current financial year is around USD 100 Mn. SEMG is expanding further into DACH region. SEMG acquisition gives an opportunity to grow in personal mobility business including e-kick scooters and e-cargo bikes which are emerging trends.

E-bikes merging as the leading personal mobility solution in Europe due to the increased ease of usage, regulatory support and overall perception as a sustainable form of transport. With a current penetration of approximately 15% of the total bicycle population in Europe and growing at a CAGR of ~18%, the market for the e-bicycle holds significant growth potential. The global Industry for E-bikes will touch 25 bn in 5 years.

This acquisition of a profitable and growing platform with the opportunity to drive further value will augur well for the Company in the long run.

### ***The GO Corporation, Switzerland (GO AG)***

During the year, the Company acquired majority stake in GO AG, Switzerland and its subsidiary EGO Movement through TVS Motor (Singapore) Pte Ltd.

Over the past decade, the personal mobility landscape has evolved significantly with the global sustainability agenda, increasing urbanisation and advancement in battery technology.

EGO Movement's product portfolio focuses on delivering sustainable products with the latest technology and stylish designs. A powerful battery is blended harmoniously into the frame, whose ergonomic design allows for a comfortable upright sitting position. In addition, with technical refinements such as a powerful mid-motor including a torque sensor, a USB port on the removable lithium-ion battery and an LED light that automatically switches on at dusk. The unique and innovative design philosophy has earned the company multiple awards, including the prestigious Red Dot Award.

This acquisition is in line with the Company's commitment towards electrification and the broader sustainability agenda for building an aspirational product portfolio while nurturing sustainable and scalable brands. EGO Movement is a Swiss technology company providing innovative mobility solutions through a portfolio of e-bikes, e-cargo bikes and e-scooters. EGO Movement has a strong presence in Europe with customer-centric products, a unique omnichannel network and a visionary team at its helm.

### ***The Norton Motorcycle Co Limited, UK***

During the financial year 2021-22, The Norton Motorcycle Co. Limited (UK) (Norton) which was acquired by the wholly owned subsidiary TVS Motor (Singapore) Pte. Limited in April 2020, has established a modern, state of the art manufacturing facility, capable of producing high end premium motorcycles, at Solar Park, Solihull, West Midlands, UK. Norton has firmed up its product plan with a series of new products to be launched in coming years catering to various segments of the premium motorcycle market.

Production of motorcycles at the newly established facility has commenced and they are expected to be in the market very soon. Key management positions have been filled up and the organisation has been strengthened through recruitment of manpower with required skills & talent in all functions. Norton will continue its focus on producing products with high quality standards, establishing a robust supply chain & distribution network in its journey of relaunching this iconic brand to its rightful place at the global level.

### ***Sundaram Holding USA Inc. (SHUI) & its subsidiaries***

Sundaram Holding USA Inc. (SHUI), a company established under the applicable provisions of Laws of The United States of America, is owned by Sundaram Auto Components Ltd (SACL) (wholly owned subsidiary of the Company) and Sundaram-Clayton Limited (SCL) (holding company of the Company).



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 2021-22, SCL has invested a sum of USD 23.95 Mn in the ordinary shares of SHUI. SCL and SACL holds 49.7% and 50.3% respectively of the total capital of SHUI as on 31<sup>st</sup> March 2022.

Post CoVID-19, SHUI has restarted its operation and started supplies to customers during first half of 2021-22.

### **Associates:**

#### ***Emerald Haven Realty Limited (EHRL)***

During the year, EHRL revenue increased by 46% and sales increased by 6% despite adverse impacts due to the second wave of CoVID-19 and the lockdown restrictions imposed in May / June'21, severe cyclone and floods in November'21.

The Company also worked on various value engineering measures to control operating and fixed costs, which helped in the operating performance of the Company.

### **Subsidiaries of EHRL**

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

#### ***Ultraviolette Automotive Private Limited (UV)***

UV incurred a loss of ₹ 2.54 Cr in the year 2021-22 as against loss of ₹ 1.61 Cr in the previous year 2020-21. UV is a start-up company engaged in developing electric mobility solutions.

#### ***Tagbox Solutions Pvt Ltd, India / Tagbox Pte Ltd, Singapore (Tagbox)***

Tagbox is a start-up company which provides an IoT based monitoring solution to predict and prevent unfavourable events, optimize reefer fleet and routes and manage inventory. The total income of Tagbox was at ₹ 7.24 Cr in the current year as against ₹ 6.2 Cr in the previous year 2020-21. Tagbox incurred a loss of ₹ 2.71 Cr in the year 2021-22 as against the loss of ₹ 0.2 Cr in the previous year 2020-21.

#### ***Predictronics Corp, (Predictronics) USA***

Predictronics is a start-up company engaged in predictive analytics solution for critical assets, vertical software for industrial robots and consulting services. Revenue of Predictronics was at ₹ 9.37 Cr in 2021 as against ₹ 7.8 Cr in the previous year 2020. Predictronics made a loss of ₹ 2.27 Cr in the year 2021 as against a loss of ₹ 4.6 Cr in the previous year 2020.

#### ***Scienaptic System Inc (Scienaptic), USA***

Scienaptic is a start-up company engaged in explainable AI powered Advanced underwriting decisioning platform. Total income of Scienaptic was at ₹ 28.9 Cr in 2021-22 as against ₹ 26.7 Cr in the previous year 2020-21. Scienaptic incurred a loss of ₹ 24.1 Cr in the year 2021-22 as against loss of ₹ 19.3 Cr in the previous year 2020-21.

#### ***Altizon Inc, (Altizon) USA***

Altizon is a start-up company which provides industrial IoT solutions and helps enterprises use machine data to drive business decisions. Total income of Altizon was at ₹ 7.6 Cr in the current year as against ₹ 4.1 Cr in the previous year 2020-21. Altizon incurred a loss of ₹ 8.7 Cr in the year 2021-22 as against loss of ₹ 8.6 Cr in the previous year 2020-21.

## **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 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 the Auditors' Report form part of the Annual Report.

The 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 business hours as mentioned in the Notice of AGM.

The consolidated Profit Before Tax of the Company and its subsidiaries & associates amounted to ₹ 1,067 for the financial year 2021-22 as compared to ₹ 822 Cr in the previous year.

## **9. DIRECTORS & KEY MANAGERIAL PERSONNEL**

### **Special Recognition for Mr Venu Srinivasan**

Mr. Venu Srinivasan was conferred the Padma Bhushan by the President of India. The award is conferred for "distinguished service of a high order" and is one of the highest civilian awards of the Republic of India.

Mr Venu Srinivasan is also the AUTOCAR MAN OF THE YEAR 2021.

### Appointment of Chairman Emeritus and Chairman

Mr Venu Srinivasan was designated as Chairman Emeritus effective 1<sup>st</sup> April 2022 by the Board, at its meeting held on 7<sup>th</sup> February 2022 and continues to be the Managing Director of the Company.

At the same meeting, the Board appointed Prof Sir Ralf Dieter Speth, Non-Executive Director as Chairman of the Board, effective 1<sup>st</sup> April 2022.

### Elevation of Mr. Sudarshan Venu as Managing Director

The Board of Directors at its meeting held on 5<sup>th</sup> May 2022 elevated Mr. Sudarshan Venu as Managing Director of the Company, effective that date, on the recommendation of Nomination and Remuneration Committee at its meeting held on 29<sup>th</sup> April 2022.

Mr Sudarshan Venu has been charting the future of the Company and has made it the most awarded two-wheeler Company. He has played a pivotal role in the Company's growth in India and key international markets, including Asia, Africa and more recently Europe. Considering all his dedicated efforts, the Board decided to elevate him as Managing Director.

### Directors' appointment / re-appointment / cessation

During the year under review, Mr Prince Asirvatham, tendered his resignation as a Independent Director of the Company with effect from 20<sup>th</sup> August 2021 due to health reasons.

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 AGM. Mr H Lakshmanan and Dr. Lakshmi Venu, Directors are liable to retire by rotation, at the ensuing AGM. However, Mr H Lakshmanan, director, has expressed his desire not to offer himself for re-appointment at the ensuing AGM, due to old age. In terms of Section 152 of the Act, 2013, that, if the vacancy of the retiring director was not filled up, it would be required to be resolved expressly by the shareholders not to fill the vacancy of the retiring director.

As, Mr H Lakshmanan has expressed his desire not to offer himself for re-appointment at the ensuing AGM, the composition of the Board has reduced below the minimum level of having 2/3rd Directors liable to retire by rotation.

Hence, it has been proposed to re-appoint Mr Venu Srinivasan, Chairman Emeritus and Managing Director (CE & MD) as a Director liable to retire by rotation, who was appointed earlier as a non-retiring Director at the eighth Annual General Meeting (AGM) held on 11<sup>th</sup> September 2000, on the recommendation of the Nomination and Remuneration Committee at its meeting held on 29<sup>th</sup> April 2022.

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. Further, the Board at its meeting held on 5<sup>th</sup> May 2022, approved the re-appointment of Mr Sudarshan Venu as Managing Director (MD) for a further period of five years from 1<sup>st</sup> February 2023 to 31<sup>st</sup> January 2028, in accordance with the Act, 2013 and the Listing Regulations on such terms and conditions of his re-appointment including remuneration, as recommended by the Nomination and Remuneration Committee of directors at their meeting held on 29<sup>th</sup> April 2022. The shareholders approval are being sought through Postal Ballot.

It may be noted that, the approval of the Central Government is required for his re-appointment as MD of the Company in terms of Schedule V to the Act as he is a person resident outside India.

### Independent Directors (IDs)

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

On 5<sup>th</sup> March 2019, the IDs viz., M/s. T Kannan, C R Dua and Hemant Krishan Singh were reappointed for the second term of 5 consecutive years from 14<sup>th</sup> July 2019. Mrs Lalita D. Gupte and Mr R Gopalan, were appointed as Additional and Independent Directors for a term of 5 years by the board at its meeting held on 23<sup>rd</sup> October 2018 and 30<sup>th</sup> April 2019 respectively and the same were approved by the shareholders at the AGM held on 22<sup>nd</sup> July 2019. The terms of appointment of IDs include the remuneration payable to them by way of fees and profit-related commission, if any.

Mr Kuok Meng Xiong was appointed by the Board on 24<sup>th</sup> March 2021 as NE-ID for a term of five consecutive years effective that date and the same was approved by the shareholders at their 29<sup>th</sup> AGM held on 29<sup>th</sup> July 2021.

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. 88 of this Annual Report.

All the IDs are 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 Companies Act, 2013 and obtained ID registration certificate and renewed the same for five years / life time, as the case may be.

### Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 18<sup>th</sup> March 2022.

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 the Nomination and Remuneration Committee (NRC) for evaluation of Non-IDs and Executive Directors viz., M/s Venu Srinivasan, Sudarshan Venu, K N Radhakrishnan and Non-IDs Non-Executive Directors viz., Prof. Sir Ralf D Speth, H Lakshmanan, and Dr. Lakshmi Venu, Directors and also of Chairman of the Board and the Board as a whole, for the year 2021-22.



IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires. They reviewed the developing strategic plans aligned with the vision and mission of the Company, displaying leadership qualities for seizing the opportunities and priorities, developing and executing business plans aware of the risks involved, establishing an effective organizational structure, and demonstrating high ethical standards and integrity and commitment to the organization besides participation at the Board / Committee meetings, effective deployment of knowledge and expertise and constructive comments / guidance provided to management by the Non-IDs.

They have also noted the milestones achieved by the Company during the year under review.

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

#### **b) Chairman**

The IDs reviewed the performance of the Chairman of the Board after considering his performance vis-a-vis benchmarking the performance of the Company with the industry under the stewardship of the Chairman.

The IDs also placed on record, their appreciation of the Chairman's appropriateness and proactive nature of his interventions for developing strategic plans aligned with the vision and mission of the Company; aggressive vision on electric mobility, succession plan for the Company's sustainability in challenging global environment; and provides exceptional and critical leadership and provides robust leadership for the Board to take on diverse challenges in a disruptive market, contributing to clean / green mobility.

They also commended his high level of integrity & objectivity and very judicious approach, and brings his vast experience to bear on steering Board discussions and decisions for the benefit of the Company and Shareholders.

#### **c) Board**

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

The evaluation process focused on Board Dynamics. The Company has a Board with a wide range of expertise in all aspects of business and outstanding diversity of the Board with the presence of varied personalities with an expert in each domain viz., Engineering, Finance, Marketing, Legal, Information Technology, Administration and International trades and is well balanced with the addition of directors, with domestic and international experience and also from new industries

The IDs were always kept involved through open and free discussions and provided additional inputs in

emerging areas being forayed into by the Company; and also noted that the board had timely information and full disclosures for meaningful and open discussions at all meetings and forums.

They also expressed their satisfaction with presentations on major litigations, a regular update on the performance of Subsidiaries, EV businesses which have been fairly made to all IDs with open door discussions.

The Company's management is well guided by the Non-Executive Directors; and Board benchmarks well in terms of its overall composition and the value it adds to the business.

As far as shareholders' interest is concerned, IDs noted that a proper system has been established to ensure that the Company is prompt, relevant and transparent.

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 Company is in compliance with the statutory requirements under both the Companies Act and the Listing Regulations and all the information provided to the Directors are very wholesome.

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)**

Mr Venu Srinivasan, Chairman Emeritus and Managing Director, Mr Sudarshan Venu, Managing Director, Mr K N Radhakrishnan, Director & CEO, Mr K Gopala Desikan, Chief Financial Officer and Mr K S Srinivasan, Company Secretary are KMPs of the Company in terms of Section 2(51) read with 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 23<sup>rd</sup> September 2014 and amended from time to time to maintain consistency with

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 Independent Directors**

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

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

#### **Evaluation of the Independent Directors and Committees of Directors**

In terms of Section 134 of the Act, 2013 and the Corporate Governance requirements as prescribed under the 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 Directors, 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 accepted by the Board prior to its implementation during the financial year under review.

Details of Committees, its charter and functions are provided in the Corporate Governance Report.

#### **Number of Board meetings held:**

During the financial year 2021-22, the Board met six times and details of the meetings are provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

#### **Scheme of Amalgamation and Arrangement - TVS Group**

A memorandum of family arrangement was executed on 10<sup>th</sup> December 2020, between the TVS Family for aligning and synchronizing the ownership of shares in various companies / business with the management of the respective companies, as is currently being done.

In this regard, a Composite Scheme of Amalgamation and Arrangement (Scheme) was filed with NCLT by T V Sundram Iyengar & Sons Private Limited, the ultimate holding Company and an order was pronounced on 6<sup>th</sup> December 2021 sanctioning the Scheme.

Consequent to the Scheme being effective, Sundaram Industries Private Limited and Southern Roadways Private Limited got merged with TVS Sundram Iyengar & Sons

Private Limited and the equity shares held by T V Sundram Iyengar & Sons Private Limited and its subsidiaries viz., Sundaram Industries Private Limited and Southern Roadways Private Limited, in Sundaram-Clayton Limited (SCL) have been vested with TVS Holdings Private Limited effective 4<sup>th</sup> February 2022.

TVS Holdings Private Limited thus became the ultimate holding company effective that date.

### 10.AUDITORS

#### Statutory Auditors

The Company at its 26<sup>th</sup> AGM held on 7<sup>th</sup> August 2018 reappointed 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 26<sup>th</sup> AGM till the conclusion of 31<sup>st</sup> 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 final 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 2022-23.

The Auditors' Report for the financial year 2021-22 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 financial year 2021-22, 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 5<sup>th</sup> May 2022 has re-appointed M/s S Krishnamurthy & Co., Company Secretaries, Chennai having Unique Identification Number P1994TN045300 allotted by the Institute of Company Secretaries of India as Secretarial Auditors for the financial year 2022-23.

#### 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 2022-23.

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 ₹ 8 lakhs has been fixed by the Board as remuneration in addition to reimbursement of applicable taxes, travelling and out-of-pocket expenses payable to him, for the financial year 2022-23, which 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 2020-21 on 26<sup>th</sup> August 2021 in XBRL format.

### 11.CORPORATE GOVERNANCE

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

A separate section on Corporate Governance and a certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the 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 the Regulation 17 (8) of the Listing Regulations pertaining to CEO / CFO certification for the financial year ended 31<sup>st</sup> March 2022.

### 12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the Listing Regulations, the Business Responsibility Report for the year 2021-22 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. 88 of this Annual Report.

### 13.POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act, 2013 and Regulation 22 of the 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 Policy is disclosed on the Company's website in the link as provided in page no. 88 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 31<sup>st</sup> March 2022.

#### **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, if any, affecting the financial position of the Company, having occurred since the end of the year and till the date of the Report:**

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 this 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:**

Copy of the Annual Return (Annexure II) in prescribed form is available on the Company's website in the link as provided in page no. 88 of this Annual 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 in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure III. In terms of first proviso to Section 136(1) of the Act, 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

##### **Comparative analysis of remuneration paid:**

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

##### **Details of 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 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 2021-22 are given as Annexure VI to this Annual Report. On loans granted to the Employees, the Company has charged interest as per its policy, in compliance with Section 186 of the Act, 2013.

Please refer note no. 3 to Notes on accounts 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  
5<sup>th</sup> May 2022

PROF. SIR RALF DIETER SPETH  
*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 2021-22:

- Optimal utilization of plant and equipment.
- Alternate source of power (Solar and Wind)
- Implementation of planned energy efficient projects.

Above measures have resulted in an annual saving of approximately ₹ 6.5 Cr.

##### 2. Proposed measures during the year 2022-23:

- Improve process plant utilization and equipment efficiency.
- Alternate source of power (Solar and Wind).
- Augmentation of roof top solar capacity to 7.8 MW.
- Alternate fuel for process heating.
- Implementation of other identified energy efficient projects

Above measures are expected to yield an annual saving of ₹ 7 Cr. (Approx.)

##### 3. Steps taken for utilizing alternate sources of energy during the year 2021-22:

The renewable power contributes to 80% of overall power. Out of which, 73% of energy utilized from wind power and 7% of energy sourced from solar power plant.

##### 4. Capital investment in energy conservation equipment:

During 2021-22, the Company had focused on utilization improvement of process plants, implementation of energy efficient projects such as heat recovery systems, conversion to DC fan etc. and reduction of fixed consumption as well as carbon footprint.

The Company is planning to invest around ₹ 7 Cr during 2022-23 towards enhancing the renewable energy share, alternate fuel conversion and implementation of planned energy efficient projects.

#### B. TECHNOLOGY ABSORPTION FOR 2021-22

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

- Design, development and productionisation of "TVS Jupiter 125", with best-in-class fuel economy and class leading features.
- Design, development and productionisation of TVS Raider 125 with distinct sporty styling, best in class

performance and hi-tech advanced features for domestic and international markets.

- Design, development and productionisation of TVS Apache RR310 with TVS Built to Order (BTO) which comes with two pre-defined customisable performance kits.
- Design, development and productionisation of all the 2W models for enhanced safety and meeting the regulatory norms.
- Design, development and productionisation of 4 Motorcycle variants for the specific segment needs of international market.

##### Future plan of action:

- Development of new technologies for reduction of CO<sub>2</sub> and other omissions.
- Development and adoption of new technologies for enhanced safety and rider assist.
- Development of new technologies, materials and processes for environmental sustainability.
- Development of new technologies and new features to deliver best-in-class products and achieve enhanced customer satisfaction.
- Development of new technologies in the areas of Electric power trains and connected vehicles.
- Development of new products for global markets.

#### 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 - ₹ 513.82 Cr.

#### D. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

##### 1. Export activities:

During the year, export of two-wheeler was 10.90 lakh units and three-wheeler was 1.63 lakh units. The Company continued export of components and subassemblies to its subsidiary in Indonesia.

##### 2. Total foreign exchange earned and used:

(₹ in Cr)

|                         |          |
|-------------------------|----------|
| Foreign exchange used   | 2,705.36 |
| Foreign exchange earned | 7,320.60 |

For and on behalf of the Board of Directors

Chennai  
5<sup>th</sup> May 2022

PROF. SIR RALF DIETER SPETH  
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. Brief outline on CSR Policy of the Company:

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. Composition of the CSR Committee:

| Sl. No. | Name of the Director (M/s) | Designation                             | Status   |
|---------|----------------------------|---|----------|
| 1.      | Venu Srinivasan            | Chairman Emeritus and Managing Director | Chairman |
| 2.      | H Lakshmanan               | Non Independent Director                | Member   |
| 3.      | R Gopalan *                | Independent Director                    | Member   |

\* Appointed effective 21<sup>st</sup> October 2021 in the place of Mr Prince Asirvatham, who ceased to be a director from 20<sup>th</sup> August 2021

|       |   |   |                  |  |  |
|-------|---|---|------------------|--|--|
| 3.    | Web-link where Composition of CSR committee, Projects approved by the board and Policy are disclosed on the website of the Company  | <a href="http://www.tvsmotor.com">www.tvsmotor.com</a><br>Web-link is provided in page no. 88 of this Annual Report.  |                  |  |  |
| 4.    | Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable.                                   | Not Applicable  |                  |  |  |
| 5     | Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any | Sl. No.   | Financial Year   | Amount available for set-off from preceding financial years (in ₹)   | Amount required to be setoff for the financial year, if any (in ₹) |
|       |   | 1.  | 2020-21          | 1.57 Cr.   | —  |
| 6     | Average net profit of the Company as per Section 135(5).  | ₹ 845.72 Cr   |                  |  |  |
| 7     | (a) Two percent of average net profit of the Company as per Section 135(5)  | ₹ 16.91 Cr  |                  |  |  |
|       | (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.  | Nil   |                  |  |  |
|       | (c) Amount required to be set off for the financial year, if any  | Nil   |                  |  |  |
|       | (d) Total CSR obligation for the financial year (7a + 7b - 7c).   | ₹ 16.91 Cr  |                  |  |  |
| 8 (a) | CSR amount spent or unspent for the financial year:   |   |                  |  |  |
|       | Total Amount Spent for the Financial Year (in ₹)  | Amount Unspent (in ₹)   |                  |  |  |
|       |   | Total Amount transferred to Unspent CSR Account as per Section 135(6).  |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5).                                   |  |
|       |   | Amount  | Date of transfer | Name of the Fund   | Amount   |
|       | 17.01 Cr  | Not Applicable  |                  |  |  |
| 8 (b) | Details of CSR amount spent against ongoing projects for the financial year: - Not Applicable   |   |                  |  |  |
| 8 (c) | Details of CSR amount spent against other than ongoing projects for the financial year:   |   |                  |  |  |
|       | Name of the Project.  | Activities Undertaken   |                  | Item from the list of activities in Schedule VII to the Companies Act, 2013  |  |
|       | Women empowerment   | <ul style="list-style-type: none"><li>Formation of Self-Help Group (SHG)</li><li>Support Income Generation Program</li><li>Creating Job opportunities through training</li><li>Marketing support for SHG products</li></ul> |                  | Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; |  |



| Name of the Project.                       | Activities Undertaken  | Item from the list of activities in Schedule VII to the Companies Act, 2013  |
|--|--|--|
| Agriculture                                | <ul style="list-style-type: none"> <li>Conducting awareness program to upgrade new technologies in cultivation</li> <li>Exposure visits to farmers and Demo on preparation of organic manure</li> <li>Creating awareness on government schemes and getting subsidies.</li> </ul> | Rural development projects   |
| Livestock                                  | <ul style="list-style-type: none"> <li>Conducting veterinary camps</li> <li>Conducting awareness program to upgrade new technologies on livestock management</li> <li>Demo on feed management and training on proper cattle management</li> </ul>                                | Rural development projects   |
| Youth Development                          | <ul style="list-style-type: none"> <li>Training on vocational skills</li> <li>Creating job opportunities</li> </ul>  | Promotion of Education, including special education and employment, enhancing vocation skills.   |
| Health                                     | <ul style="list-style-type: none"> <li>Awareness program for Women &amp; Children</li> <li>Supply of Nutritious food to tribal people and providing medicines free of cost</li> <li>Conducting general health camp including anemia awareness program</li> </ul>                 | Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water.  |
| Education                                  | <ul style="list-style-type: none"> <li>Renovation and maintenance of Anganwadi and primary &amp; Middle School &amp; Hr. Sec School</li> <li>Conducting Mother volunteers meeting</li> <li>Providing smart class and conducting competitions</li> </ul>                          | Promotion of Education, including special education and employment, enhancing vocation skills.   |
| Water Conservation                         | <ul style="list-style-type: none"> <li>De-silting of Minor Irrigation ponds and water channels</li> <li>Strengthening of bunds</li> <li>Construction of check dams and creation of rainwater harvesting structures</li> </ul>  | Rural development projects   |
| Environment                                | <ul style="list-style-type: none"> <li>Awareness program on waste disposal</li> <li>Providing saplings to be planted in common place</li> <li>Training on vermi composting and develop nursery</li> </ul>  | Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water.  |
| Local area (Yes / No).                     |  | Yes  |
| Location of the project (State / District) |  | <ul style="list-style-type: none"> <li>Tamil Nadu: Tiruvannamalai, Krishnagiri, Tirunelveli, Thoothukudi, Dharmapuri, Nagapattinam, Tiruvallur districts</li> <li>Karnataka: Mysuru and Chamrajanagar districts</li> <li>Maharashtra: Pune district</li> </ul> |
| Amount spent for the project (in ₹).       |  | ₹ 23.08 Cr (includes ₹ 16.76 Cr contributed by the Company)  |
| Mode of Implementation - Direct (Yes / No) |  | No   |
| Name of the Implementing Agency            |  | <b>Srinivasan Services Trust</b><br>Jayalakshmi Estates,<br>No. 29, Haddows Road,<br>Chennai - 600 006, Tamil Nadu<br>Phone No: 044-28332115<br>Mail ID: <a href="mailto:swaran@tvssst.org">swaran@tvssst.org</a>  |
| CSR Registration No.                       |  | CSR00001508  |

8 (d) Details of CSR amount spent against other than ongoing projects for the financial year:

|       |   |   |   |  |   |               |  |
|-------|---|---|---|--|---|---------------|--|
|       | Name of the Project.  | Activities Undertaken   |   |  | Item from the list of activities in Schedule VII to the Companies Act, 2013                           |               |  |
|       | Khel Mahakumbh  | Creating awareness of sports and sporting activities  |   |  | Training to promote Rural sports, Nationally recognized sports, Paralympic sports and Olympic sports. |               |  |
|       | Local area (Yes / No).  |   |   | Yes  |   |               |  |
|       | Location of the project (State)   |   |   | Himachal Pradesh   |   |               |  |
|       | Amount spent for the project (in ₹).  |   |   | ₹ 0.25 Cr  |   |               |  |
|       | Mode of Implementation - Direct (Yes / No)  |   |   | No   |   |               |  |
|       | Name of the Implementing Agency   |   |   | <b>Vidya Foundation</b><br>B-16, Panchsheel Enclave,<br>New Delhi - 110017<br>State: New Delhi<br>Phone No: 9810437799<br>Mail ID: <a href="mailto:vidya@vidya-foundation.com">vidya@vidya-foundation.com</a><br>Website: <a href="http://www.vidya-foundation.com">www.vidya-foundation.com</a> |   |               |  |
|       | CSR Registration No.  |   |   | CSR00004043  |   |               |  |
| 8 (e) | Amount spent on Impact Assessment, if applicable  |   |   | Not Applicable   |   |               |  |
| 8 (f) | Total amount spent for the Financial Year (8b + 8c + 8d + 8e)   |   |   | ₹ 17.01 Cr   |   |               |  |
| 8 (g) | Excess amount for set off, if any   |   |   |  |   |               |  |
|       | Sl. No.   | Particulars   |   |  |   | Amount in (₹) |  |
|       | (i)   | Two percent of average net profit of the Company as per Section 135(5)                                      |   |  |   | 16.91 Cr      |  |
|       | (ii)  | Total amount spent for the financial year   |   |  |   | 17.01 Cr      |  |
|       | (iii)   | Excess amount spent for the financial year [(ii)-(i)]   |   |  |   | 0.10 Cr       |  |
|       | (iv)  | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any |   |  |   | NIL           |  |
|       | (v)   | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     |   |  |   | 0.10 Cr       |  |
| 9 (a) | Details of Unspent CSR amount for the preceding three financial years:  |   |   |  |   | (In ₹)        |  |
|       | Sl. No.   | Preceding financial year  | Amount transferred to Unspent CSR Account under Section 135 (6) | Amount spent in the reporting financial year   | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any             |               | Amount remaining to be spent in succeeding financial years |
|       |   |   |   |  | Name of the Fund  | Amount        |  |
|       | Not Applicable  |   |   |  |   |               |  |
| 9 (b) | Details of CSR amount spent in the financial year for <b>ongoing projects</b> of the preceding financial year(s):<br>- Not Applicable |   |   |  |   |               |  |

|    |  |                |
|----|--|----------------|
| 10 | In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year; <b>(asset-wise details)</b> . |                |
|    | (a) Date of creation or acquisition of the capital asset(s).   | Not Applicable |
|    | (b) Amount of CSR spent for creation or acquisition of capital asset.  |                |
|    | (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.  |                |
|    | (d) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc.  |                |
| 11 | Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).  | Not Applicable |

For and on behalf of the Board of Directors

Chennai  
5<sup>th</sup> May 2022

VENU SRINIVASAN  
*Chairman Emeritus & Managing Director  
and Chairman of CSR Committee*

## 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 Directors (M/s)   | Category | Ratio to Median in Remuneration  | % Increase / (Decrease) Remuneration |
|---------|---|----------|--|--------------------------------------|
| 1       | Prof. Sir Ralf Dieter Speth   | NED      | —  | —                                    |
|         | Venu Srinivasan   | ED       | 1:268  | 47%                                  |
|         | Sudarshan Venu  | ED       | 1:229  | 52%                                  |
|         | K N Radhakrishnan   | ED       | 1:121  | 48%                                  |
|         | C R Dua   | ID       | 1:3  | 17%                                  |
|         | R Gopalan   | ID       | 1:3  | 28%                                  |
|         | Lalita D. Gupte   | ID       | 1:3  | 20%                                  |
|         | T Kannan  | ID       | 1:3  | 17%                                  |
|         | Kuok Meng Xiong   | ID       | 1:2  | —                                    |
|         | H Lakshmanan  | NED      | —  | —                                    |
|         | Hemant Krishan Singh  | ID       | 1:3  | 20%                                  |
|         | Dr. Lakshmi Venu  | NED      | —  | —                                    |
|         | K Gopala Desikan  | CFO      | NA   | 22%                                  |
|         | K S Srinivasan  | CS       | NA   | 18%                                  |
|         | ED - Executive Director<br>ID - Independent Director<br>NED - Non-Executive Director  |          |  |                                      |
|         | CFO - Chief Financial Officer<br>CS - Company Secretary   |          |  |                                      |
| 2       | The percentage increase in the median remuneration of employees in the financial year;  |          | 24%*   |                                      |
|         | * on account of long term wage settlement entered during the year in Hosur Plant (once in four years)   |          |  |                                      |
| 3       | The number of permanent employees on the rolls of Company;  |          | 5161   |                                      |
| 4       | a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2021-22  |          | 13%  |                                      |
|         | b. Average percentile increased in the managerial remuneration in the financial year 2021-22<br>There are no exceptional circumstances for increase in the managerial remuneration. |          | 49%  |                                      |
| 5       | Affirmation that the remuneration is as per the Remuneration Policy of the Company.   |          | Remuneration paid during the year 2021-22 is as per the Remuneration Policy of the Company |                                      |

For and on behalf of the Board of Directors

Chennai  
5<sup>th</sup> May 2022PROF. SIR RALF DIETER SPETH  
Chairman

## Annexure - VI to Directors' Report to the shareholders

DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT, 2013  
FOR THE FINANCIAL YEAR 2021-22

| S. No. | Name of the body corporate        | Nature of relationship  | Purpose of loan / acquisition / security | Amount of loan / guarantee / security (₹ in Cr) | Purpose for which the loan / guarantee / security utilised by the recipient |
|--------|-----------------------------------|-------------------------|--|---|---|
| 1      | PT. TVS Motor Company Indonesia   | Wholly owned subsidiary | Guarantee                                | 75.79   | Business Purposes   |
| 2      | TVS Motor (Singapore) Pte Limited | Wholly owned subsidiary | Guarantee                                | 75.79   | Business Purposes   |

For and on behalf of the Board of Directors

Chennai  
5<sup>th</sup> May 2022PROF. SIR RALF DIETER SPETH  
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 in the year 2019 replaced and revised the National Voluntary guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business earlier issued by the Ministry in the year 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 (Listing Regulations) 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 DISCLOSURES

| 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",<br>No.12, Khader Nawaz Khan Road,<br>Nungambakkam, Chennai - 600 006<br>Tel: 044-28332115<br>e-mail: <a href="mailto:contactus@tvs-motor.com">contactus@tvs-motor.com</a><br>Website: <a href="http://www.tvs-motor.com">www.tvs-motor.com</a>   |          |             |       |                               |       |                |       |                     |  |
| 5.       | Financial Year Reported   | : | 2021-22   |          |             |       |                               |       |                |       |                     |  |
| 6.       | Sector(s) that the Company is engaged in (industrial activity code) | : | <table><thead><tr><th>NIC Code</th><th>Description</th></tr></thead><tbody><tr><td>30911</td><td>Motorcycles, Scooters, Mopeds</td></tr><tr><td>30912</td><td>Three-wheelers</td></tr><tr><td>30913</td><td>Parts &amp; Accessories</td></tr></tbody></table> | NIC Code | Description | 30911 | Motorcycles, Scooters, Mopeds | 30912 | Three-wheelers | 30913 | Parts & Accessories |  |
| 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<br>1. Two-Wheelers<br>2. Three-Wheelers<br>3. Parts & Accessories<br>(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.  |
| <b>Operations:</b> |  |  |
| 9.                 | Location of plants (in case of manufacturing businesses)                                     | : i) Number of National Locations:<br>A. The Company has three manufacturing locations as under:<br>1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India.<br>2. Post Box No. 1, Byathahalli Village, Kadakola Post, Mysuru - 571 311, Karnataka, India.<br>3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh, Solan District - 174 101, Himachal Pradesh, India.<br>B. The Company has Area Offices across pan India.<br>C. The sales and marketing office of the Company is situated at TVR Pride, No.383, 16 <sup>th</sup> Main, 3 <sup>rd</sup> Block, Koramangala, Bengaluru 560 034, Karnataka, India<br>ii) Number of International Locations:<br>The Company does not have any manufacturing unit outside India. However, its overseas subsidiary viz.,<br>(i) PT TVS Motor Company Indonesia has a manufacturing facility in Karawang, Indonesia;<br>(ii) The Norton Motorcycle Co Limited, has a manufacturing facility in Solar Park, Solihull, UK |
|                    | a. National (Districts and states - top five by employee strength):                          |  |
|                    | b. International (Country - top three by employee strength):                                 |  |
| 10.                | Location of major offices (in case of service businesses)                                    | : Krishnagiri - Tamil Nadu<br>Mysuru - Karnataka<br>Solan - Himachal Pradesh   |
|                    | a. National (Districts and states - top five by employee strength):                          |  |
|                    | b. International (Country - top three by employee strength):                                 | : Not applicable   |
| <b>Employees:</b>  |  |  |
| 11.                | Number of permanent employees  | : 5,161  |
| 12.                | Contractual employees (seasonal, non-seasonal)   | : 1,310  |
| 13.                | Temporary employees  | : 6,518  |
| 14.                | Percentage of women employees  | : 7%   |
|                    | a. On the Governance Structure   | : -  |
|                    | b. In top management i.e., business and functional heads                                     | : 3.7%   |



**Associate entities:**

- |  |  |
|--|--|
| <p>15. Name of subsidiaries / associates</p> | <p>: <b>Subsidiaries</b></p> <ol style="list-style-type: none"> <li>1. Sundaram Auto Components Limited (SACL), Chennai</li> <li>2. TVS Housing Limited, Chennai</li> <li>3. TVS Motor Services Limited, Chennai</li> <li>4. TVS Credit Services Limited, (TVSCS), Chennai</li> <li>5. Intellicar Telematics Private Limited, Bengaluru (Intellicar)</li> <li>6. TVS Electric Mobility Ltd, Chennai (From 13.12.2021)</li> <li>7. TVS Motor Company (Europe) B.V., Amsterdam</li> <li>8. TVS Motor (Singapore) Pte. Limited, Singapore (TVSM Singapore)</li> <li>9. PT TVS Motor Company Indonesia, Jakarta</li> </ol> <p><b>Subsidiaries of TVSCS</b></p> <ol style="list-style-type: none"> <li>10. Harita ARC Private Limited, Chennai</li> <li>11. TVS Housing Finance Private Limited, Chennai</li> <li>12. TVS Two-wheeler Mall Private Limited, Chennai</li> </ol> <p><b>Subsidiaries of TVSM Singapore</b></p> <ol style="list-style-type: none"> <li>13. The GO Corporation, Switzerland (GO AG) (From 16.09.2021)</li> <li>14. Swiss E-Mobility Group (Holding) AG, Switzerland (SEMG) (From 27.01.2022)</li> <li>15. The Norton Motorcycle Co Limited, UK</li> <li>16. TVS Digital Pte Ltd, Singapore (From 20.05.2021)</li> </ol> <p><b>Subsidiaries of GO AG (From 16.09.2021)</b></p> <ol style="list-style-type: none"> <li>17. EGO Movement, Stuttgart, GmbH, Germany</li> </ol> <p><b>Subsidiaries of SEMG (From 27.01.2022)</b></p> <ol style="list-style-type: none"> <li>18. Swiss E-Mobility Group (Schweiz), Switzerland</li> <li>19. Colag E-Mobility GmbH, Germany</li> </ol> <p><b>Subsidiaries of SACL</b></p> <ol style="list-style-type: none"> <li>20. Sundaram Holding USA Inc, Delaware, USA</li> <li>21. Green Hills Land Holding LLC, South Carolina, USA</li> <li>22. Components Equipment Leasing LLC, South Carolina, USA</li> <li>23. Sundaram-Clayton (USA) LLC, South Carolina, USA</li> <li>24. Premier Land Holding LLC, South Carolina, USA</li> </ol> <p><b>Subsidiary of Intellicar (From 10.11.2021):</b></p> <ol style="list-style-type: none"> <li>25. Intellicar Singapore Pte Ltd, Singapore</li> </ol> <p><b>Associates</b></p> <ol style="list-style-type: none"> <li>1. Emerald Haven Realty Limited, Chennai and its 8 subsidiaries</li> <li>2. Ultraviolette Automotive Private Limited, Bengaluru</li> <li>3. Tagbox Solutions Private Limited, Bengaluru</li> </ol> <p><b>Associates of TVS Digital Pte Ltd:</b></p> <ol style="list-style-type: none"> <li>4. Tagbox Pte Limited, Singapore</li> <li>5. Predictronics Corp., USA</li> <li>6. Scienaptic Systems Inc., USA</li> <li>7. Altizon Inc, USA</li> </ol> |
|--|--|
- 
- |   |   |
|---|---|
| <p>16. Details of Trust/Society/Section 8 company to further its CSR agenda:</p> <ol style="list-style-type: none"> <li>a. Name;</li> <li>b. Organization form (Trust, Society, Company) and year of establishment;</li> <li>c. Main objects/purpose;</li> <li>d. Amounts and sources of funds received in the reporting year;</li> </ol> | <ol style="list-style-type: none"> <li>a. Srinivasan Services Trust</li> <li>b. Established in 1996</li> <li>c. Main objects:               <ol style="list-style-type: none"> <li>i. Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water.</li> <li>ii. Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects;</li> </ol> </li> </ol> |
|---|---|

- 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.

17. Contact details of Nodal officer of this report  
(Name, Designation, Email ID, Phone number)

: Mr. K.S. Srinivasan, Company Secretary & Nodal Officer  
[kss@tvs-motor.com](mailto:kss@tvs-motor.com)  
044-2833 2115

## 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 that is 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 |
|--|---|---|----|----|----|----|------------------------|----|----|----|
| <b>Policy and management processes</b> |   |   |    |    |    |    |                        |    |    |    |
| 1.                                     | Names of the policy / policies that covers each Principle   | The Company has in place the following policies in line with the National Guidelines on Responsible Business Conduct: <ol style="list-style-type: none"> <li>Code of Business Conduct and Ethics</li> <li>Whistle Blower Policy</li> <li>Related Party Transaction Policy</li> <li>Corporate Social Responsibility Policy</li> <li>Code of fair disclosure</li> <li>Code of conduct to regulate, monitor and report trading by insiders</li> <li>Quality and environment policies relating to safe and sustainable products</li> <li>Environment, Occupational Health and Safety policy.</li> </ol> |    |    |    |    |                        |    |    |    |
| 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<br>(ISO 14001: 2015) | –  | Y  | Y  |
|  |   | All the policies of the Company are in compliance with the national / international standards wherever applicable   |    |    |    |    |                        |    |    |    |

| S. No. | Disclosure Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|----------------------|----|----|----|----|----|----|----|----|----|
|--------|----------------------|----|----|----|----|----|----|----|----|----|

**Governance, leadership and oversight**

|     |  |  |  |  |  |  |  |  |  |  |
|-----|--|--|--|--|--|--|--|--|--|--|
| 6.  | Names of the above policies that have been approved by the Board / top management  | <p>The following policies / codes have been approved by the Board:</p> <ol style="list-style-type: none"> <li>1. Code of Business Conduct and Ethics</li> <li>2. Whistle Blower Policy</li> <li>3. Related Party Transaction Policy</li> <li>4. Corporate Social Responsibility Policy</li> <li>5. Code of fair disclosure</li> <li>6. Code of conduct to regulate, monitor and report trading by insiders</li> </ol> <p>Other operational / internal policies are approved by the management.</p> |  |  |  |  |  |  |  |  |
| 7.  | Name of the specified committee(s) of the Board / Director / Officer and processes to oversee the implementation of the policy / policies          | <p>Audit committee and Board oversees the implementation of various policies / Codes as required under the legal framework in force from time to time.</p> <p>CSR committee oversees the implementation of CSR activities by the Company.</p> <p>All the policies and their implementation are being reviewed at regular intervals by the Board.</p>   |  |  |  |  |  |  |  |  |
| 8.  | The process for Board / top management to review performance against the above policies and incorporating inputs                                   | <p>An Independent Consultant has been engaged to ensure compliance of all laws including these policies at periodic intervals in conformity with the best national / international standards and to align with the latest amendments introduced by various regulatory authorities.</p>   |  |  |  |  |  |  |  |  |
| 9.  | Process for Board/ top management to review compliance with statutory requirements of relevance to the Principles and rectify any non-compliances. | <p>The report on Company's conduct of its businesses is presented to the Board for its review and further improvement of its standards.</p>  |  |  |  |  |  |  |  |  |
| 10. | Frequency of the reviews of the business's alignment with the Principles and Core Elements conducted by the Board / top management                 | <p>The Board on a continuous basis reviews the businesses alignment with the principles and core elements.</p>   |  |  |  |  |  |  |  |  |

**Stakeholder Engagement**

|     |   |  |  |  |  |  |  |  |  |  |
|-----|---|--|--|--|--|--|--|--|--|--|
| 11. | Description of the process to identify your business's key stakeholders | <p>The Company is aware of the fact that all stakeholders have a direct business engagement.</p> <p>The Company has identified stakeholders under eight broad groups:</p> <ol style="list-style-type: none"> <li>1. Suppliers, Transporters, Service Providers, Industry Bodies</li> <li>2. Shareholders &amp; Investors</li> <li>3. Regulatory Bodies</li> <li>4. Policy Makers</li> <li>5. Customers</li> <li>6. Dealers</li> <li>7. Employees, Trade Union</li> <li>8. Local Community</li> </ol> |  |  |  |  |  |  |  |  |
|-----|---|--|--|--|--|--|--|--|--|--|

| 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 all 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 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 in all sections of the community irrespective of caste, creed or religion to benefit through its CSR initiatives which would also be focused around communities 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:<br>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, Business Responsibility Report 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.<br><br>The progress on the material aspects are communicated in Annual report, Business Responsibility Report 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 2021.

New talents hired, their skills and competencies for future business solutions of the Company and Key areas identified for strengthening the organisation.

The Nomination and Remuneration Committee also reviewed the key priorities including other future thrust areas and skills and competencies of recruits in recent past, from global as well as from premier Indian institutes.

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

a. In reporting year : 100 % of the functional heads are always covered by awareness programme on the Guidelines.

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 is 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 - 41 numbers of suppliers/recyclers in orange and red categories of industries were audited.

b. Total to date - 93 (last 4 years)



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

- a. As per mandatory / global reporting frameworks** - Company publishes Business Responsibility Report (BRR) annually as per National Guidelines on Responsible Business Conduct (NGRBC). The Company also compiles the indicators conforming to Global Reporting Indicators (GRI).
- b. Available in the public domain** - Yes, BRR is available on the Company's website.
- c. Assured by a third party** - The above reports are compiled after periodic internal management reviews and assured through self-declaration.

**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.**

No cases - Hence, not Applicable

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

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**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.**

**Electric Vehicles and Alternate Fuel Compatible Vehicles** - Company has been exploring opportunities in the new business of Electric Vehicles and Alternate Fuel Compatible Vehicles towards mitigating Environmental and social concerns -

- **Electric Vehicles** - Company has developed and launched Electric Vehicles in two-wheeler and three-wheeler segments. During FY 2021-22, the Company has expanded its network for iQUBE sales to 30+ cities across the country.
- **Biofuel blended Gasoline Vehicles** - Company is developing vehicles that are compliant with alternate fuels which reduces consumption of fossil fuel. All the products are designed and developed with E10, E12 and E20 fuel compatibility.

**TVS NTorq** - The Company's strong engineering team actively works on resource conservation in the products through advanced materials, design optimization, and weight reduction. These efforts resulted in the significant weight reduction of about 4.6 kg in NTorq during FY 2021-22. This has led to an estimated savings of about 8,020 tons of CO<sub>2</sub> per annum during raw material 'production-phase' of product lifecycle.

**TVS Jupiter** - Efforts have been made to reduce the consumption of gasoline in 'use- phase' by increasing the fuel economy of the products. Due to such sustained efforts, the new Jupiter 125 has 4% higher fuel economy.

Similarly, there is an increase of fuel economy in the range of 1-2% across the Company's products achieved during the year. Reduction in fuel consumption also reduces the country's dependence on import of gasoline. With increase in fuel economy, there is reduction in the CO<sub>2</sub> emission up to 1.5 % during use-phase of product lifecycle.

**Elimination of hazardous substances** - Company has introduced Aluminium metalizing through Physical Vapour Deposition (PVD), followed by silicon hard-coating to achieve lustrous finish on Jupiter 125 plastic parts replacing the conventional decorative chrome coating. In the conventional decorative chrome coating, there is use of carcinogenic hexavalent chromium in the chemical bath, which is eliminated.

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

- The Company continued its funding for the product development of Electric Two-wheeler and Three-wheeler.
- Investments have been made in developing advanced technologies for reduction in tailpipe emissions On-Board Diagnostic II, increasing fuel economy, light weight technologies and bio-fuel compatible products.
- The Company continues to invest in the development of vehicles that are compatible with alternate fuels which are more eco-friendly.
- The Company has invested over INR 75 Cr in R&D activities for the development of technologies mentioned above

**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%):**

Between 5 and 25%.

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

Towards enabling disposal of products at End-of-life in an environment friendly manner, the Company's products are designed with higher recyclability and recoverability rates, and has following features that promotes recycling-

- Reusability & recyclability rate between 85-90% and reusability & recoverability rate between 90-95%
- Recyclability symbol marking on the plastic parts (more than 100g component) for easy identification during recycling.
- The Company restricts the use of "hazardous chemicals" in the components used in its products. An internal standard is created considering various national and international laws on hazardous substance.
- Batteries used in products have recycling symbol marked. At the end-of-life, these batteries will reach recyclers through the 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 : 0.18 GJ / vehicle
- Water : 164 litres / vehicle
- Material -
  - Ferrous Metals : 74 kg / vehicle
  - Non-Ferrous Metals : 26 kg / vehicle
  - Non-Metals : 14 kg / vehicle
  - Paint : 1.70 kg / vehicle

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

**Reduction in resource use:**

**i. Sourcing:** 2.5% of reduction through value engineering & process innovation

**ii. Production:**

- Company has continued to put in efforts towards reducing water consumption and power consumption.

**Water Conservation:**

Company has reduced 18% specific water consumption in last 3 years. The approach for water conservation being "Demand side Water management" which best utilizes the available water. The water management framework has - water resource management, water distribution & supply management, management of water by end-users and waste-water management. During 2021-22, the Company has repurposed RO rejects in domestic & industrial applications which resulted in fresh water saving of 50 lakh litres.

On the journey towards making the Company water positive, rainwater harvesting was leveraged to reserve and refine ground water. In Hosur plant, the ground water level has improved by 33% compared to previous year and quality improved by 19% in last 6 months.

**Renewable Energy:**

The renewable power contributes to 80.4 % in overall share of power consumed. Initiatives taken towards using renewable energy resulted in CO<sub>2</sub> emissions reduction of 61,386 tons during 2021-22. The Company's efforts in enhancing Renewable Energy share have been recognised and was awarded "Outstanding Renewable Energy User" by Indian Federation of Green energy.

**iii. Distribution:**

- Vehicle dispatches using racks (multi-model dispatch): 2,90,911 Litres of diesel saved.
- Tucks routes have been optimized from plants and warehouses to dealers: 6,949 Litres of diesel saved.
- Increased utilisation of trucks carrying Finished Goods: 1,54,008 Litres of diesel saved.
- Vehicles dispatches using Trailers (3 deck loading): 18,082 Litres of diesel saved.
- Kitting packing cover elimination -plastic consumption reduced by 7 Tons.

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

Following Sustainability Standards / codes / labels adhered:

- Recyclability symbol on the Plastic parts as per ISO 11469
- Battery disposal instructions
- RoHS compliance on the premium products
- Reusability, Recyclability and Recoverability (RRR) rate values calculation (recoverability rate between 90%~95%) as per ISO 22628
- International standards for hazardous chemicals restriction (AIS 129, Directives 2011/65/EC, EC 1907/2006, 2000/53/EC).
- Compliance to Central Motor Vehicles Rules (1989), Applicable Automotive Industry Standards (AIS), Bureau of Indian Standards (BIS) and International Standards for raw material.
- FAME II Label

**d. Product life cycle assessment**

Company carries out the Life Cycle Assessment (LCA) considering raw material extraction, manufacturing, assembly, logistics, use phase and final disposal for its products and processes. These studies enable to assess the environmental impact (such as global warming potential, acidification, ozone layer depletion, human toxicity, eutrophication, etc.) and identify the hotspots. Both short-term and long-term actions are being taken to minimize the impact on the environment

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

**a. To which stakeholder groups?**

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

**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 and 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.

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

- Ethanol blended gasoline compatible vehicles - All the products are designed and developed with E10 fuel compatibility and E12 fuel material compatibility.
- As per customers' aspirations for higher fuel economy, the new Jupiter 125 has 4% higher fuel efficiency.

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

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**Essential Indicators:**

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

Company has not received any complaints relating to discrimination during the reporting period.

**Code of Conduct (CoC)** clearly states that the Company is an equal opportunity employer and prohibits any kind of discrimination / favouritism based on gender / region / religion / race / caste / colour and is abided by laws of the land.

100% new recruits covered through orientation on CoC and acknowledged by every individual in a signed hardcopy. In addition, refresher programme are conducted.

An e-module on CoC is developed and 100% coverage is tracked annually.

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

Not applicable as the Company has not received any complaints during the reporting period.

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

100% of permanent workmen are members of TVS Motor Company 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:**

Company's recruitment policy states only engagement of persons completed 18 years of age. Plants at all locations follow this guideline during talent acquisition process irrespective of color of the collar by validating the age through Government authorized certificates. Consequently, engagement of child / adolescent labour is NIL at all Company's establishments. This is 100% ensured through the Company's internal audit system.

Service providers engaged for availing various services are included in the certificate of registration which is a government issued document and hence forced / involuntary labour is NIL at all its establishments. A separate agreement is entered into each of service provider in line with the above. This is 100% ensured through monthly inspection of documents of service providers.

Similar kind of system is available with others in the value chain viz., suppliers and dealers, wherein need based audits are conducted.

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

There is no case of engaging child labour during the reporting period.

**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%. All employees are above the legal minimum wage limit as agreed through long-term wage settlements for Company's Workforce and market/industry benchmark for Executives and Managers. Stipends for trainees are fixed above legal minimum wage limit for attracting talent from campus / market.

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

Refer Annexure V to the Directors Report for the year 2021-22.

**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<sup>th</sup> day of every month. Wages for contract workforce is ensured to be paid through Service providers on or before 7<sup>th</sup> day of every month.

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

Nil. The Company has not received any complaints relating to harassment during the reporting period. The Internal Committee (IC) meets regularly towards reviewing issues raised and solved on harassment. It also submits its annual report as stipulated by the Prevention of Sexual Harassment (PoSH) Rules. 100% employees are covered on PoSH training through e-module/orientation capsule.

**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 programme are conducted for employees.

Periodical safety trainings have been organized and around 14,836 employees were covered in various safety topics. During, National Safety Day celebration on 4<sup>th</sup> March 2022, around 7 suppliers & service providers were awarded for their excellence in safety performance.

Towards safe riding of two-wheelers and four-wheelers, as a part of "Buckle up & Strap up" - Road Safety campaign, various promotional activities were conducted across Hosur, Mysuru & Nalagarh locations. In addition, skill building and certification on safe two-wheeler riding was provided through practical and Artificial Intelligence interfaced modules.

**Tika Utsav** was organized to ensure 100% vaccination coverage for employees as well as their families. This was also rolled out to temporary staff, vendors, creche staff as well as third part associates of TVS Motor Company.

During second wave of CoVID-19 Pandemic, Occupational Health Centre (OHC) extended support to all employees and their families by arranging CoVID-19 testing at various hospital and labs. Also, arranging beds for needy and employees who required admissions. The Company has achieved 100% vaccination (double dose) of all employees including service providers tracking them using app-based IT system.



Similarly, the third wave was also managed with reinstating all CoVID-19 protocols and mass screening of employees using Rapid Antigen Test. Posters, pop ups, online webinars were organized on World Health Day, Diabetic, Heart, No Tobacco and Aids Days to create awareness among employees.

"YourDOST" - Employee mental health awareness and consultation support 24 X 7 was continuously provided round the year by experts / professionals in the field of stress management, confidence building, relationships, career coaching and sexual wellness. Employees and their family members have benefitted by way of individual consultations. In addition, informative webinar sessions were conducted benefitting over 1,000 employees.

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

TVS Institute for Quality and Leadership (IQL) is the Corporate University of the Company and its Group Companies, certified by Global Council of Corporate Universities (Global CCU). TVS-IQL is responsible for supporting change and transformation of people, culture and processes towards institutionalizing learning for individual and collective contribution towards future challenges.

During the last financial year (2021-22), The Company has delivered 100+ role-based competency training programme to 900+ employees across the functions covering 82% of role-based competencies through combination of self-learning and virtual instructor lead training sessions.

Training and certification courses were conducted in the areas of EV and Taguchi Methods covering about 150 identified Executives and Managers.

IQL has developed an online learning platform to enable self-learning opportunities for all the employees under topics functional skills, behavioral skills, innovation and sustainability through curated content from subscribed eLearning platforms such as Actuate and Linked-in learning solutions.

IQL has sponsored 80+ Executives and Managers for the virtual training programme through external partners on different topics.

At TVS, IQL place high importance to develop employees. It provides training to each and every employee inducted and as a routine skill up-gradation is done.

### Constantly adopting changes in training process:

To address the complexity from various factors like product, process, supply chain, customer needs, the competency and the methods of training need to be continuously updated. This has given a thought to develop master trainers in identified areas. One such area identified was the 3J Training (Job methods, Job relations and Job instructions) among which job instruction training is being delivered to the trainer to advance them as master trainers. IQL could develop 15 master trainers from training function. Subsequently, JI methodology is being predominantly used for team member training where key points and reason for key points of each major steps are emphasized. This resulted in achieving the line utilization KPI.

### Being agile:

There was shortfall of welders in the supplier both tier1 and tier2 because of migration of numerous people during lockdown. This created huge vacuum on the availability of trained resources and around 250 welders were required in the short span of time. It was utmost critical to business. IQL has supported the training of over 263 persons as welders.

The details of training to employees, suppliers, service providers and visitors are given below:

- Employee's skills training : 4,525 people
- Employee's redeployment : 434 people
- Suppliers' skill training : 263 people

## 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 reporting period, towards improving inclusivity, sensitization workshops on working with "Persons with Disability (PwD)" were conducted for managers, teams, support staffs covering 250 employees. In January 2022, 52 persons with speech and hearing impairment joined the workforce as trainees at Hosur and Mysuru plants.

**"Flying Lessons"** - Second batch of coaching and mentoring programme was rolled out towards developing women leaders in the Company.

Workshops for women employees organized to support them on managing work-life balance, Women Hygiene and well-being, Executive Presence, and personal branding to progress in professional career, parenting workshops, workshop on raising non-acceptance to domestic violence, financial well-being, technology leadership development, and balancing expectations at work & personal front were organized, covering over 300 women employees and families.

Focused group discussions were organized for women to understand their challenges and accordingly actions were taken to support them, this included improving ergonomics at assembly line, more health & wellbeing awareness sessions for women, improving support on transportation, improvements in uniforms and installation of free sanitary pad dispensers in women washrooms.

The Company has recently been recognized for Diversity and Inclusion (D&I) initiatives:

**"Beyond Prism"** - unconscious bias workshops were conducted for managers to sensitise them about gender diversity. During the reporting period, 8 such workshops were conducted covering over 220 senior managers.

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

All welfare measures viz., uniform, transport, canteen, medical facility are provided to non-permanent at par with permanent employees.

In addition, stakeholder engagement programme are conducted periodically towards understanding their needs and expectations and appropriate counter-measures are implemented.

With open door policy in practice, employees including non-permanent are encouraged to approach any level of office towards redressal of grievances.

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

Nil. 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 allowed for personnel aged 18 years and above. For supplier and service providers, this requirement is mentioned as one of the clauses in business agreements.

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

NIL. All agreements executed by employees, suppliers, dealers and service providers with the company 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:**

Code of Conduct enumerates that all complaints, enquiries and investigations are to be 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. In addition, key fabrication suppliers were assessed on occupational health and safety requirements. Towards sharing the best practices and in identifying hazards and to implement control measures, 8 suppliers (Tier-1) have been covered under scheduled audit by OHS professionals.

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

- a) Due to pandemic the seating arrangements in the dining halls were made with no possibility to have conversations amongst employees. This was raised by employees during various Focused Group Discussions.
- b) During WFH, employees raised concerns over extended hours with limitless meetings.
- c) During interactions, generation X & Y employees raised concerns over availability of more options for meals and food options on campus, as well as lack of collaboration spaces for Cross Functional Teams.

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

- a) With relaxation in the CoVID-19 norms, based on employee feedback, dining halls seating arrangements were reverted to group dining, allowing employees scope to have casual conversations over meals.
- b) Revised Hybrid-working Policy is released with guidelines for managers to ensure inclusive behavior and clear working hours during WFH.
- c) A western tuck shop, sandwich point, coffee point and snack shop introduced, to ensure multi-generational inclusion for employees. This space is also used as collaboration space by Cross Functional Teams to come together for discussions, collaboration and offer quick solutions to everyday challenges.

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

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**Essential Indicators:**

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

Customers, Dealers, Employees, Policy Makers, Government, Regulatory bodies, Share Holders, 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:**

Employees, their families, and people in value chain were supported for first and second dose vaccination through several camps for CoVID-19.

Awareness building programme in collaboration with regulatory authorities were conducted towards avoidance of single-use plastics. Employees were provided with cloth bags to encourage the usage.

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

94% 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:**

**Customers:** 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 to upgrade the existing products.

As per customers' aspirations for higher fuel economy, the new Jupiter 125 has 4% higher fuel efficiency. To align with future regulatory requirements, E10 and E12, Ethanol blended gasoline compatible vehicles are designed and developed.

**Suppliers:** Following activities were carried out after taking input from suppliers-

a) Constant communication and information sharing:

Web portal called "[tradewithtv.com](http://tradewithtv.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 communication with suppliers.

b) Enhanced collaboration through regular supplier meets:

For speeding up the developmental milestones in new product development the Company enhanced early collaboration through conducting events like "supplier day conferences"

c) Supplier excellence:

An exclusive task force towards "Supplier Excellence" was formed to support suppliers for their holistic development in their business performance viz., Safety, Productivity, Quality, Cost, Delivery by establishing sustainable manufacturing systems. The activity is driven through War on Waste "WOW" across the entire business processes.

This was initiated with fabrication supplier's cluster for sharing the best practices between Company and suppliers. In addition, this task force is the Single Window to suppliers for addressing issues and for communicating strategic developments.

Audits were conducted and support provided on process, safety practices, environment compliance and social aspects for ensuring sustainable improvement for the suppliers.

**Employee:** To improve work-life balance (WLB) score from employee engagement study, an Employee Assistance Programme (EAP) was launched. The programme focused on 360-degree well-being of employees from emotional, psychological, self-improvement to career guidance with help from experts, professionals & psychologists on Board. This is available for employees as well as their families. The overall usage of this tool helped us understand the beat map at organisation level on the jet priority areas / concerns of the employees and tailor the future programme accordingly.

In the past year alone, the Company has conducted over 60 plus such sessions/webinars for employees / managers / family members. Also, 560 counselling sessions were conducted.

The Company was recognized with the award of Significant Achievement in Employee Relations by the Employer Federation of India, to recognize exceptional contribution in employee relations for the year 2021.

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

Community - Villagers and economically deprived persons and women.

Employees - Persons with Disability (PwD) and women

Suppliers - Migrant labour and child labour

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

- To address the interest of vulnerable groups under community, Company had taken initiatives under CSR focusing on key areas of Economic Development, Health, Education, Infrastructure, Environment, Social and Cultural Development.
- Similarly, for vulnerable workforce, six sensitization workshops on working with "Persons with Disability (PwD)" were conducted for managers, teams, support staffs covering 250 employees. In January 2022, 52 persons with speech and hearing impairment joined the workforce as trainees at Hosur and Mysuru plant.

- The Company is making all efforts to increase percentage of women employees including senior management level. Now, the Company has about 7% women workforce and during 2021-22, the Company has won "Most Inclusive Companies Index" award.
- Suppliers and service providers are included in the certificate of registration which is a Government issued document and hence child labour is NIL at all its establishments. Need based audits are also conducted at supplier end.

### PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

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#### Essential Indicators:

1. **Percentage of employees that have been provided training on human rights issues - a. In the year; b. Total to date:**  
100%.

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 impacts 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, and 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 workforces 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 agreements with stakeholders have clauses pertaining to Industrial & labour laws compliance, which takes care of human rights.

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](mailto:ethics@tvsmotor.com) is an exclusive email ID created for this purpose.

In addition, following programme enable picking up early warning signals and acting closer to the source of occurrence.

- Employee Contact Programme - Monthly
- Open Door Policy



- Plant Committee Meeting - Monthly
- Worker's participation through various committees which meet periodically / monthly
- Need based meetings with Union
- Focus group discussion with middle level managers- Quarterly
- Focused Group Discussions with Women Employees
- Focused Group Discussions with PwD and Separate Interactions with their Managers.
- Women resource group meet- Quarterly
- CEO connect- Quarterly
- MD connect with new joiners - Annually

**4. List (up to three) corrective actions taken to eliminate complicity with adverse human rights impacts 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

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

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**Essential Indicators:**

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

**a. Identified in the year:**

- i. Hazardous chemicals in products and processes
- ii. CO<sub>2</sub> emissions
- iii. End-of-Life Lithium-ion batteries

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

**i. Hazardous chemical restrictions**

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

- Heavy Metal Restriction (HMR) - As per AIS 129
- Persistent Organic Pollutants (POPs) as per Stockholm convention.

Company strictly adheres to internal material standard that lists all the prohibited and declarable substances. Further, continuous training is imparted to its suppliers and internal teams for compliance.

**ii. Reduction of CO<sub>2</sub> emissions**

Development of Electric Vehicles - The EVs have zero tailpipe emissions. Through series launches of EV products, efforts are made to cut down the CO<sub>2</sub> emissions.

Development of Flex Fuel Vehicle (FFV) - The Company is developing flex fuel vehicle which can run on higher blends of ethanol. The Flex Fuel Vehicles can run using up to 85% bioethanol, which leads to reduction of CO, HC emissions as well as CO<sub>2</sub> emissions from fossil fuel.

**iii. Recycling of Lithium-ion batteries**

The Company has tied with battery recyclers for environmentally friendly disposal of End-of-Life Batteries. The recycling of batteries not only avoid the risk of fire hazards but also helps to recover the precious metals like Li, Ni, Mn, Co and other materials.

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

- Company has an electric vehicle in its portfolio which has zero tailpipe emissions.
- Company has developed ethanol blended gasoline (up to E12) compatible vehicles. Also, Company is developing the vehicles that are E20 material compliant. Since, the ethanol is Carbon neutral, the net emissions are lowered.
- Company, continued efforts to reduce the usage of hazardous chemicals including Cr6+, Pb, Hg, and Cd in Company's products
- Under Extended Producer Responsibility (EPR), the Company has collected and recycled 318 Tons of plastic packaging material across India.
- The hazardous waste generated in the factory viz., paint sludge, chemical sludge generated from wastewater treatment plant, waste containing traces of oil are being co-processed in cement industry for over 15 years.
- The flushing thinner generated in the painting process is partially distilled and reused. The total quantity of the thinner distilled and reused in the reporting period was 208.50 Tons.

**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 tied up with Tata Power and Jio-bp to set up Electric Vehicle charging infrastructure across the nation.
- The Company has tied up with battery recyclers for recycling the end-of-life batteries to avoid risk of fire hazard while storing, and to recover the precious metals like Nickel, Manganese, Cobalt, etc.
- The Company has collaborated with esteemed academic institutions towards for development of light-weighting, advanced materials, and other green technologies for new products.

**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 - NIL**
- 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:**

Company's policy and actions are principally aimed to reduce CO<sub>2</sub> emission intensity.

Following measures are taken-

- Active development of Electric vehicles with focus for increasing the share of business
- Development of alternate fuel compatible vehicles
- Reduction of weight of the products (Material conservation)
- Improving Fuel Efficiency of the products

**b. Targets and achievement values:**

| S.No | Risk   | Target  | Achievement   |
|------|--|---|---|
| 1.   | Migration to Electric Vehicles   | Development of Electric vehicle in 2W and 3W segments                   | iQube network is expanded to 30+ cities. The accessibility of EVs to customer is increased                                  |
| 2.   | Migration towards low emission and alternate fuel vehicles.  | On-time implementation of alternate fuel compliant products (up to E20) | - Upto E12 compliant BS VI products launched.<br>- Development of E20 and flex fuel compatible vehicles are under progress. |
| 3.   | Climate change risk arising from Green House Gas (GHG) Emissions from product and manufacturing processes. | Improve fuel efficiency and reduce tailpipe emissions.                  | Fuel efficiency of the products increased by 1-3%. Tailpipe emissions are also reduced.                                     |

**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.

In-line with NDC-2, Company covers most of its electricity consumption with renewable energies and was 80.4% during the reporting year. This initiative of renewable energy resulted in CO<sub>2</sub> emissions reduction of 61,386 tons during 2021-22.

In-line with NDC target-1, following steps were taken:

- Electric vehicles - The market for iQUBE EV product was expanded during FY 2021-22, thus providing access to many potential customers.
- Alternate fuels - TVS has developed products compatible with ethanol blended gasoline. All TVS products are E10 compliant. Developing alternate fuel compatible vehicle will reduce the consumption of petroleum product and therefore reduce CO<sub>2</sub> combustion. The Company has E100 compatible Apache 200 4V and a 3W CNG vehicle in its product portfolio.
- Light weighting - Company is dedicated to reducing the weight of the vehicles. Through company's continuous efforts, weight reduction is achieved across all key products. The weight reduction has helped to reduce the CO<sub>2</sub> during manufacturing stage.
- Energy (fuel) efficiency - The fuel economy of key products is increased by 2-4% through advanced technologies, friction reduction and light weighting. This increase in fuel economy will reduce the consumption of gasoline as well as CO<sub>2</sub> emissions.

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

Expanding the sale network of iQube to 30+ cities has led to sales of 9,000+ units (cumulative) and Jupiter125 with higher fuel economy.

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

Percentage of revenue contributed by iQube and Jupiter 125 is 1.2% & 4.1% respectively.

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

- The recyclability rate and recoverability rate of Company's products are in the range of 85-90% and 90-95%, respectively.
- During 2021-22, the Company has repurposed RO rejects in domestic & industrial applications which resulted in fresh water saving of 500 Kilo Litres.
- The Company has advance membrane bioreactor for industrial wastewater treatment and during 2021-22, the Company has recycled and reused 1,62,059 Kilo Litres of treated industrial wastewater.

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

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### 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

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 following:

- Confederation of Indian Industry (CII);
- Society of Indian Automobile Manufacturers (SIAM)
- Hosur Industries Association (HIA)
- Karnataka Employers Association (KEA)
- Automotive Research Association of India (ARAI)
- SIAM - HCG (Human Capital Group)
- Bangalore Chamber of Industry and Commerce
- Madras Chamber of Industry and Commerce
- Baddi Barotiwala Nalagarh Industries Association (BBNIA)
- Employers Federation of India (EFI)
- Employers Federation of Southern India (EFSI)
- 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:**

₹ 5 Cr

**Leadership Indicators:**

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

Environment Concern:

As a member of SIAM, played an active role in framing guidelines towards technology introduction, ramp-up of electric vehicles, biofuels and phasing out fossil fuel based engines.

In addition, guidelines on handling and disposal of End-of -life vehicles were drafted.

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

- The Company helped SIAM to organize knowledge sharing webinars on ethanol blending programme by US Grains council and ABRACICLO.
- Provided inputs to BIS for preparing E20 reference fuel specification
- Suggested changes in the Draft Battery Waste Management Rules 2021 through SIAM.

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

Nil. The Company has not received any adverse orders from regulatory authorities for anti-competitive conduct.

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## PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

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**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 through other implementing agencies.

SST's intervention under CSR is 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 programme 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.

**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.
- Enabling livestock owning families to utilize the benefit of veterinary schemes announced by the Government.



- Undertaking infrastructure repair works for Anganwadis, Schools, Health centres, Veterinary centers, Water supply and water storage structures.
- Create awareness among villagers on the various social security schemes and assist them to avail the scheme.

**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 categorized into clusters based on geographical division. The top three invested clusters during this year includes:

- Thirukurungudi, Tamil Nadu: - ₹ 248.18 lakh
- Padavedu, Tamil Nadu: - ₹ 203.94 lakh
- Hosur, Tamil Nadu: - ₹ 159.29 lakh
- Mysuru, Karnataka - ₹ 115.18 lakh

**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:

- Converting waste banana bark into value added product.
- Concerting palm leaf into handicraft product.
- Making of eco-friendly bags from jute.

**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.

**7. Details of adverse orders or judgments in intellectual property rights disputes related to traditional knowledge during the year.**

NIL

**8. 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.**

- Empowering women, Promotion of Education, including special education and employment, enhancing vocation skills.
- Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water
- ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water
- Rural development projects.

**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](http://www.tvssst.org).

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

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:**

- 770+ women SHGs formed with 10000+ members.
- ₹ 50+ Cr received as loan by women SHG members from banks.
- 1000+ Agriculture awareness programme conducted on Government schemes. 7000+ farmers benefitted from Government schemes.
- 1000+ Livestock awareness programme conducted on Government schemes. 10,000+ Livestock farmers benefitted from Government schemes.
- 1500+ Veterinary Camps conducted.
- 214 infrastructure works repaired/ improved.
- 1600+ Social Security Scheme awareness programme conducted. 17000+ people availed both state and central government schemes

**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, to understand the needs and receive feedback then and there.

Continuous interaction with community to understand the benefit and utility of various programme 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 programme 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 programme: 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 SST has within the factories which are suitable for village environment will always be utilized in the SST's 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.

Identify priority needs and focus: Summer is almost here and that is when our farmers face difficulties in finding fodder for their cows. Not anymore. This year, SST has helped 20 farmers prepare well by giving them three kilos of fodder sorghum with the help of the veterinary hospital in Vadamathimangalam village. This drought-resistant crop, that has been cultivated on half-an-acre of land, grows easily on any soil with minimum water. These farmers are relieved because they are already set for the summer, with a ready supply of grain and fodder for their livestock.

**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 coverage focus on enabling people to enhance the socio-economic status of 15.46 lakh people out of which more than 1 lakh are in tribal areas.

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

- 2300+ Government Schools, Government Anganwadis, Government Health centers, and Government Veterinary centers repaired/renovated
- 370+ other community structures improved for people utilization
- Enhanced water storage capacity of 282 MI tanks through desilting
- Plantation of 7.50 lakh trees in community & private land through people participation and government intervention
- More than ₹ 100 crores of annual income generated by women and farmers through various community-based organization like SHGs and farmers groups

**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:**

Nil.

**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 rideability, usage and service (100%).
- Recyclability and safe disposal symbol on batteries (100%).

**b. Safe and responsible usage:**

The Company provides user manual, warning stickers and tell-tale lamps to ensure customer safety and efficient use of vehicle. Few examples are as detailed below:

- Oil drain interval to inform the customers to change the engine oil to avoid damages to the vehicle and run the vehicle more efficiently.
- Warning sticker - Not to mix oil with the petrol
- Warning on speedometer
- Engine RPM (safety)
- Recommended tyre pressure
- Chain free-play check and adjust details.

**3. Number of consumer complaints in respect of data privacy:**

- |                             |   |     |
|-----------------------------|---|-----|
| a. Received during the year | - | Nil |
| b. Pending resolution       | - | Nil |

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

- |                             |   |   |
|-----------------------------|---|---|
| a. Received during the year | - | 2 |
| b. Pending resolution       | - | 1 |

**5. Number of consumer complaints in respect of delivery of essential services:**

- a. Received during the year - Nil
- 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:**

No complaints. Hence, not applicable.

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

- Euro 3 to Euro 5
- Bharat Stage VI
- UNECE Regulations - United Nations Economic Commission for Europe Regulations
- GTRs - Global Technical Regulations
- SANS - South Africa National Standards
- SNI - Indonesia National Standards
- ES - Egyptian Standard
- Japanese Industrial Standards
- UJI TIPE - Type approval test, Indonesia
- CCC - China Compulsory Certification, China
- ANLA - Autoridad Nacional de Licencias Ambientales (ANLA), Colombia
- PROMOT 4 - Programma de Controle da Poluição do Ar por Motociclos e Veículos Similares (Air Pollution Control Programme for Motorcycles and Similar Vehicles), Brazil
- GSO - Gulf Standard Organization, Gulf Countries
- ADR - Australia Design Rule, Australia
- ANT - Agencia Nacional de Tránsito, Ecuador
- JPJ - Jabatan Pengangkutan Jalan, Malaysia
- DENR - Department of Environment and Natural Resources, Philippines
- 3CV - CENTRO DE CONTROL Y CERTIFICACION VEHICULAR, Chile

**3. Channels, 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.**

No Complaints. Hence, 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

## Annexure - VIII to Directors' Report to the shareholders

### Report on Corporate Governance

#### 1. Company's philosophy on code of governance

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 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 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.

#### 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.

During the year under review, Mr Prince Asirvatham resigned as an Independent Director effective 20<sup>th</sup> August 2021.

Mr Venu Srinivasan was designated as Chairman Emeritus effective 1<sup>st</sup> April 2022, by the Board at its meeting held on 7<sup>th</sup> February 2022 and continues to be the Managing Director of the Company.

At the same meeting, the Board appointed Prof Sir Ralf Dieter Speth, Non-Executive Director as Chairman of the Board effective 1<sup>st</sup> April 2022.

As on 31<sup>st</sup> March 2022, the total strength of the board was twelve. Till 31<sup>st</sup> March 2022, the Company had Mr Venu Srinivasan as Executive Chairman and the composition of the board with fifty per cent of its Directors as Independent Directors besides one-Woman Independent Director, as required, in terms of the Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) was complied with.

Effective 1<sup>st</sup> April 2022, Prof Sir Ralf Dieter Speth, Non-Executive Director, being Chairman of the Board, composition of the Board is also complied with.

As on date of the Report, the Board has six Independent Directors (IDs) viz., M/s T Kannan, C R Dua, Hemant Krishan Singh, Lalita D. Gupte, R Gopalan and Kuok Meng Xiong.

The other Non-Executive Directors (NEDs) are Dr. Lakshmi Venu and Mr H Lakshmanan.

On 5<sup>th</sup> May 2022, Mr Sudarshan Venu was elevated as Managing Director effective that date on the recommendation of the Nomination and Remuneration Committee at its meeting held on 29<sup>th</sup> April 2022.

Mr Venu Srinivasan, Chairman Emeritus & Managing Director, Mr Sudarshan Venu, Managing Director and Mr K N Radhakrishnan, Director & CEO are the Executive 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 our Boardroom.

On 5<sup>th</sup> March 2019, the IDs viz., M/s. T Kannan, C R Dua, and Hemant Krishan Singh were reappointed for the second term of 5 consecutive years from 14<sup>th</sup> July 2019. Mrs Lalita D Gupte and Mr R Gopalan, were appointed as Additional and Independent Directors for a term of 5 years by the board at its meeting held on 23<sup>rd</sup> October 2018 and 30<sup>th</sup> April 2019 respectively and the same were approved by the shareholders at the AGM held on 22<sup>nd</sup> July 2019. Mr Kuok Meng Xiong was appointed as Additional and Independent Director for a term of 5 years by the board at its meeting held on 24<sup>th</sup> March 2021 and the same was approved by the shareholders at the AGM held on 29<sup>th</sup> July 2021. The terms of appointment of IDs include the remuneration payable to them 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 do not hold non-independent directorship position in another company, where any non-independent director of the Company is an independent director.

Dr. Lakshmi Venu and Mr H Lakshmanan, Directors have been the longest in office and are liable to retire by rotation at the ensuing AGM. However, Mr H Lakshmanan, Director, has expressed his desire not to offer himself for re-appointment at the ensuing AGM, due to old age.

In order to comply with the minimum level of having 2/3<sup>rd</sup> Directors liable to retire by rotation, Mr Venu Srinivasan accorded his consent, for getting re-appointed as a Director liable to retire by rotation at the ensuing AGM, who was appointed as a Director not liable to retire by rotation.

The resolutions seeking approval of the members for the re-appointment of Dr. Lakshmi Venu and Mr Venu



Srinivasan as Directors have been included in the Notice of AGM along with brief details about them.

At the meeting held on 5<sup>th</sup> May 2022, the Board has re-appointed Mr Sudarshan Venu as Managing Director for a further period of five years from 1<sup>st</sup> February 2023. The said re-appointment and payment of remuneration are also further subject to the approval of the shareholders of the Company and Central Government. The shareholders approval are being sought through Postal Ballot.

## 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 and to participate in the meetings.

Board and Committee meetings through video conferencing or other audio visual means were made available to the Directors.

The Company, regularly places before the Board for its review, all the information as required under Part A of Schedule II to the Listing Regulations such as annual operating plans, CAPEX budget and its quarterly updates, quarterly 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, Risk Management, Internal Financial Controls, etc., in Board / Audit Committee meetings, and also by external experts wherever required. The performance of subsidiaries are also being presented by the CEOs of respective subsidiaries, on quarterly basis at the Audit Committee / Board Meeting.

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 2021-22, the board met six times viz., 27<sup>th</sup> April 2021, 29<sup>th</sup> July 2021, 21<sup>st</sup> October 2021, 6<sup>th</sup> January 2022, 7<sup>th</sup> February 2022 and 18<sup>th</sup> March 2022, and the gap between two meetings did not exceed one hundred and twenty days. Besides, the IDs held a separate meeting on 18<sup>th</sup> March 2022, in compliance with the provisions of the Companies Act, 2013 (Act, 2013) and Regulation 25(3) of the Listing Regulations.

## 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 29<sup>th</sup> July 2021 and other directorships and committee memberships / chairmanships as on 31<sup>st</sup> March 2022 are as follows:

| Name of the Director<br>(M/s)              | Category | Attendance particulars |                             | Number of other Directorships, Committee Memberships / Chairmanships |                         |                         |
|--|----------|------------------------|-----------------------------|--|-------------------------|-------------------------|
|  |          | Board Meetings         | Last Annual General Meeting | Other Directorships*   | Committee Memberships** | Committee Chairmanships |
| Prof. Sir Ralf Dieter Speth (DIN 03318908) | NED      | 6                      | Yes                         | 11   | –                       | –                       |
| Venu Srinivasan (DIN 00051523)             | ED       | 6                      | Yes                         | 19   | 1                       | –                       |
| Sudarshan Venu (DIN 03601690)              | ED       | 6                      | Yes                         | 13   | 1                       | –                       |
| K N Radhakrishnan (DIN 02599393)           | ED       | 6                      | Yes                         | 4  | 2                       | 1                       |
| C R Dua (DIN 00036080)                     | ID       | 3                      | Yes                         | 13   | 5                       | 2                       |
| R Gopalan (DIN 01624555)                   | ID       | 6                      | Yes                         | 6  | 6                       | 2                       |
| Lalita D. Gupte (DIN 00043559)             | ID       | 5                      | Yes                         | 4  | 5                       | –                       |
| T Kannan (DIN 00040674)                    | ID       | 5                      | Yes                         | 7  | 3                       | –                       |
| Kuok Mong Xiong (DIN 09117910)             | ID       | 6                      | Yes                         | 13   | –                       | –                       |
| H Lakshmanan (DIN 00057973)                | NED      | 6                      | Yes                         | 9  | –                       | –                       |
| Hemant Krishan Singh (DIN 06467315)        | ID       | 6                      | Yes                         | –  | 1                       | 1                       |
| Dr. Lakshmi Venu (DIN 02702020)            | NED      | 5                      | Yes                         | 8  | 3                       | –                       |

NED : Non Executive Director

ED : Executive Director

ID : Independent Director

\* 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 only Audit Committee and Stakeholders' Relationship Committee have 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 included.

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. Mr Venu Srinivasan, Mr Sudarshan Venu and Dr. Lakshmi Venu are related to each other. None of the other Directors on the Board is related to any other Director on the Board. The number of Directorships, Committee Memberships / Chairmanships of all Directors are within the respective limits prescribed under the Act, 2013 and the Listing Regulations.

**2.4 Listed entities in which the Directors hold position as Director other than the Company and category of Directorship:**

| Name of the Director (M/s.) | Name of the company   | Category of directorship          |
|-----------------------------|---|-----------------------------------|
| Prof. Sir Ralf Dieter Speth | –   | –                                 |
| Venu Srinivasan             | Sundaram-Clayton Limited  | Executive Director                |
|                             | The Indian Hotels Company Limited   | Non-Executive Director            |
| Sudarshan Venu              | Sundaram-Clayton Limited  | Non-Executive Director            |
|                             | Coromandel International Limited  | Independent Director              |
| K N Radhakrishnan           | –   | –                                 |
| C R Dua                     | Gillette India Limited  | Independent Director              |
|                             | Pearl Global Industries Limited   |                                   |
|                             | Procter & Gamble Hygiene & Health Care Limited  | Independent Director - Chairman   |
| R Gopalan                   | Sundaram-Clayton Limited  | Independent Director - Chairman   |
|                             | Zee Entertainment Enterprises Limited   |                                   |
| Lalita D. Gupte             | Bharat Forge Limited  | Independent Director              |
|                             | Godrej Properties Limited   |                                   |
|                             | ICICI Lombard General Insurance Company Limited   | Independent Director, Chairperson |
| T Kannan                    | VTM Limited   | Executive Director - Chairman     |
|                             | Sundaram Brake Linings Limited  | Independent Director              |
| H Lakshmanan                | –   | –                                 |
| Kuok Meng Xiong             | –   | –                                 |
| Hemant Krishan Singh        | –   | –                                 |
| Dr. Lakshmi Venu            | Sundaram -Clayton Limited   | Executive Director                |
|                             | ZF Commercial Vehicle Control Systems India Limited (Formerly known as WABCO India Limited) | Independent Director              |

None of the non-executive directors holds directorships in more than seven listed entities and serves as an Independent director. 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 Regulation. Functional heads are present whenever necessary and 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 Director & CEO and the Company Secretary regarding compliance of all applicable laws on quarterly basis. Decisions taken at the meetings of the Board / Committee are communicated to the functional heads. Action taken report on decisions of previous meetings was placed at every succeeding meeting of the Board / Committee for reporting the compliance.

**2.6 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 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. 88 of this Annual Report.

## 2.7 Chart setting out the 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 assess financial impact of decision making and ensure profitable and sustainable growth. |
| Governance            | Board level experience in reputed organisations, with strong understanding of 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 Company's Board of Directors is highly structured to ensure a high degree of diversity by age, gender, education/ qualifications, professional background, sector expertise and special skills (classification). This is reflected in Company's skills and diversity grid disclosed here.

Board comprises a 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  |
|-----------------------------|--|
| Prof. Sir Ralf Dieter Speth | <ul style="list-style-type: none"> <li>Sir Ralf holds a Doctorate Degree in Engineering and is a Professor at the University of Warwick, United Kingdom.</li> <li>Sir Ralf started his professional career with BMW where he stayed for 20 years before joining Ford Motor Company's Premier Automotive Group (PAG) and later Linde Group, the international gases, materials handling and engineering company.</li> <li>In early 2010, Prof Dr Ralf D Speth became Chief Executive Officer, Jaguar Land Rover(JLR), and a member on Tata Motors' Board later that year.</li> <li>In 2016, Mr. Ratan Tata also appointed him as a member of the Supervisory Board of Tata Sons Ltd. Sir Ralf was nominated as a Non-Executive Director and Vice-Chairman of the JLR Board following his retirement in September, 2020.</li> <li>He has been a member of the Royal Academy of Engineering since 2014. In 2015, he was appointed Honorary Knight of the British Empire (KBE) and in 2019 as Additional Knight Commander of the Most Excellent Order of the British Empire. In 2020, Sir Ralf was elected a Fellow of the Royal Society.</li> </ul> |

| Name of the directors | Brief description about the Directors  |
|-----------------------|--|
|                       | <ul style="list-style-type: none"> <li>• Sir Ralf has been bestowed with many awards and has spearheaded noteworthy initiatives in the automobile industry.</li> <li>• His deep insights in academics, guidance, etc., made him attain a rich practical experience in automobile industry and his contribution is invaluable to the management team at large as well as the Company.</li> </ul>  |
| Mr Venu Srinivasan    | <ul style="list-style-type: none"> <li>• 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;</li> <li>• Implemented Total Quality Management (TQM), a Japanese method of process-driven manufacturing in Indian manufacturing operations;</li> <li>• Strengthened the TQM processes within the Company which facilitated making bikes for BMW Motorrad through a strategic partnership;</li> <li>• 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;</li> <li>• 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;</li> <li>• He was conferred the Padma Bhushan Award, the third Highest civilian award in India, in January 2020;</li> <li>• He was conferred the Autocar Professional of the Year 2021;</li> <li>• He is also Chairman Emeritus and Managing Director of Sundaram-Clayton Limited. He also serves on the board of T V Sundram Iyengar &amp; Sons Private Limited, Tata Sons Private Ltd., (Tata Sons) the holding company of the conglomerate Tata Group;</li> <li>• He is also the vice chairman of various Tata Trusts;</li> <li>• He also oversees Srinivasan Services Trust (SST), which works in 2500 villages in India towards self-development for village communities covering education, healthcare, infrastructure, economic development, environment and community development.</li> </ul> |
| Mr Sudarshan Venu     | <ul style="list-style-type: none"> <li>• Very resourceful in his approach and implementation of strategies and turnaround of exports in a positive manner;</li> <li>• His extra-ordinary efforts to improve Company's presence in global market through the acquisition of "Norton", the British iconic brand;</li> <li>• Made efforts on multiple fronts to take up challenges towards the Company's global aspirations;</li> <li>• Plays a key role in profitable exports expansion, in the e-utility and Artificial Intelligence foray by the Company;</li> <li>• 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; and</li> <li>• 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.</li> </ul>  |
| Mr K N Radhakrishnan  | <ul style="list-style-type: none"> <li>• Has wide exposure about the industry and in-depth involvement with excellent attitude towards teamwork;</li> </ul>  |

| Name of the directors | Brief description about the Directors   |
|-----------------------|---|
|                       | <ul style="list-style-type: none"> <li>• 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;</li> <li>• Solution orientation in audit findings and its implementations is one of his key qualities;</li> <li>• Significantly contributes to good governance and performance of the Company; and</li> <li>• He has a vast experience in automotive industry and having successfully handled all activities of the Company including sales &amp; marketing, business administration / operations.</li> </ul>  |
| Mr C R Dua            | <ul style="list-style-type: none"> <li>• Mr Dua is honours graduate of St. Stephen's College and also holds a Master's degree in Economics from the Delhi School of Economics;</li> <li>• His experience covers a broad range of areas relating to Corporate, Finance, Securities, Infrastructure and aspects of Public Policy and Administration, Governance and Ethics;</li> <li>• He is the Founder of and currently the Chairman of Dua Associates, one of India's prominent law firms, serving a wide spectrum of clients drawn from several Fortune 500 companies, listed companies, public-sector enterprises, privately-owned businesses, as well as entrepreneurial start ups;</li> <li>• Through his active engagement, the firm continues to retain its leadership position in uncertain and challenging environment nationally and internationally;</li> <li>• He holds Directorships in both listed and major multinational corporations primarily representing the interests of foreign collaborators and investors;</li> <li>• He has been an invitee to the National Executive Board of the Federation of Indian Chambers of Commerce &amp; Industry (FICCI) and is a member on the India Advisory Board of BNP Paribas;</li> <li>• He is one of the Senior Vice Presidents of the Society of Indian Law Firms (SILF) and among the Chairpersons of the Legal Reforms Committee. He is also a member of the Sub-Committee on Managing Partners and Senior Professionals of Confederation of Indian Industry (CII) Task Force on Legal Services (2021-22);</li> <li>• An avid tennis player Mr Dua's interest in promoting sports are pursued as a member of the Executive Committee of the International Lawn Tennis Club of India and Vice President of the Delhi Lawn Tennis Association;</li> <li>• He has a broad range of legal and regulatory experience to monitor corporate governance practices both in India and abroad and has been recognized by being the recipient of several awards as a Leading Lawyer in areas of M&amp;A, General Corporate and Corporate Restructuring. He also received the prestigious Lifetime Achievement Award for Outstanding Contribution and Excellence in the field of Law in 2020. In 2021 he was also conferred the India Legal -Lifetime Achievement Award - Law Firms. Mr. Dua has also been included in Forbes India's Legal Power List as among the Top Managing Partners.</li> </ul> |
| Mr R Gopalan          | <ul style="list-style-type: none"> <li>• He has served as a Member, Public Enterprises Selection Board (PESB) under the control of the PM. This body selects CMDs, MDs and Directors of Central Public Sector Enterprises;</li> <li>• Was handling matters relating to Capital Markets, Infrastructure Finance, G-20, World Bank (WB), International Monetary Fund (IMF), Asian</li> </ul>  |



| Name of the directors | Brief description about the Directors   |
|-----------------------|---|
|                       | <p>Development Bank (ADB), Budget preparation, Public Private Partnership (PPP), Directorate of Currency and other related matters pertaining to the economy;</p> <ul style="list-style-type: none"> <li>• Brought about a number of changes in the functioning of the Capital Markets and initiated new policy measures in infrastructure development;</li> <li>• He has also served as Secretary of Department of Economic Affairs and also as Secretary, Department of Financial Services in Government of India; and</li> <li>• He has vast experience in Corporate Laws, Business Administration, Corporate Finance and Regulatory matters.</li> <li>• He had represented India in the trade negotiations at World Trade Organization.</li> </ul>  |
| Mrs Lalita D. Gupte   | <ul style="list-style-type: none"> <li>• Mrs. Gupte was responsible for setting up the International business of ICICI Bank since 2001;</li> <li>• She has held various leadership positions in areas of Corporate and Retail Banking, Strategy, Resources, and International Banking and other areas; and</li> <li>• She has vast experience in banking and financial services having held key positions over several decades.</li> </ul>  |
| Mr T Kannan           | <ul style="list-style-type: none"> <li>• He has a wide range of experience in textile industry;</li> <li>• He has held the positions as Chairman of CII, Southern Region, Textiles Committee, Mumbai, The Cotton Textile Export Promotion Council, Mumbai and The South India Mills' Association;</li> <li>• He is also a leading Educationalist, presently serving as the President of Thiagarajar College, Madurai and Chairman &amp; Correspondent of Thiagarajar College of Engineering, Madurai;</li> <li>• He was a member of Syndicate Anna University, Chennai, Board of Governors of IIM, Indore and Board of Governors of National Institute of Technology, Trichy;</li> <li>• He is the Thakkar of Arulmigu Meenakshi Sundareswarar Thirukoil, Madurai;</li> <li>• He is the recipient of Perunthalaivar Kamarajar Award conferred by the Government of Tamil Nadu for promotion of Education and Social Service; and</li> <li>• He has vast experience in financial management, Corporate Finance, business administration, regulatory and governance matters.</li> </ul> |
| Mr Kuok Meng Xiong    | <ul style="list-style-type: none"> <li>• MX Kuok is the Founder &amp; Managing Partner of K3 Ventures, a Singapore-based venture capital investment firm;</li> <li>• In the last 9 years, he has invested in and partnered with visionary founders of category-leading companies that drive innovation in today's world;</li> <li>• He has rich experience and knowledge in the fields of digital technology for investments by the Company in digital start-ups; and</li> <li>• He has a unique mix of strong corporate values and a clear vision of the future digital world.</li> </ul>  |

| Name of the directors    | Brief description about the Directors  |
|--------------------------|--|
| Mr H Lakshmanan          | <ul style="list-style-type: none"> <li>• Rich and long experience in all areas of the business, and helps in smooth running of management;</li> <li>• Pioneer in establishing the basic priorities, ethical values, policies, attitudes and culture for the Company;</li> <li>• Plays a key role as the most trusted mentor, Counsellor and advisor of the board and the most trusted mentor of the Board;</li> <li>• With seven 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; and</li> <li>• 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.</li> </ul>  |
| Mr Hemant Krishan Singh, | <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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 Act East Policy and the shaping of India's policy towards key neighbours and strategic partners.</li> <li>• Since 2016, Mr. Singh is the Director General of the Delhi Policy Group, a leading independent and non-partisan think tank focused on issues of critical national interest.</li> <li>• He has wide experience in the global economy and best practices to address the challenges and risks in international business.</li> </ul> |
| Dr. Lakshmi Venu         | <ul style="list-style-type: none"> <li>• Involved in all spheres of management of Sundaram-Clayton Limited, the holding company and handles wider responsibilities for exploring new business opportunities;</li> <li>• She is the Joint Managing Director of Sundaram-Clayton Limited and also the Deputy Managing Director of TAFE Motors and Tractors Limited. She holds directorship in various other companies;</li> <li>• Played a key role in establishment of overseas manufacturing facility for Sundaram Holding USA Inc, in the United States of America;</li> <li>• She was recognised as "Corporate India's fastest rising women leader" by Economic Times in 2017; and</li> <li>• She has a rich experience in business strategy, product design and in-depth knowledge of automotive business.</li> </ul>   |

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 following link provided in the page no. 88 of this Annual Report.

All the Members of the Board and Senior Management Personnel have confirmed compliance with the Code for the year ended 31<sup>st</sup> March 2022. The Annual Report contains a declaration to this effect signed by the Director & Chief Executive Officer.

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 alongwith listed entities from which the Director has resigned in the past three years 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 reviewed. Meetings of each of these Committees are convened by the respective Chairman of the Committee, who also informs the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are placed before the subsequent Board meetings.

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. Overseeing 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 opinions, if any, in the draft audit report.
- d. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- e. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- f. Approving or subsequently modifying any transactions of the Company with related parties;
- g. Scrutinizing the inter-corporate loans and investments;
- h. Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary;

- i. Evaluating internal financial controls and risk management systems;
- j. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- l. Discussing with internal auditors of any significant findings and follow up thereon;
- m. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or any failure of internal control systems of a material nature and reporting the matter to the Board;
- n. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- o. Looking into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- p. Reviewing the functioning of the Whistle Blower Mechanism;
- q. Approving the appointment of CFO after assessing the qualifications, experience and background of the candidate; and
- r. reviewing the utilisation of loans and / or advances from / investments / by the holding company in the subsidiary exceeding Rs. 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:

As at 31<sup>st</sup> March 2022, the Committee consists of the following Independent Director's viz., M/s R Gopalan, C R Dua and T Kannan.

Mr Prince Asirvatham has resigned from Board effective 20<sup>th</sup> August 2021 and thereby he ceased to be a member of the Audit Committee.

Mr R Gopalan, Chairman of the Committee was present at the last AGM held on 29<sup>th</sup> July 2021 to answer the Shareholder queries.

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

### 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) |     |    |     |
|----------------------|-----------------------|-----|----|-----|
|                      | RG                    | CRD | TK | PA@ |
| 27-04-2021           | ✓                     | ✓   | ✓  | ✓   |
| 29-07-2021           | ✓                     | ✓   | ✓  | LOA |
| 21-10-2021           | ✓                     | ✓   | ✓  | NA  |
| 06-01-2022           | ✓                     | ✓   | ✓  | NA  |
| 07-02-2022           | ✓                     | LOA | ✓  | NA  |

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

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

@resigned from directorship effective 20<sup>th</sup> August 2021

## 4. Subsidiary companies

The Company has five wholly owned subsidiaries viz., Sundaram Auto Components Limited, TVS Housing Limited, TVS Motor Services Limited, Intellicar Telematics Private Limited and TVS Electric Mobility Limited.

It also has other subsidiaries viz., TVS Credit Services Limited and its three subsidiaries viz., Harita ARC Pvt. Ltd, TVS Two wheeler Mall Pvt. Ltd and TVS Housing Finance Pvt. Ltd.

During the year under review, the Company has acquired majority stake in the following companies through its overseas subsidiary TVS Motor (Singapore) Pte Limited and thereby those companies have become subsidiaries of the Company.

- (1) The GO Corporation, Switzerland on 16<sup>th</sup> September 2021 and its subsidiary viz., EGO Movement Stuttgart GmbH, Germany.
- (2) Swiss E-Mobility Group (SEMG), Switzerland on 27<sup>th</sup> January 2022 and its subsidiaries viz., Swiss E-Mobility Group (Schweiz) AG, Switzerland, and Colag E-Mobility GmbH, Germany.

Intellicar Telematics Private Limited, a wholly owned subsidiary of the Company has acquired Intellicar Singapore Pte. Ltd., on 10<sup>th</sup> November 2021.

The other foreign subsidiaries are PT. TVS Motor Company Indonesia, TVS Motor (Singapore) Pte. Limited, The Norton Motorcycle Co Limited, UK, 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.

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 2015, 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 2022-23, the Company's Indian subsidiary, viz., 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 nominated one of the ID of the Company on the Board of TVS Credit Services Limited, whose income / net worth exceeds of 20% of the consolidated income or net worth.

The Company has ensured that all the identified material subsidiaries incorporated in India have obtained secretarial audit report from a Company Secretary in Practice for FY 2021-22 and annexed with the annual report of the Company.

Copy of the Material Subsidiary policy is available on the Company's website in the link provided in page no. 88 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 2021-22 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 31<sup>st</sup> March 2022.

#### 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 in last quarter of the financial year for its approval and recommendation to the Board for its approval, wherever required. RPTs entered upto that period are reviewed at the meeting for any upward revision in the threshold limit.

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

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

Copy of the said Policy is available on the Company's website in the link as provided in page no. 88 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 1<sup>st</sup> April 2016. Accordingly, the financial statements for the year 2021-22 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 Audit Committee reviews reports given by members of the management team and recommends suitable action.

#### Risk Management Committee:

As at 31<sup>st</sup> March 2022, the Committee consists of the following Executive / Independent directors viz., M/s T Kannan, Hemant Krishan Singh and Lalita D. Gupte, Independent Directors and M/s Sudarshan Venu, MD, K N Radhakrishnan, Director & CEO and also K Gopala Desikan, Chief Financial Officer.

The composition of the Committee is in accordance with the requirements of Regulation 21 of the Listing Regulation. 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  | HKS | LDG | KNR | KGD |
| 27.04.2021           | ✓                     | ✓   | ✓   | ✓   | ✓   | ✓   |
| 21.10.2021           | ✓                     | LOA | ✓   | ✓   | ✓   | ✓   |

✓ - Attended the meeting LOA - Leave of absence

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

#### Scope:

- Overseeing and approving the Company's enterprise wide risk management framework;
- Overseeing / identifying / assessing of all risks that the Organization faces such as strategic, financial, credit, marketing, liquidity, security,

property, IT, legal, regulatory, reputational; and

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

#### Role:

- 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;
- To develop and implement action plans to mitigate the risks;
- 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;
- 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;
- 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;
- To adequately transmit necessary information with respect to material risks to Senior Executives / Board / relevant Committees;
- To check if Cyber security cover has been adopted by Information systems department; and
- 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 the 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 & 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 31<sup>st</sup> March 2022.

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 while dealing in Company's securities in excess of the threshold limit as defined under this Code.

The Company also has in place a Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPSI) and a Code of Conduct to regulate, monitor and report trading by insiders.

The Company follows closure of trading window from the end of every quarter till 48 hours the UPSI made public. 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. The Audit Committee also reviewed the Institutional Mechanism for Prevention of Insider trading and the systems for internal control as per Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations 2015 and declarations from Designated Persons affirming their compliance with the Code for the year 2021-22.

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 Whistle Blower Policy:

Over the years, the Company has established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behaviour. Vigil mechanism instituted by the Company to report concerns about unethical behaviour in compliance with the requirements of the Act and the Listing Regulations. The Board's Audit Committee oversees the functioning of this policy. Protected disclosures can be made by a whistle-blower through several channels to report actual or suspected frauds and violation of the Company's Code of Conduct.

Copy of the said Policy is available in the Company's website in the following link is available in page no. 88 of this Annual Report.

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31<sup>st</sup> March 2022, NRC consists of M/s C R Dua and T Kannan Independent Directors and H Lakshmanan, Non - Executive Director.

Mr C R Dua, the Chairman of the Committee was present at the last AGM held on 29<sup>th</sup> July 2021 to answer the Shareholder queries.

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

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 |
| 27.04.2021           | ✓                     | ✓   | ✓  |
| 05.07.2021           | ✓                     | LOA | ✓  |
| 07.02.2022           | 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 Non-Executive Director(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:

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

The performance evaluation of the Board as a whole was assessed based on the criteria like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow-up action, quality of information, governance issues, 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 performance incentive which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all SMP and this has been in accordance with the above process.

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

#### 6.6 Remuneration Policy:

The Nomination and Remuneration Policy has been placed on the website of the Company. The details of the website link is available on the

Company's website as provided in page no. 88 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 the Chairman Emeritus and Managing Director (CE&MD), Managing Director (MD) and 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 to Executive Directors for the financial year 2021-22:

(₹ In Cr)

| Executive Directors | Salary & Perquisites | Commission | Total |
|---------------------|----------------------|------------|-------|
| CE&MD               | 2.33                 | 24.60      | 26.93 |
| MD                  | 4.96                 | 18.07      | 23.03 |
| Director & CEO      | 4.45                 | 7.68       | 12.13 |

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 CE&MD 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.

#### Non-Executive Directors:

##### Sitting fees

₹ 20,000/- each is paid to the Non-Executive Directors for every meeting of the Board and / or Committee thereof attended by them, which is within the limits, prescribed under the Act, 2013.

Effective 5<sup>th</sup> May 2022, the sitting fees has been increased to ₹ 40,000/- for attending each meeting of the Board / Committee by a Director.

##### Commission

The Company benefits from the expertise, advice and inputs provided by IDs. 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 IDs are being paid by way of sitting fees and commission.

The Committee, in its meeting held on 5<sup>th</sup> May 2022, recommended the payment of commission to IDs within the permissible limit, in terms of the provisions of Sections 197 / 198 of the Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and as approved by the shareholders at the general meetings held on 11<sup>th</sup> August 2017.

A Commission of ₹ 25 lakhs to all IDs; additionally, ₹ 5 lakhs to those IDs serving as a Member of the Audit Committee; and ₹ 3 lakhs and ₹ 2 lakhs each to those IDs serving as a Member of the Risk Management Committee and other Committees respectively for the year 2021-22. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at AGM held on 11<sup>th</sup> August 2017, 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 IDs and adequately compensates for the time and contribution made by IDs.

In terms of the amended Listing Regulations, it has also been ensured that the remuneration payable to one non-executive director does not exceed 50% of the total annual remuneration payable to all non-executive directors of the Company.

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 Independent / Non-Executive Directors during the financial year 2021-22 are as follows: (₹ in lakhs)

| Name of the Directors (M/s)     | Sitting Fees | Commission | Total |
|---------------------------------|--------------|------------|-------|
| Prof. Sir Ralf Dieter Speth     | 1.20         | –          | 1.20  |
| Prince Asirvatham <sup>\$</sup> | 0.60         | 12.36      | 12.96 |
| C R Dua                         | 2.20         | 34.00      | 36.20 |
| R Gopalan                       | 2.40         | 32.00      | 34.40 |
| Lalita D. Gupte                 | 2.20         | 30.00      | 32.20 |
| T Kannan                        | 2.80         | 35.00      | 37.80 |
| H Lakshmanan                    | 2.40         | –          | 2.40  |
| Kuok Meng Xiong                 | 1.40         | 25.00      | 26.40 |
| H K Singh                       | 2.60         | 30.00      | 32.60 |
| Dr. Lakshmi Venu                | 1.00         | –          | 1.00  |

<sup>\$</sup> ceased to be a Director effective 20<sup>th</sup> August 2021. Amount paid for the period from 1<sup>st</sup> April 2021 to 20<sup>th</sup> August 2021.

- 6.9 Details of shareholdings of Non-Executive Directors in the Company as on 31<sup>st</sup> March 2022:

| Name of the Directors (M/s) | No. of equity shares held |
|-----------------------------|---------------------------|
| Prof. Sir Ralf Dieter Speth | –                         |
| C R Dua                     | –                         |
| R Gopalan                   | –                         |
| Lalita D. Gupte             | –                         |
| T Kannan                    | 5,000                     |
| H Lakshmanan                | 55,870                    |
| Kuok Meng Xiong             | –                         |
| Hemant Krishan Singh        | –                         |
| Dr. Lakshmi Venu            | –                         |

## 7. Stakeholders' Relationship Committee (SRC):

- 7.1 As at 31<sup>st</sup> March 2022, the Committee consists of the following Executive Directors viz., M/s Venu Srinivasan, CE & MD and Sudarshan Venu, MD and Independent Director's viz., M/s Hemant Krishan Singh, Chairman of the Committee, C R Dua and Lalita D. Gupte.

Mr Hemant Krishan Singh, Chairman of the Committee was present at the last AGM held on 29<sup>th</sup> July 2021 to answer the Shareholder queries.

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

- 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) |     |     |     |     |
|----------------------|-----------------------|-----|-----|-----|-----|
|                      | HKS                   | VS  | SV  | CRD | LDG |
| 27.04.2021           | ✓                     | LOA | LOA | LOA | ✓   |
| 29.07.2021           | ✓                     | ✓   | ✓   | ✓   | ✓   |
| 21.10.2021           | ✓                     | LOA | ✓   | ✓   | LOA |
| 07.02.2022           | ✓                     | ✓   | ✓   | LOA | ✓   |

✓ - Attended the meeting LOA - Leave of absence

[HKS - Mr Hemant Krishan Singh, VS - Mr Venu Srinivasan, SV - Mr Sudarshan Venu, 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, general meetings etc.
- 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 2021-22:

| Nature of complaints   | No. of complaints received and redressed |
|--|--|
| Non-receipt of bonus / duplicate share certificates                      | 1  |
| Transmission of shares   | 3  |
| Non receipt of demand draft <i>in lieu</i> of unclaimed dividend warrant | 3  |
| Total  | 7  |

- 7.6 All the queries and complaints received during the financial year ended 31<sup>st</sup> March 2022, 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.

- 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:

As on 31<sup>st</sup> March 2022, the Corporate Social Responsibility Committee consists of three Directors viz., M/s Venu Srinivasan, H Lakshmanan and R Gopalan. Mr Venu Srinivasan is the Chairman of the Committee.

During the year, Mr Prince Asirvatham ceased as an Independent Director effective 20<sup>th</sup> August 2021. In order to comply with requirement of having minimum one Independent Director in the committee, Mr R Gopalan, an Independent Director was appointed as Member of CSR Committee on 21<sup>st</sup> October 2021 at the Board Meeting held on that date.

The details of CSR Policy, initiatives and spending are spelt as Annexure - IV to the Directors Report.

During the year, the Committee met on 27<sup>th</sup> April 2021 and all the members were present at the meeting.



**9. Administrative Committee:**

The Administrative Committee consist of three directors viz., M/s Venu Srinivasan, T Kannan and H Lakshmanan. 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 |
| 29.07.2021           | ✓                     | LOA | ✓  |
| 21.10.2021           | ✓                     |     | ✓  |

✓ - 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 (IST) |
|---------|---|------------|------------|
| 2018-19 | The Music Academy,<br>New No.168, (Old No.306)<br>T.T.K. Road, Royapettah,<br>Chennai 600 014 | 22.07.2019 | 10.00 AM   |
| 2019-20 | Through VC / OAVM   | 29.07.2020 | 10.00 AM   |
| 2020-21 | Through VC / OAVM   | 29.07.2021 | 01.30 PM   |

**10.2 Special resolutions passed in the previous three AGMs:**

During the last three years, namely 2018-19 to 2020-21 approvals of the shareholders were obtained by passing special resolutions as follows:

| Year    | Subject matter of special resolution   | Date of AGM |
|---------|--|-------------|
| 2018-19 | NIL  | 22.07.2019  |
| 2019-20 | Re-appointment of Mr H Lakshmanan as Director being above 75 years, who retires by rotation. | 29.07.2020  |
| 2020-21 | NIL  | 29.07.2021  |

**10.3 Postal Ballot:**

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 e-Voting at the meeting for all the items at the AGM held on 29<sup>th</sup> July 2021.

**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](http://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 the 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 : Monday, 27<sup>th</sup> June 2022,  
2.00 P.M. (IST), through  
Video Conferencing

|                                  |   |
|----------------------------------|---|
| 12.2 Financial year              | : 1 <sup>st</sup> April to 31 <sup>st</sup> March   |
| Financial calendar               | : 2022-23   |
| Financial reporting              | : Financial calendar against for the quarter ending |
| 30 <sup>th</sup> June, 2022      | : Before 14 <sup>th</sup> August, 2022              |
| 30 <sup>th</sup> September, 2022 | : Before 14 <sup>th</sup> November, 2022            |
| 31 <sup>st</sup> December, 2022  | : Before 14 <sup>th</sup> February 2023             |
| 31 <sup>st</sup> March, 2023     | : Before 30 <sup>th</sup> May, 2023                 |

### 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 8<sup>th</sup> July 2016 mandated the top 500 listed companies based on the market capitalization to formulate Dividend Distribution Policy which shall be disclosed in their annual reports and on their websites.

Accordingly, the Board at its meeting held on 24<sup>th</sup> January 2017 had formulated a Dividend Distribution Policy, the details of which are available on the Company's website in the link as provided in page no 88 of this Annual Report.

### 12.4 Listing on Stock Exchanges:

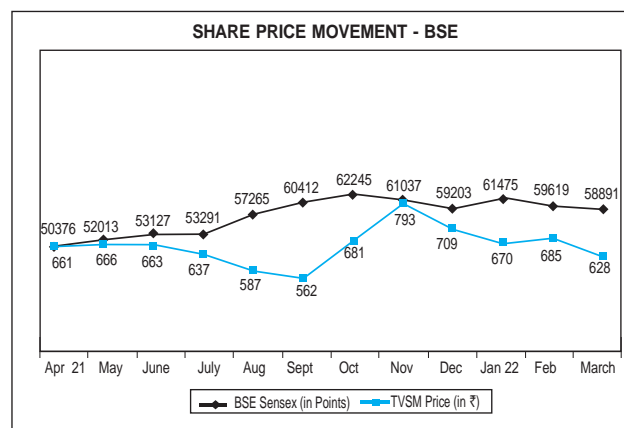
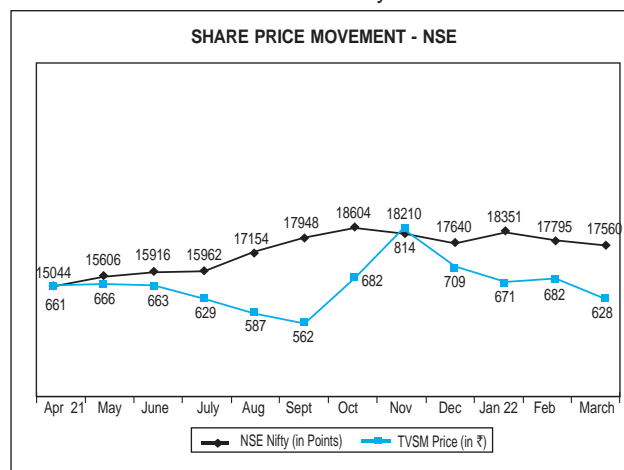
| Name & Address of the Stock Exchanges  | Stock Code / Symbol |
|--|---------------------|
| BSE Limited (BSE)<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Mumbai 400 001. India<br>Tel. : 91 22 2272 1233<br>Fax : 91 22 2272 1919   | 532343              |
| National Stock Exchange of India Limited (NSE)<br>Exchange Plaza, Plot No. C/1,<br>G-Block, Bandra Kurla Complex,<br>Bandra (East), Mumbai 400 051. India<br>Tel. : 91 22 2659 8100<br>Fax : 91 22 2659 8120 | TVSMOTOR            |
| ISIN allotted by Depositories<br>(Company ID Number) Equity<br>Non- Convertible Debentures (NCD)<br>listed with NSE  | INE<br>494B01023    |

(Note: Annual listing fees and custodial charges for the year 2021-22 were duly paid to the above Stock Exchanges and Depositories)

### 12.5 Market Price Data: (in ₹)

| Month          | NSE (Monthly) |           | BSE (Monthly) |           |
|----------------|---------------|-----------|---------------|-----------|
|                | High price    | Low price | High price    | Low price |
| April 2021     | 661           | 524       | 661           | 524       |
| May 2021       | 666           | 595       | 666           | 596       |
| June 2021      | 663           | 593       | 663           | 593       |
| July 2021      | 629           | 558       | 637           | 559       |
| August 2021    | 587           | 495       | 587           | 495       |
| September 2021 | 562           | 520       | 562           | 520       |
| October 2021   | 682           | 540       | 681           | 541       |
| November 2021  | 814           | 654       | 793           | 651       |
| December 2021  | 709           | 590       | 709           | 590       |
| January 2022   | 671           | 585       | 670           | 585       |
| February 2022  | 682           | 607       | 685           | 607       |
| March 2022     | 628           | 513       | 628           | 513       |

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



**12.7 Share Transfer Agents and Share Transfer System:**

- a. The Company has appointed Integrated Registry Management Services Limited, which has been registered with SEBI as Category-I Registrar & Transfer Agent (RTA) with Regn. No. INR000000544, as the Share Transfer Agent of the Company (STA) with a view to rendering prompt and efficient service to the investors and in compliance with the 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.
- 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 and other miscellaneous correspondence relating to change of addresses, mandates etc., is processed by STA within 7 days.
- e. Certificates are being obtained and submitted to the Stock Exchanges, on half-yearly basis, from a company secretary-in-practice towards due compliance of share transfer formalities by the Company within the due dates, in terms of Regulation 40(9) of 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 the Regulation 6(2)(d) of the Listing Regulations, has designated the following e-mail IDs, namely [icsta@sundaramclayton.com](mailto:icsta@sundaramclayton.com) / [contactus@tvs-motor.com](mailto:contactus@tvs-motor.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 the 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 31<sup>st</sup> March 2022:**

| Category of Shareholder                                    | No. of shares held  | %             |
|--|---------------------|---------------|
| <b>Promoter and Promoter Group</b>                         |                     |               |
| Individual   | 30,000              | 0.01          |
| Bodies Corporate   | 24,13,52,512        | 50.80         |
| <b>Total (A)</b>   | <b>24,13,82,512</b> | <b>50.81</b>  |
| <b>Public Shareholding</b>                                 |                     |               |
| Mutual Funds   | 8,31,21,067         | 17.50         |
| Banks / Financial Institutions                             | 1,48,372            | 0.03          |
| Insurance Companies  | 4,44,19,114         | 9.35          |
| Foreign Institutional Investors                            | 5,68,64,263         | 11.97         |
| Alternative Investment Funds                               | 73,17,027           | 1.54          |
| Public Provident Fund                                      | 4,22,511            | 0.09          |
| <b>Total Institutions (B)</b>                              | <b>19,22,92,354</b> | <b>40.48</b>  |
| Bodies Corporate   | 23,09,555           | 0.48          |
| Individuals holding nominal capital in excess of ₹ 2 lakhs | 6,32,300            | 0.13          |
| Individuals holding nominal capital upto ₹ 2 lakhs         | 3,31,21,653         | 6.97          |
| NRI Repatriable  | 7,60,147            | 0.16          |
| NRI Non- Repatriable                                       | 6,73,847            | 0.14          |
| Foreign National (IND)                                     | 1,400               | –             |
| Directors & their relatives                                | 1,32,046            | 0.03          |
| Clearing members   | 7,34,113            | 0.15          |
| Investor Education Protection Fund                         | 14,73,054           | 0.31          |
| Others   | 15,74,133           | 0.34          |
| <b>Total Non-Institutions (C)</b>                          | <b>4,14,12,248</b>  | <b>8.71</b>   |
| <b>Total Public Shareholding D = (B+C)</b>                 | <b>23,37,04,602</b> | <b>49.19</b>  |
| <b>Grand Total (A+D)</b>                                   | <b>47,50,87,114</b> | <b>100.00</b> |

**12.9 Distribution of Shareholding as on 31<sup>st</sup> March 2022:**

| Shareholding (Range) | No. of members  | %             | No. of shares       | %             |
|----------------------|-----------------|---------------|---------------------|---------------|
| Upto 5000            | 2,00,306        | 99.45         | 2,65,81,712         | 5.60          |
| 5001 - 10000         | 599             | 0.30          | 38,36,226           | 0.81          |
| 10001 - 20000        | 246             | 0.12          | 30,61,018           | 0.64          |
| 20001 - 50000        | 120             | 0.06          | 34,23,265           | 0.72          |
| 50001 - 100000       | 48              | 0.02          | 33,41,264           | 0.70          |
| 100001 & above       | 96              | 0.05          | 43,48,43,629        | 91.53         |
| <b>Total</b>         | <b>2,01,415</b> | <b>100.00</b> | <b>47,50,87,114</b> | <b>100.00</b> |

12.10 Dematerialization of shares and liquidity:

The promoter and promoter group holding consisting of 24,13,82,512 Equity shares of ₹ 1/- each has been fully dematerialized. Out of 23,37,04,602 Equity Shares of ₹ 1/- each held by persons other than promoters 23,11,06,988 Equity Shares have been dematerialized as on 31<sup>st</sup> March 2022 accounting for 99.45%.

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 IDs vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations.
- 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 does not required, as directed in the SEBI Circular dated 15<sup>th</sup> November 2018.

12.13 Plant Locations:

- Hosur : Post Box No. 4, Harita  
Hosur - 635 109, Tamilnadu  
Tel. : 04344-276780  
Fax : 04344-276878  
Email: [knr@tvs motor.com](mailto:knr@tvs motor.com)
- Mysuru : Post Box No.1  
Byathahalli Village, Kadakola Post,  
Mysuru - 571 311, Karnataka.  
Tel. : 0821 - 2596561  
Fax : 0821 - 2596550 / 2596551  
Email: [knr@tvs motor.com](mailto:knr@tvs motor.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@tvs motor.com](mailto:knr@tvs motor.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 : Integrated Registry Management Services Limited,  
Share Transfer Agent (STA)  
Unit: TVS Motor Company Limited
- (ii) For non-receipt of annual report : Email: [srirams@integratedindia.in](mailto:srirams@integratedindia.in)  
[corpserv@integratedindia.in](mailto:corpserv@integratedindia.in)
- (iii) For investors' grievance & general correspondence : Email: [kss@tvs motor.com](mailto:kss@tvs motor.com)

12.15 List of Credit Rating:

The Company is maintaining the existing credit rating viz., CARE AA+ for long term borrowings and Non-Convertible Debentures and CARE A1+ for short term borrowings and Commercial Papers.

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 ₹ 1.49 Cr 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:

The Company has constituted an Internal Committee (IC) in all its plants and Corporate Office to consider and resolve all sexual harassment complaints reported by women. The constitution of the IC is as per the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the committee includes external members from NGOs or with relevant experience. Investigation is conducted and decisions made by the IC at the respective location, and a senior woman employee is the presiding officer over every case.

12.19 Disclosure on compliance with the issue of Debt securities for incremental borrowings by Large Corporates.

The 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.

At the fag end of the year, the Company has raised long term funds to a sum of ₹ 489.90 Cr from a Bank to meet the strategic investment requirement.

The Company will comply with the issue of listed debt securities for incremental borrowings in block FY 2022-23.

### 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 on 31<sup>st</sup> March 2022, since the Chairman of the Company is Executive, disclosure under this head is not mandatory. The Non-Independent directors of the Company are liable to retire by rotation and if eligible, offer themselves for re-appointment. Specific tenure has been fixed for the independent directors in terms of Section 149 of the Act, 2013 and during this period, they will not be liable to 'retire by rotation' as per Sections 150(2), 152(2) read with Schedule IV to the Act, 2013.

#### 13.2 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the Board and are also uploaded in the Company's website namely [www.tvsmotor.com](http://www.tvsmotor.com). The results are not sent to the shareholders individually.

#### 13.3 Audit qualifications:

The financial statements of the Company are unmodified.

### 14. Request to shareholders

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

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

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

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

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

#### 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](http://www.nsdl.co.in) and [www.cdslindia.com](http://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 (Accounting, Audit, Transfer and Refund) Rules, 2016. Accordingly a sum of ₹ 18.28 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2021-22.

Shareholders, who have not encashed their dividend warrants, in respect of 1<sup>st</sup> Interim dividend declared for the year ended 31<sup>st</sup> March, 2016 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

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

Particulars of unclaimed dividend of the Company.

| Financial Year                    | Date of declaration | Date of transfer to special account | Due date for transfer to the IEPF |
|-----------------------------------|---------------------|-------------------------------------|-----------------------------------|
| 2014-2015 2 <sup>nd</sup> Interim | 29.04.2015          | 29.05.2015                          | 29.05.2022                        |
| 2015-2016 1 <sup>st</sup> Interim | 29.01.2016          | 28.02.2016                          | 28.02.2023                        |
| 2015-2016 2 <sup>nd</sup> Interim | 12.03.2016          | 11.04.2016                          | 11.04.2023                        |
| 2016-2017 1 <sup>st</sup> Interim | 27.10.2016          | 26.11.2016                          | 26.11.2023                        |
| 2016-2017 2 <sup>nd</sup> Interim | 06.03.2017          | 05.04.2017                          | 05.04.2024                        |
| 2017-2018 1 <sup>st</sup> Interim | 01.11.2017          | 01.12.2017                          | 01.12.2024                        |
| 2017-2018 2 <sup>nd</sup> Interim | 26.02.2018          | 28.03.2018                          | 28.03.2025                        |
| 2018-2019 1 <sup>st</sup> Interim | 23.10.2018          | 22.11.2018                          | 22.11.2025                        |
| 2018-2019 2 <sup>nd</sup> Interim | 11.03.2019          | 10.04.2019                          | 10.04.2026                        |
| 2019-2020 1 <sup>st</sup> Interim | 04.02.2020          | 05.03.2020                          | 05.03.2027                        |
| 2019-2020 2 <sup>nd</sup> Interim | 10.03.2020          | 09.04.2020                          | 09.04.2027                        |
| 2020-2021 1 <sup>st</sup> Interim | 28.01.2021          | 27.02.2021                          | 27.02.2028                        |
| 2020-2021 2 <sup>nd</sup> Interim | 24.03.2021          | 23.04.2021                          | 23.04.2028                        |
| 2021-2022 Interim                 | 18.03.2022          | 17.04.2022                          | 17.04.2029                        |

**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 on the Newspapers seeking action from the shareholders. The lists of such shareholders were also displayed on the website of the Company.

In compliance with the aforesaid provisions, the Company transferred 68,167 shares on 2<sup>nd</sup> April 2022 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](http://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, Chennai - 600 006.  
 (d) email ID of the company:- [contactus@tvs-motor.com](mailto:contactus@tvs-motor.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 (MCA) 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 Regulation, the following table provides details in respect of the equity shares lying in the suspense account. The Company has already sent three remainders 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 |
|--|---------------------|---------------|
| No. of Shares in the Unclaimed suspense account as on 1 <sup>st</sup> April 2021.  | 139                 | 97,457        |
| Add: No. of shares credited pursuant to Regulation 39(4) of Listing Regulation.    | 9                   | 7,000         |
| Less: No. of shares Transferred to the Shareholders on request during the year.    | 12                  | 5,642         |
| Less: No. of Shares transferred to IEPF A/c during the year.                       | 1                   | 3,248         |
| No. of shares in the Unclaimed suspense account as on 31 <sup>st</sup> March 2022. | 135                 | 95,567        |

**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 31<sup>st</sup> March 2022.

Chennai  
5<sup>th</sup> May 2022

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 31<sup>st</sup> March 2022 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

Chennai  
5<sup>th</sup> May 2022

Membership Number: 023116  
UDIN: 22023116AJFRXW3375

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#### 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-2021-2022.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-2021-22.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/TVSMFamiliarisationProgrampdf.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>

**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.

Dear Sirs/Madam,

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31<sup>st</sup> March 2022 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  
5<sup>th</sup> May 2022

**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 of  
TVS Motor Company Limited,  
[CIN: L35921TN1992PLC022845]  
"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 the 31<sup>st</sup> March 2022, 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.      | Prof. Sir Ralf Dieter Speth  | Non-Executive Director | 03318908                             |
| 2.      | Venu Srinivasan              | Executive Director     | 00051523                             |
| 3.      | Sudarshan Venu               | Executive Director     | 03601690                             |
| 4.      | K N Radhakrishnan            | Executive Director     | 02599393                             |
| 5.      | Chittranjan Dua              | Independent Director   | 00036080                             |
| 6.      | R Gopalan                    |                        | 01624555                             |
| 7.      | Lalita D. Gupte              |                        | 00043559                             |
| 8.      | T Kannan                     |                        | 00040674                             |
| 9.      | Kuok Meng Xiong              |                        | 09117910                             |
| 10.     | Hemant Krishan Singh         |                        | 06467315                             |
| 11.     | H Lakshmanan                 | Non-Executive Director | 00057973                             |
| 12.     | Dr. Lakshmi Venu             |                        | 02702020                             |

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 web site of MCA;
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 these 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,  
(Peer Review Certificate No.739/2020)

K Sriram,  
Partner  
Membership No. F 6312  
Certificate of Practice No. 2215  
UDIN:F006312D000276989

Chennai  
5<sup>th</sup> May 2022



**Form No. MR-3**  
**Secretarial Audit Report**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2022

[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 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 ('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 scanned copies of the books, papers, minute books and other records maintained by the Company and furnished to us in electronic form, through email / file sharing as the same could not be physically furnished for verification due to the Company's covid protocols, forms / returns filed with statutory / regulatory authorities and compliance related action taken by the Company during the financial year as well as after 31<sup>st</sup> March 2022 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 31<sup>st</sup> March 2022, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR');
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and
    - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, which was replaced by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 with effect from 16<sup>th</sup> August 2021.
  - (vi) The listing agreements ('Agreements') entered into by the Company with the:
    - (a) National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) in relation to listing of its Equity shares;

- (b) NSE in relation to listing of its Non-Convertible Debentures; and
- (c) NSE in relation to listing of Commercial Papers.

(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 actions taken by the Company after 31<sup>st</sup> March 2022, 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, the Company has generally complied with:

- (i) The applicable provisions of the Act, Rules and Regulations mentioned in paragraph 1.1 (i) to (iii) above
- (ii) The applicable provisions of FEMA, mentioned in paragraph 1.1 (iv) above.
- (iii) The applicable provisions of SEBI Regulations and Agreements mentioned in paragraph 1.1 (v) and (vi) above.
- (iv) The Secretarial Standards on 'Meetings of the Board of Directors' (SS-1) (to the extent applicable to Board meetings) and the Secretarial Standards on 'General Meetings' (SS-2) (to the extent applicable to General meetings) mentioned in paragraph 1.1 (vii) above. Secretarial Standards on 'Dividend' (SS-3) and Secretarial Standards – 4 (SS-4) on 'Report of the Board of Directors', being non-mandatory, have not been adopted by the Company.

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 (Delisting of Equity Shares) Regulations, 2009, which was replaced by the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 with effect from 10<sup>th</sup> June 2021;

(iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, which was replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13<sup>th</sup> August 2021).

(v) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and

(vi) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.

We are informed that 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 does 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 31<sup>st</sup> March 2022, the Board has:

- (i) 3 (three) Executive Directors;
- (ii) 3 (three) Non-Executive Directors (including 1 (one) Non-Executive 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. Kuok Meng Xiong (holding DIN:09117910), as an Independent Director not liable to retire by rotation, for a term of 5 (five) consecutive years with effect from 24<sup>th</sup> March 2021, which was approved by the Members at the 29<sup>th</sup> Annual General Meeting (AGM) held on 29<sup>th</sup> July 2021.

- (ii) Appointment of Prof. Sir Ralf Dieter Speth (holding DIN 03318908), as a Non-Executive Director liable to retire by rotation, at the 29<sup>th</sup> AGM.
  - (iii) Re-appointment at the 29<sup>th</sup> AGM of Mr Sudarshan Venu (holding DIN:03601690) and Mr K N Radhakrishnan (holding DIN:02599393), the two Directors who retired by rotation.
  - (iv) Cessation of Mr. Prince Peter Asirvatham (DIN 00193260) as an Independent Director on 20<sup>th</sup> August 2021 consequent upon resignation.
- 2.4 Adequate notice was given to all the Directors to enable them plan their schedule for the Board meetings; and Notice of Board meetings were sent atleast 7 (seven) days in advance, except for some of the meetings which were held at a shorter notice, in compliance with Section 173(3) of the Companies Act, 2013.
- 2.5 Agenda and detailed notes on agenda were sent to the Directors atleast 7 (seven) days before the Board meetings (except for some of the meetings which were held at a shorter notice) other than 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:
  - (a) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and
  - (b) Additional subjects / information / presentations and supplementary notes.
- 2.6 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.
- 2.7 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:
  - (a) The Company has made investments / further investments in subsidiaries and associate companies (Indian / Foreign), and an Overseas technology fund as disclosed in the audited financial statement for the financial year ended 31<sup>st</sup> March 2022.
  - (b) During the year three companies have ceased to be subsidiaries and the following Companies / body corporate have become subsidiaries / step-down subsidiaries, of the Company:
    - (i) TVS Electric Mobility Limited has become a wholly-owned subsidiary;
    - (ii) TVS Digital Pte. Ltd., Singapore, has become a wholly-owned step-down subsidiary through TVS Motor (Singapore) Pte. Limited (a wholly-owned subsidiary);
    - (iii) Intellicar Singapore Pte. Ltd., has become a wholly-owned step-down subsidiary through Intellicar Telematics Pvt. Ltd., (a wholly-owned subsidiary); and
    - (iv) GO AG, Switzerland & its subsidiary EGO Movement Stuttgart GmbH, Swiss E-Mobility Group (Holding) AG (SEMG) Switzerland and its subsidiaries viz., Swiss EMobility Group (Schweiz), and Colag E-Mobility GmbH, have become step-down subsidiaries through TVS Motor (Singapore) Pte. Limited.
  - (c) During the year, the Company has appointed M/s. Integrated Registry Management Services Private Limited as the Registrar and Share Transfer Agents (RTA) in the place of Sundaram-Clayton Limited.
  - (d) T V Sundram Iyengar & Sons Private Limited ("TVSS") (the erstwhile Ultimate Holding Company) and its subsidiaries Sundaram Industries Private Limited ("SIPL") and Southern Roadways Private Limited ("SRPL"), held an aggregate of 64.72% of the paid up equity share capital in Sundaram-Clayton Limited (SCL), the Company's Promoter and immediate holding Company. The National Company Law Tribunal, Chennai Bench, vide its order dated 6<sup>th</sup> December 2021, approved a composite scheme of amalgamation and arrangement involving, besides other entities, TVSS, SIPL, SRPL and TVS Holdings Private Limited ("THPL"), under Sections 230 to 232 of the Act and the rules made thereunder ("Composite Scheme"). In terms of the said Composite Scheme, the said 64.72% of the share capital in SCL earlier held by TVSS, SIPL and SRPL has been transferred to and vested in THPL on 4<sup>th</sup> February 2022. Consequently, THPL who now hold 64.72% of the SCL's equity share capital have become the Ultimate Holding Company of the Company with effect from 4<sup>th</sup> February 2022.

For S Krishnamurthy & Co  
Company Secretaries  
(Peer Review Certificate No.739/2020)

K. SRIRAM  
Partner

Membership No: F6312  
Certificate of Practice No: 2215  
UDIN: F006312D000276923

Chennai  
5<sup>th</sup> May 2022

**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 31<sup>st</sup> March 2022, 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:
  - (a) We have considered compliance related action taken by the Company after 31<sup>st</sup> March 2022, but before the issue of this report.
  - (b) We have considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law.

- (c) We have taken an overall view, based on the compliance procedures and practices followed by the Company.
- (d) We have considered the Notifications / Circulars / Guidelines issued by the Ministry of Corporate Affairs (MCA) / Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) / any other regulatory authority as may be applicable, in respect of relaxation of various compliance time-lines in respect of the compliance events respectively stated therein.
5. We have verified only the documents shared by the Company in electronic mode due to the Covid protocols being followed by the Company.
6. We have not verified the correctness and appropriateness of the financial statement (including attachments and annexures thereto), 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.
7. We have obtained and relied on the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. 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  
(Peer Review Certificate No.739/2020)

K. SRIRAM  
Partner  
Membership No: F6312  
Certificate of Practice No: 2215  
UDIN: F006312D000276923  
Chennai  
5<sup>th</sup> May 2022



Form No. MR-3

**Secretarial Audit Report of Sundaram Auto Components Limited, a Material Subsidiary**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2022

[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 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 ('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 for our verification, forms and returns filed, and compliance related action taken by the Company during the year as well as after 31<sup>st</sup> March 2022 but before the issue of this report;
- (ii) Compliance certificate confirming compliance with all laws applicable to the Company given by the Chief Executive Officer of the Company 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 31<sup>st</sup> March 2022, 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 TVS Motor Company Limited;
- (iii) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder (FEMA), to the extent of Overseas Direct Investment and External Commercial Borrowings;
- (iv) Mandatorily applicable Secretarial Standards, namely Secretarial Standards (SS-1) on "Meetings of the Board of Directors", and Secretarial Standards (SS-2) on "General Meetings", 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 31<sup>st</sup> March 2022 but before the issue of this report, the Company, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, has generally complied with:

- (i) The applicable provisions of the Act and the Rules, mentioned in paragraph 1.1 (i) above;
- (ii) Regulation 24A of LODR, mentioned in paragraph 1.1 (ii) above;
- (iii) The applicable rules and regulations under FEMA mentioned in paragraph 1.1 (iii) above, with respect to Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB); and
- (iv) The mandatorily applicable Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) referred to in paragraph 1.1 (iv) above.

1.3. We are informed that, during / in respect of the year:

- (i) The Company, 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 thereunder, with respect to Foreign Direct Investment;
- (b) Securities Contracts (Regulation) Act, 1956, and the rules made thereunder;
- (c) Depositories Act, 1996, and the Regulations and bye-laws framed thereunder;
- (d) Regulations prescribed under the Securities and Exchange Board of India Act, 1992, except Regulation 24A of LODR; 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.
- (iii) Since the Company is not a material subsidiary of TVS Motor Company Limited in terms of Regulation 24(1) of LODR, it was not required to appoint an Independent Director of the holding company as a Director.
- (iv) Since the Company is a wholly-owned Indian subsidiary of TVS Motor Company Limited, it is not required, under the Act, to:
  - (a) Constitute an Audit Committee of the Board of Directors;
  - (b) Constitute a Nomination and Remuneration Committee of the Board of Directors; and
  - (c) Appoint Independent Directors on the Board of Directors.

## 2. Board processes

We further report that:

### 2.1 Board constitution and balance

- (i) As on 31<sup>st</sup> March 2022, the Board of Directors of the Company is duly constituted and consists of 1 (one) Executive Director and 3 (three) Non-Executive Directors including 1 (one) Woman Director.
- (ii) The following changes which took place in the Board of Directors during the year were carried out in compliance with the applicable provisions of the Act and the Rules made thereunder:

- (a) Re-appointment of Mr C N Prasad (DIN: 01950656) and Mr S G Murali (DIN: 00348902), Directors who retired by rotation at the 29<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> July 2021.
- (b) Appointment of Mr Venu Srinivasan (DIN: 00051523) as an Additional Director (Non-Executive) with effect from 28<sup>th</sup> March 2022, and his appointment as a Non-Executive Director liable to retire by rotation, at the Extra-ordinary General Meeting held on 29<sup>th</sup> March 2022.
- (c) Appointment of Mr Venu Srinivasan (DIN: 00051523) as the Chairman of the Board, with effect from 28<sup>th</sup> March 2022.
- (d) Cessation of Mr H Lakshmanan (DIN: 00057973) and Mr C N Prasad (DIN: 01950656) as Directors, effective from closure of working hours on 28<sup>th</sup> March 2022.
- (e) Appointment of Mr Rajesh Oommen (DIN: 08588098), Chief Executive Officer, as an Additional Director (Executive), with effect from 28<sup>th</sup> March 2022, and his appointment as a Director (Executive) liable to retire by rotation, at the Extra-ordinary General Meeting held on 29<sup>th</sup> March 2022.
- (f) Appointment of Mr Rajesh Oommen (DIN: 08588098), Chief Executive Officer, as a Whole-time Director, for a term of 5 (five) consecutive years from 28<sup>th</sup> March 2022, and approval of such appointment at the Extra-ordinary General Meeting held on 29<sup>th</sup> March 2022.
- (iii) Since the Company is a wholly-owned Indian subsidiary of M/s. TVS Motor Company Limited, it is not required under the Act to constitute an Audit Committee or a Nomination and Remuneration Committee. These Committees have hence been dissolved with effect from 3<sup>rd</sup> May 2022.

### 2.2 Board meetings

- (i) Adequate notice was given to all the directors to plan their schedule for the Board Meetings. Notices of Board meetings were sent atleast 7 (seven) days in advance, except in respect of the meetings convened at a shorter notice, in accordance with Section 173(3) of the Act.
- (ii) Agenda and detailed notes on agenda were sent atleast 7 (seven) days before the Board meetings, except in respect of the meetings convened at a shorter notice. Agenda notes in respect of additional subjects and supplementary agenda notes and annexures in

respect of some 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.

2.4 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:

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:

During the audit period, no specific events or actions having a major bearing on the Company's affairs took place in pursuance of the above referred laws, rules, regulations and standards.

For S Krishnamurthy & Co  
Company Secretaries  
(Peer Review Certificate No.739/2020)

SHARANYA SRIRAM  
Partner  
Membership No: F10252  
Certificate of Practice No: 12731  
UDIN: F010252D000262779

Chennai  
3<sup>rd</sup> May 2022

**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 31<sup>st</sup> March 2022 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 31<sup>st</sup> March 2022 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, wherever there was scope for multiple interpretations.

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 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.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. 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  
(Peer Review Certificate No.739/2020)

SHARANYA SRIRAM  
Partner  
Membership No: F10252  
Certificate of Practice No: 12731  
UDIN: F010252D000262779

Chennai  
3<sup>rd</sup> May 2022

Form No. MR-3

**Secretarial Audit Report of TVS Credit Services Limited, a Material Subsidiary**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2022

[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,  
TVS CREDIT SERVICES LIMITED,  
[U65920TN2008PLC069758]  
"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 31<sup>st</sup> March, 2022 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 31<sup>st</sup> March, 2022 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 provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- iv) During the year under review, the Company has received External Commercial Borrowings of USD 100 Million from State Bank of India, London Branch in compliance with 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 is not applicable;
- v) 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.

- vi) Further, during the year under review, the Company has listed its Non- Convertible Debentures with National Stock Exchange of India Ltd Besides this, 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 (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, which was replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13<sup>th</sup> August 2021).
  - (d) 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;
  - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, which was replaced by the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 with effect from 10<sup>th</sup> June 2021; and
  - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- vii) 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) RBI- Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016;
  - 3) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - 4) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

- 5) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
- 6) Contract Labour (Regulations & Abolition) Act, 1970;
- 7) Compliance with the requirements of Foreign Exchange Management Act and Non Banking Finance Companies (Reserve Bank) Directions 2016 with regard to non-acceptance of Deposits from Public;
- 8) 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.
- 9) Motor Vehicles Act, 1938;
- 10) Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;
- 11) Profession Tax, 1992;
- 12) 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;
- 13) Goods and Services Tax & Rules made thereunder;
- 14) Indian & State Stamp Act and Rules;
- 15) Competition Act, 2002;
- 16) Trade & Merchandise Marks Act, 1958;
- 17) Patents Act, 1970
- 18) 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 22<sup>nd</sup> 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 in case where meeting was held on shorter notice, consent for shorter notice was obtained from all the Directors, 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, 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 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 ₹ 3.50 Crores, constituting more than 2% of average net profits for the immediate past three financial years,



has been spent for the financial year 2021-22 on the projects / programs that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST) / other CSR compliant institutions in line with CSR Policy of the Company;

- 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 to 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 of 92,59,200 equity shares of ₹ 10/- each at a premium of ₹ 152/- per equity share total aggregating to ₹ 149,99,90,400/- on private placement basis, during the year, comprised in three 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 equity share | Premium @ ₹ 152/- per share (₹) | Total Amount of preferential allotment (₹) |
|-------------------|---------------------------|-------------------------------|-------------------------------|---------------------------------|--|
| 28/07/2021        | TVS Motor Company Limited | 30,86,400                     | 3,08,64,000                   | 46,91,32,800                    | 49,99,96,800                               |
| 04/10/2021        | TVS Motor Company Limited | 30,86,400                     | 3,08,64,000                   | 46,91,32,800                    | 49,99,96,800                               |

| Date of allotment | Name of the allottee           | No. of Equity shares allotted | Nominal value of equity share | Premium @ ₹ 152/- per share (₹) | Total Amount of preferential allotment (₹) |
|-------------------|--------------------------------|-------------------------------|-------------------------------|---------------------------------|--|
| 31/03/2022        | VS Investments Private Limited | 30,86,400                     | 3,08,64,000                   | 46,91,32,800                    | 49,99,96,800                               |
| Total             |                                | 92,59,200                     | 9,25,92,000                   | 140,73,98,400                   | 149,99,90,400                              |

- ii) issued and allotted 449 Nos 8.85% listed unsecured redeemable non-convertible debentures of Nominal amount per NCD of ₹ 1,00,00,000/- aggregating to 449,00,00,000/- (Rupees four hundred and forty nine crores only) 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 there under.

| Date of allotment | Name of the allottee                     | No. of NCD allotted | Nominal value of 1 NCD | Total amount of preferential allotment (₹) |
|-------------------|--|---------------------|------------------------|--|
| 01/12/2021        | ICICI Prudential Credit Risk Fund        | 99                  | 1,00,00,000            | 99,00,00,000                               |
| 10/12/2021        | ICICI Prudential Credit Risk Fund        | 35                  | 1,00,00,000            | 35,00,00,000                               |
| 10/12/2021        | ICICI Prudential Balanced Advantage Fund | 35                  | 1,00,00,000            | 35,00,00,000                               |
| 10/12/2021        | ICICI Prudential All Seasons Bond Fund   | 30                  | 1,00,00,000            | 30,00,00,000                               |
| 10/12/2021        | HDFC Credit Risk Debt Fund               | 200                 | 1,00,00,000            | 200,00,00,000                              |
| 10/12/2021        | HDFC Medium Term Debt Fund               | 50                  | 1,00,00,000            | 50,00,00,000                               |
| Total             |  | 449                 |                        | 449,00,00,000                              |

- iii) not done any Redemption/ buyback of securities;
- iv) no major decisions were taken by the members in pursuance to Section 180 of the Companies Act, 2013;
- v) no Merger / amalgamation / reconstruction etc. took place during the year under review;
- vi) not entered into any Foreign technical collaborations during the year under review.

TEMPALLE NAGARAJAN SRIDHARAN  
Membership No. FCS 3797  
Chennai  
Certificate of Practice No: 4191  
28<sup>th</sup> April 2022  
UDIN: F003797D000225546

**Annexure – A to Secretarial Audit Report of even date**

To,

The Members,

TVS CREDIT SERVICES LIMITED,

[U65920TN2008PLC069758]

“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. The Company's management is responsible for maintenance of secretarial records 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.

TEMPALLE NAGARAJAN SRIDHARAN

Membership No. FCS 3797

Certificate of Practice No: 4191

UDIN: F003797D000225546

Chennai

28<sup>th</sup> April 2022







TVS KING  
**DURAMAX**  
ALL POWER. NO NOISE.



TVS KING  
**KARGO**  
શ્રાવ્ય તબક્કો

**STANDALONE FINANCIAL STATEMENTS OF  
TVS MOTOR COMPANY LIMITED**



INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

## 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 balance sheet as at 31<sup>st</sup> March 2022, 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 Standalone 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("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 state of affairs of the Company as at March 31, 2022, 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   |
|---|--|
| <b>1. Government Grants</b><br>Government has announced various Grants to manufacturers of automobiles. The Company in turn is availing the said grants on fulfilling the conditions attached to that. The recognition of Government grants is considered to be key audit matter because of significance of amount of grants and management judgements involved in fulfilling the conditions to receive the grant.<br>The management periodically reviews, during the year, compliance of relevant conditions attached to each grant whether there is a reasonable assurance that the grants will be received, in order to determine the timing and amounts of grants to be recognized in the financial statements. | Determined the appropriateness of the accounting policy for government grants as per the relevant accounting standard;<br>Examined the Company's key internal financial controls over recognition of government grants with regard to its design and implementation. Tested the operating effectiveness of such controls for the transactions selected.<br>Verified documents, on sample basis, submitted to the various government authorities relating to the grants received and receivable and checked the compliance of conditions attached to the respective grants.<br>Considered the basis of management's judgement towards fulfilment of conditions attached to the grants and evaluated the reasonable assurance that grants will be received.<br>Reviewed the appropriateness of the disclosures made in accordance with the relevant accounting standard. |
| <b>2. Investments</b><br>The Company has significant investments in its subsidiaries and associates.<br>Management reviews regularly whether there are any indicators of impairment of the investments by reference to the requirements under Ind AS 36 "Impairment of Assets".<br>For investments where impairment indicators exist, significant judgments are required to determine the key assumptions used in the valuation model and methodology, such as  | Obtained and read the valuation report used by the management for determining the fair value ('recoverable amount') of its investments;<br>Considered the independence, competence and objectivity of the management specialist involved in determination of valuation;<br>Tested the fair value of the investment as mentioned in the valuation report to the carrying value in books;<br>Made inquiries with management to understand key drivers of the cash flow forecasts, discount rates, etc.   |

| Key Audit Matter  | Principal Audit Procedures   |
|---|--|
| revenue growth, discount rates, etc.<br>Considering, the impairment assessment which involves significant assumptions and judgement of the management and the same has been considered as key audit matter.   | Assessed the disclosures made in the financial statements regarding such investments to comply with the requirements of Standards.   |
| <b>3. Evaluation of Uncertain Direct tax and Indirect Tax positions</b><br>The Company has material uncertain tax positions, including matters under dispute relating Excise, Customs Duty, Value Added Tax (Indirect Taxes) and Income Tax (Direct Tax). These matters involve 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 31 <sup>st</sup> March 2022.<br>We considered legal precedence and other rulings, obtained external opinions and discussed with company's internal legal team in evaluating management's position on these uncertain tax positions.<br>Satisfied ourselves that it is not probable that an outflow of economic benefits will be required and disclosed such obligation as a contingent liability. |

#### 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 Management and Discussion 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 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. 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 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 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 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 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, 2020 ("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 and with the returns received from the branches not visited by us;
  - (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 31<sup>st</sup> March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2022 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), 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - a. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - refer Note 40(a) to the standalone financial statements.

- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses refer Note 30 (D);
- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d. i. Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts (refer Note 42 (xii)), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(is), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- ii. Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts (refer Note 42 (xiii)) no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever

by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, and

- iii. Based on the audit procedures adopted by us, nothing has come to our notice that has caused us to believe that the representations made by the management under sub clause (i) and (ii) above, contain any material misstatement.
- e. The interim dividends declared and paid by the Company during the year and until the date of this audit report are in accordance with Section 123 of the Companies Act, 2013.
- 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  
ICAI Regd. No.109208W

S. VENKATARAMAN  
Partner

Place: Chennai  
Date : 5<sup>th</sup> May 2022

Membership No.: 023116  
UDIN: 22023116AJFRXW3375



## Annexure A to Independent Auditors' Report - 31<sup>st</sup> March 2022 (Referred to in our report of even date)

- (i) a) A) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- B) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has maintained proper records showing full particulars of Intangible assets.
- b) The Company has a regular program of physically verifying all the Property, Plant and Equipment 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 the records of the Company examined by us, the title deeds of the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
- e) According to the information and explanation given to us and the records of the Company examined by us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) a) As informed to us, the management has conducted physical verification of inventory [including inventory lying with third parties] at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies noticed on such physical verification, were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of account.
- b) According to the information and explanations given to us and the records of the Company examined by us, the Company has been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (iii) a) According to the information and explanations given to us and the records of the Company examined by us, during the year, the Company:
- Has made investments in Companies.
  - Has not made investments in firms, Limited Liability Partnerships or any other parties.
  - Has not provided loans, advances in the nature of loans and security to companies, firms, Limited Liability Partnerships or any other parties. Therefore, the requirement to report under clauses (iii) (b) to (f) of para 3 of the Order are not applicable to the Company.
  - Has provided the guarantee of ₹ 78.47 Crores to its subsidiaries and the balance outstanding as at balance sheet date is ₹ 151.58 Crores.
- b) According to the information and explanations given to us and the records of the Company examined by us, the investments made and guarantee provided are not prejudicial to the Company's interest.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of Investments made and Guarantee given. The Company has not granted any loan or provided securities during the year.
- (v) According to the information and explanation given to us and the records of the Company examined by us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Therefore, the clause (v) of para 3 of the order is not applicable to the Company.
- (vi) According to the information and explanation given to us, the Central Government has prescribed the maintenance of cost records under Section 148(1) of the Act in respect of products manufactured by the Company. We are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services 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 Services Tax, Customs duty and Cess were in arrears as at 31<sup>st</sup> March 2022 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 based on the records of the Company examined by us, the dues of Income-Tax, Customs Duty, Sales Tax, Service Tax, Goods and Services Tax, Value Added Tax, Excise Duty and Cess which have not been deposited on account of any dispute are as follows:

(₹ In Crores)

| Name of the Statute /<br>(Nature of dues)             | Period<br>of<br>dues | Demand | Amount paid<br>under protest/<br>Deposit against<br>appeal | Forum where dispute is<br>pending  |
|---|----------------------|--------|--|--|
| Central Excise Act,<br>1944 (Cenvat /<br>Excise Duty) | 1998-<br>2017        | 53.05  | 20.23  | Central Excise and<br>Service Tax Appellate<br>Tribunal, Chennai               |
|   | 2011-<br>2016        |        |  | Assistant / Deputy /<br>Commissioner of Central<br>Excise, Hosur and Mysore    |
| Finance Act, 1994<br>(Service Tax)                    | 2002-<br>2016        | 0.95   | 0.04   | Central Excise and<br>Service Tax Appellate<br>Tribunal, Chennai/<br>Bangalore |
| Customs Act, 1962<br>(Customs Duty)                   | 1999-<br>2001        | 1.36   | -  | Hon'ble High Court of<br>Judicature, Chennai                                   |
|   | 2015-<br>2020        | 39.27  |  |  |
| Sales Tax /<br>VAT Laws<br>(Sales Tax)                | 1998-<br>2016        | 2.94   | 1.54   | Assessing officer  |
|   | 2004-<br>2005        |        |  | Joint Commissioner<br>(Appeals)  |
|   | 1998-<br>2010        |        |  | Tribunals  |

- (viii) According to the information and explanations given to us and based on the records, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on Clause 3(viii) of the Order is not applicable to the Company.

- (ix) On the basis of verification of records, on an overall examination of the financial statements of the Company and according to the information and explanations given to us,

- The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- The Company is not declared willful defaulter by any bank or financial institution or other lender.
- The term loans were applied for the purpose for which the loans were obtained.
- According to the information and explanations given to us, and the procedures performed by us, and on

an overall examination of the financial statements of the Company, the Company has not utilized funds raised on short-term basis for long-term purposes.

- According to the information and explanation given to us and on overall examination of the financial statements of the Company, the Company has not taken funds from any entities and persons on account of or to meet the obligations of its subsidiaries or associates.
  - According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.
- (x) a) According to the information and explanations given to us and based on the records, the Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- b) According to the information and explanations given to us and based on the records, the Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) a) During the course of our examination of the books and records of the Company, carried out based upon the generally accepted audit procedures performed for the purpose of reporting the true and fair view of the Standalone 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 on the Company has been noticed or reported during the year.
- b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. According to the information and explanations given to us and based on the information provided to us and records verified by us, the Secretarial Auditor and the Cost Auditor have not filed report in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) According to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (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 Standalone financial statements as required by the applicable accounting standards.

- (xiv) a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- b) The internal audit reports of the Company issued till the date of this audit report, for the period under audit have been considered by us.
- (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) a) According to the information and explanations given to us and based on the information provided to us and records verified by us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, requirement to report on Clause 3(xvi) of the Order is not applicable to the Company.
- b) The Company has not conducted any Non-Banking Financial or Housing Finance activities.
- c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on Clause 3(xvi) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditor during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios disclosed in note no. 32 to the Standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone financial statements, our

knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) a) According to the information and explanations given to us, in respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII to the Companies Act (the Act), in compliance with second proviso to sub-section 5 of Section 135 of the Act. This matter has been disclosed in note no. 45 to the Standalone financial statements.
- b) According to the information and explanations given to us and based on the records, there are no unspent amounts in respect of ongoing projects that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note no. 45 to the Standalone financial statements.
- (xxi) On the basis of review of Companies (Auditor's Report) Order (CARO) reports of the Companies included in the consolidated financial statement, where applicable, we report that there are no qualifications or adverse remarks by the respective auditors in their CARO reports of the Companies included in the consolidated financial statements.

For V. SANKAR AIYAR & CO  
Chartered Accountants  
ICAI Regd. No.109208W

S. VENKATARAMAN  
Partner

Place: Chennai  
Date : 5<sup>th</sup> May 2022

Membership No.: 023116  
UDIN: 22023116AJFRXW3375

## Annexure - B to the Independent Auditors' Report - 31<sup>st</sup> March 2022 (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, 2022 in conjunction with our audit of the Ind AS Standalone 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 Standalone 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 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 Standalone 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.

#### 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, 2022, 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  
ICAI Regd. No. 109208W

S. VENKATARAMAN  
Partner

Place : Chennai  
Date : 5<sup>th</sup> May 2022

Membership No.: 023116  
UDIN: 22023116AJFRXW3375

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2022

Rupees in crores

|  | Notes | As at<br>31-03-2022 | As at<br>31-03-2021 |
|--|-------|---------------------|---------------------|
| <b>ASSETS</b>  |       |                     |                     |
| <b>Non-current assets</b>                                |       |                     |                     |
| Property, plant and equipment                            | 2     | 2,939.80            | 2,745.54            |
| Capital work-in-progress                                 | 2     | 246.22              | 112.56              |
| Other intangible assets                                  | 2     | 366.82              | 264.81              |
| Intangible assets under development                      | 2     | 178.26              | 166.10              |
| Financial assets   |       |                     |                     |
| i. Investments   | 3     | 4,585.75            | 3,314.52            |
| ii. Other financial assets                               | 4     | 65.29               | 0.80                |
| Non-Current tax assets (Net)                             |       | 40.54               | 20.62               |
| Other non-current assets                                 | 5     | 62.77               | 125.71              |
|  |       | <u>8,485.45</u>     | <u>6,750.66</u>     |
| <b>Current assets</b>                                    |       |                     |                     |
| Inventories  | 6     | 1,122.68            | 1,151.81            |
| Financial assets   |       |                     |                     |
| i. Trade receivables                                     | 7     | 950.69              | 869.98              |
| ii. Investments  | 3     | 130.23              | —                   |
| iii. Cash and cash equivalents                           | 8     | 328.75              | 858.98              |
| iv. Bank balances other than (iii) above                 | 9     | 72.54               | 70.83               |
| v. Other financial assets                                | 10    | 49.53               | 16.52               |
| Current tax assets (Net)                                 |       | 1.40                | 4.19                |
| Other current assets                                     | 11    | 706.46              | 474.48              |
|  |       | <u>3,362.28</u>     | <u>3,446.79</u>     |
| Total assets   |       | <u>11,847.73</u>    | <u>10,197.45</u>    |
| <b>EQUITY AND LIABILITIES</b>                            |       |                     |                     |
| <b>Equity</b>  |       |                     |                     |
| Equity share capital                                     | 12    | 47.51               | 47.51               |
| Other equity   | 13    | 4,774.53            | 4,123.44            |
|  |       | <u>4,822.04</u>     | <u>4,170.95</u>     |
| <b>Liabilities</b>                                       |       |                     |                     |
| <b>Non-current liabilities</b>                           |       |                     |                     |
| Financial liabilities                                    |       |                     |                     |
| i. Borrowings  | 14    | 1,167.14            | 1,035.58            |
| ii. Lease liabilities                                    |       | 280.70              | 93.76               |
| Provisions   | 15    | 148.60              | 116.30              |
| Other Non current liabilities                            |       | 44.88               | —                   |
| Deferred tax liabilities (Net)                           | 16    | 197.87              | 195.45              |
|  |       | <u>1,839.19</u>     | <u>1,441.09</u>     |
| <b>Current liabilities</b>                               |       |                     |                     |
| Financial liabilities                                    |       |                     |                     |
| i. Borrowings  | 17    | 433.43              | 70.80               |
| ii. Lease liabilities                                    |       | 81.45               | 29.70               |
| iii. Trade payables                                      | 18    |                     |                     |
| a. Total outstanding dues of micro and small enterprises |       | 56.85               | 39.75               |
| b. Total outstanding dues of other than (iii) (a) above  |       | 3,934.59            | 3,881.85            |
| iv. Other financial liabilities                          | 19    | 165.79              | 151.88              |
| Provisions   | 15    | 97.18               | 76.24               |
| Other current liabilities                                | 20    | 417.21              | 335.19              |
|  |       | <u>5,186.50</u>     | <u>4,585.41</u>     |
| Total liabilities  |       | <u>7,025.69</u>     | <u>6,026.50</u>     |
| Total equity and liabilities                             |       | <u>11,847.73</u>    | <u>10,197.45</u>    |
| Significant accounting policies                          | 1     |                     |                     |
| See the accompanying notes to the financial statements   |       |                     |                     |

PROF. SIR RALF DIETER SPETH  
Chairman

SUDARSHAN VENU  
Managing Director

K.N.RADHAKRISHNAN  
Director &  
Chief Executive Officer

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place : Chennai  
Date : 5<sup>th</sup> May 2022  
104

K. GOPALA DESIKAN  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATARAMAN  
Partner  
Membership No.: 023116

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2022

Rupees in crores

|  | Notes | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
|--|-------|--------------------------|--------------------------|
| I Revenue from operations  | 21    | 20,790.51                | 16,750.54                |
| II Other income  | 22    | 18.99                    | 32.97                    |
| III Total income (I + II)  |       | <u>20,809.50</u>         | <u>16,783.51</u>         |
| IV Expenses:   |       |                          |                          |
| Cost of materials consumed   | 23    | 15,546.65                | 12,506.89                |
| Purchase of stock-in-trade   | 23    | 286.05                   | 224.21                   |
| Changes in inventories of finished goods,<br>stock-in-trade and work-in-progress | 23    | (24.53)                  | (7.25)                   |
| Employee benefits expense  | 24    | 1,136.36                 | 948.47                   |
| Finance costs  | 25    | 125.92                   | 141.60                   |
| Depreciation and amortisation expense  | 26    | 611.44                   | 493.68                   |
| Other expenses   | 27    | 1,884.24                 | 1,649.67                 |
| Total expenses   |       | <u>19,566.13</u>         | <u>15,957.27</u>         |
| V Profit before exceptional items and tax (III - IV)                             |       | <u>1,243.37</u>          | <u>826.24</u>            |
| VI Exceptional items   |       | (30.16)                  | —                        |
| VII Profit before tax (V + VI)   |       | <u>1,213.21</u>          | <u>826.24</u>            |
| VIII Tax expense / (credit)  | 28    |                          |                          |
| i. Current tax   |       | 300.02                   | 203.39                   |
| ii. Deferred tax   |       | 19.63                    | 10.81                    |
| Total tax expense (i + ii)   |       | <u>319.65</u>            | <u>214.20</u>            |
| IX Profit for the year (VII - VIII)  |       | <u>893.56</u>            | <u>612.04</u>            |
| X Other comprehensive income   |       |                          |                          |
| A. Items that will not be reclassified to profit or loss:                        |       |                          |                          |
| Remeasurements of post employment benefit obligations                            |       | (82.35)                  | 7.27                     |
| Fair value changes of equity instruments   |       | (1.88)                   | 61.44                    |
| Income tax relating to these items   |       | 17.89                    | (9.35)                   |
| B. Items that will be reclassified to profit or loss:                            |       |                          |                          |
| Fair value changes on cash flow hedges   |       | 2.71                     | 64.97                    |
| Income tax relating to these items   |       | (0.68)                   | (17.24)                  |
| Other comprehensive income for the year, net of tax                              |       | <u>(64.31)</u>           | <u>107.09</u>            |
| XI Total comprehensive income for the year (IX + X)                              |       | <u>829.25</u>            | <u>719.13</u>            |
| XII Earnings per equity share (Face value of ₹1/- each)                          |       |                          |                          |
| Basic & Diluted earnings per share (in rupees)                                   | 36    | 18.81                    | 12.88                    |

See the accompanying notes to the financial statements

PROF. SIR RALF DIETER SPETH  
Chairman

SUDARSHAN VENU  
Managing Director

K.N.RADHAKRISHNAN  
Director &  
Chief Executive Officer

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place: Chennai  
Date : 5<sup>th</sup> May 2022

K. GOPALA DESIKAN  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATARAMAN  
Partner  
Membership No.: 023116



# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Statement of changes in Equity

### a Equity Share Capital

Rupees in crores

|  |       |
|--|-------|
| As at 01-04-2020   | 47.51 |
| Changes in Equity Share capital due to prior period errors | —     |
| Restated balance as at 01-04-2020                          | 47.51 |
| Changes in equity share capital during the year            | —     |
| As at 31-03-2021   | 47.51 |
| Changes in Equity Share capital due to prior period errors | —     |
| Restated balance as at 01-04-2021                          | 47.51 |
| Changes in equity share capital during the year            | —     |
| As at 31-03-2022   | 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 01-04-2020                                       | 865.64             | 6.43            | 2,705.54          | 44.38   | (51.41)         | 3,570.58 |
| Add : Profit for the year 2020-21                              | —                  | —               | 612.04            | —   | —               | 612.04   |
| Add : Other comprehensive income for the year 2020-21          | —                  | —               | 5.44              | 53.93   | —               | 59.37    |
| Less : Reclassification to profit or loss, net of tax          | —                  | —               | —                 | —   | (51.41)         | (51.41)  |
| Less : Change in fair value of hedging instruments, net of tax | —                  | —               | —                 | —   | 3.68            | 3.68     |
| Less : Distribution to shareholders:                           |                    |                 |                   |   |                 |          |
| 2020-21 First Interim dividend paid                            | —                  | —               | 99.77             | —   | —               | 99.77    |
| 2020-21 Second Interim dividend declared                       | —                  | —               | 66.51             | —   | —               | 66.51    |
| Balance as at 31-03-2021                                       | 865.64             | 6.43            | 3,156.74          | 98.31   | (3.68)          | 4,123.44 |
| Add : Profit for the year 2021-22                              | —                  | —               | 893.56            | —   | —               | 893.56   |
| Add : Other comprehensive income for the year 2021-22          | —                  | —               | (61.62)           | (4.72)  | —               | (66.34)  |
| Add : Transfer of realised gain                                | —                  | —               | 80.94             | (80.94)   | —               | —        |
| Less : Reclassification to profit or loss, net of tax          | —                  | —               | —                 | —   | (3.68)          | (3.68)   |
| Less : Change in fair value of hedging instruments, net of tax | —                  | —               | —                 | —   | 1.65            | 1.65     |
| Less : Distribution to shareholders:                           |                    |                 |                   |   |                 |          |
| 2021-22 Interim dividend declared                              | —                  | —               | 178.16            | —   | —               | 178.16   |
| Balance as at 31-03-2022                                       | 865.64             | 6.43            | 3,891.46          | 12.65   | (1.65)          | 4,774.53 |

### Nature and purpose of 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

—  
6.43  
6.43

3. Hedge Reserve - Refer Note No. 30(D)

PROF. SIR RALF DIETER SPETH  
Chairman

SUDARSHAN VENU  
Managing Director

K.N.RADHAKRISHNAN  
Director &  
Chief Executive Officer

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place: Chennai  
Date : 5<sup>th</sup> May 2022

K. GOPALA DESIKAN  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATARAMAN  
Partner  
Membership No.: 023116

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2022

Rupees in crores

|  |            | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
|--|------------|--------------------------|--------------------------|
| <b>A. Cash flow from operating activities</b>  |            |                          |                          |
| Profit before tax  |            | 1,213.21                 | 826.24                   |
| Add: Depreciation and amortisation for the year  | 611.44     |                          | 493.68                   |
| (Profit) / Loss on sale of property, plant and equipment - Net                                 | (2.58)     |                          | 1.88                     |
| (Gain) on fair valuation / sale of investments - Net   | (0.23)     |                          | (0.04)                   |
| Unrealised exchange (gain) / loss - Net  | (5.66)     |                          | 17.70                    |
| Dividend income  | (3.81)     |                          | (0.20)                   |
| Interest income  | (6.74)     |                          | (31.95)                  |
| Finance cost   | 125.92     |                          | 141.60                   |
| Provisions   | (27.83)    |                          | 22.17                    |
|  |            | <u>690.51</u>            | <u>644.84</u>            |
| Operating profit before working capital changes  |            | 1,903.72                 | 1,471.08                 |
| Adjustments for:   |            |                          |                          |
| Trade receivables  | (75.33)    |                          | 392.76                   |
| Inventories  | 29.13      |                          | (112.88)                 |
| Other current assets   | (231.98)   |                          | (10.97)                  |
| Other financial assets   | (13.02)    |                          | 51.36                    |
| Trade payables   | 69.27      |                          | 1,036.97                 |
| Other financial liabilities  | 3.66       |                          | (51.46)                  |
| Other current liabilities  | 74.27      |                          | 54.81                    |
| Other non - current assets   | 47.85      |                          | (68.79)                  |
|  |            | <u>(96.15)</u>           | <u>1,291.80</u>          |
| Cash generated from operations   |            | 1,807.57                 | 2,762.88                 |
| Direct taxes paid  |            | (310.00)                 | (202.00)                 |
| Net cash from operating activities (A)   |            | <u>1,497.57</u>          | <u>2,560.88</u>          |
| <b>B. Cash flow from investing activities</b>  |            |                          |                          |
| Purchase of property, plant and equipment, intangible assets, after adjusting capital advances | (741.33)   |                          | (558.66)                 |
| Proceeds from sale of property, plant and equipment  | 13.45      |                          | 2.99                     |
| Share application money paid   | (20.17)    |                          | —                        |
| Investments in subsidiaries and associates   | (1,355.43) |                          | (406.87)                 |
| Purchase of investments  | (132.01)   |                          | (5.51)                   |
| Sale / redemption of investments   | 83.57      |                          | 16.78                    |
| Interest received  | 7.07       |                          | 30.46                    |
| Dividends received   | 3.81       |                          | 0.20                     |
|  |            | <u>(2,141.04)</u>        | <u>(920.61)</u>          |
| Net cash from / (used in) investing activities (B)   |            | <u>(2,141.04)</u>        | <u>(920.61)</u>          |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Cash Flow Statement for the year ended 31<sup>st</sup> March 2022 – (continued)

Rupees in crores

Year ended  
31-03-2022

Year ended  
31-03-2021

#### C. Cash flow from financing activities

##### Borrowings:

|   |          |            |
|---|----------|------------|
| Non-current borrowings availed / (repaid) | 352.45   | 175.13     |
| Current borrowings availed / (repaid)     | 130.00   | (1,070.00) |
| Other bank balances                       | (1.15)   | (66.63)    |
| Finance cost paid                         | (123.06) | (112.91)   |
| Repayment of lease liabilities            | (54.60)  | (21.41)    |
| Dividend and dividend tax paid            | (190.40) | (99.77)    |

113.24 (1,195.59)

Net cash from / (used in) financing activities (C) 113.24 (1,195.59)

Total (A)+(B)+(C) (530.23) 444.68

Cash and cash equivalents at the beginning of the year 858.98 414.30

Cash and cash equivalents at the end of the year 328.75 858.98

#### D. Net increase / (decrease) in cash and cash equivalents

(530.23) 444.68

Note : The above statement of cash flow is prepared using indirect method.

#### Change in liability arising from financing activities:

| Particulars  | As at<br>01-04-2021 | Cash flow | Foreign<br>exchange<br>movement | Amortisation | As at<br>31-03-2022 |
|--|---------------------|-----------|---------------------------------|--------------|---------------------|
| Non-current borrowings<br>(Including current maturities) | 1,106.38            | 352.45    | 10.26                           | 1.48         | 1,470.57            |
| Current borrowings                                       | —                   | 130.00    | —                               | —            | 130.00              |

#### Non-cash investing activities:

|  | 2021-22 | 2020-21 |
|--|---------|---------|
| Acquisition of right-of-use assets           | 293.30  | 35.19   |
| Acquisition of property, plant and equipment | —       | 0.60    |

PROF. SIR RALF DIETER SPETH  
Chairman

SUDARSHAN VENU  
Managing Director

K.N.RADHAKRISHNAN  
Director &  
Chief Executive Officer

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place : Chennai  
Date : 5<sup>th</sup> May 2022

K. GOPALA DESIKAN  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATARAMAN  
Partner  
Membership No.: 023116

## 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, Mysuru 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.

These financial statements for the year ended 31<sup>st</sup> March 2022 have been approved and authorised for issue by the Board of Directors at its meeting held on 5<sup>th</sup> May 2022.

#### 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. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 are 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 judgments are:

- i) Estimation of fair value of unlisted securities - refer Note 29
- 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 40(a).

#### e) Revenue recognition

Performance obligation:

The revenue is recognized on fulfilment of performance obligation. Revenue excludes taxes or duties collected on behalf of the government.

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 37).

Revenue is recognised when the performance obligations are satisfied and the control of the goods 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 goods, customer has possession and legal title to the goods, customer bears significant risk and rewards of ownership and the customer has accepted the goods 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 Technical / IT services and Royalty on usage of Company's technical knowhow.

In respect of Technical / 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

Property, plant and equipment (including land, buildings, furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes. 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. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for its intended use. 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 and loss during the reporting period in which they are incurred.

Gains or Losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit and loss within other income / expense.

#### g) Depreciation and amortization

i) Depreciation on property, plant and equipment 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 property, plant and equipment 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                             | 3 to 6  |

iii) Tools and dies are generally depreciated based on quantity of components manufactured, subject to a maximum of 5 years. Tools and dies used for low volume models are depreciated over a period of 9 years.

iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

v) On property, plant and equipment 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 property, plant and equipment costing less than ₹ 5,000/- is provided at 100%.



### Notes to the Financial Statements - (continued)

#### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

##### h) Intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately and the estimated useful life is more than one year, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 - Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit and loss in the period in which it is incurred.

The intangible assets 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. Non-monetary investments measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on account of such translation is recognized in OCI or Profit and Loss in line with the designation of the respective item.

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.

### Notes to the Financial Statements - (continued)

#### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 29. Movements in the hedging reserve in shareholders' equity are shown in Note 30(D). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

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 and loss in the periods when the hedged item affects profit and loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit and 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 obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, 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 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 at the end of each reporting period 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 and 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 bonus. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### n) Taxes on income

Tax expense comprises of 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 and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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.

## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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.

Current and deferred tax is recognised in 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 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 and 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 and loss on a straight-line basis over the expected lives of the related assets.

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 positive evidence of completion of export obligation as approved by the Regulatory Authorities.

The benefit of a government loan at a below market-rate of interest is treated as government grant and is measured as the difference between proceeds received and fair value of the loan.

#### 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

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.

### Notes to the Financial Statements - (continued)

#### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

However, for leases of buildings 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 Company's incremental borrowing rate is used, being the rate that the Company 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 Company 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 and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The carrying amount of lease liability is reduced by net lease payments (i.e., lease payments net off finance cost).

Variable lease payments that depend on sales are recognised in profit and 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 and 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.



### Notes to the Financial Statements - (continued)

#### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

##### u) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the consideration is received. Contract liabilities are recognised as revenue when the Company performs under the contract.

##### v) 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 Fair value through other comprehensive income (FVOCI) or Fair Value through profit or loss (FVTPL); 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 transaction cost (in the case of a financial asset not at FVTPL) that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit and loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three 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 and loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

###### • Fair Value Through Other Comprehensive Income:

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss.

###### • Fair Value Through Profit or Loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at 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 and loss and presented in the statement of profit and loss 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 / associates) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to 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 subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### 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 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) 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.

Where the entity has transferred a financial 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 and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

#### w) 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 and loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit and 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.

#### x) 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.

### Notes to the Financial Statements - (continued)

#### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

##### y) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

##### z) Earnings Per Share (EPS):

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

##### aa) Recent pronouncements:

The Ministry of Corporate Affairs has vide notification dated 23<sup>rd</sup> March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1<sup>st</sup> April 2022. Below is a summary of such relevant amendments and requirements. No significant impact is expected on adoption of these amendments.

##### i) Ind AS 16, Property, Plant and Equipment (PPE):

The amendment clarified that an entity shall deduct from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

##### ii) Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of fulfilling a contract: The amendment explains that the cost of fulfilling a contract comprises the incremental costs and an allocation of other costs that relate directly to fulfilling contracts.

##### iii) Ind AS 109 Financial Instruments: The amendment clarifies any cost or fees that an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a Financial Liability.

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

### 2 PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS - 31<sup>st</sup> March 2022

Rupees in crores

| Description                           | Property, Plant & Equipment |           |                   |                      |          |                  |                    |          | Other Intangible |                    |        |
|---------------------------------------|-----------------------------|-----------|-------------------|----------------------|----------|------------------|--------------------|----------|------------------|--------------------|--------|
|                                       | Land                        | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Right of Use Asset | Total    | Software         | Design Development | Total  |
|                                       | 1                           | 2         | 3                 | 4                    | 5        | 6                | 7                  | 8        | 9                | 10                 | 11     |
| Cost of assets                        |                             |           |                   |                      |          |                  |                    |          |                  |                    |        |
| Gross carrying value as at 01-04-2021 | 174.27                      | 846.83    | 4,363.01          | 93.64                | 37.76    | 169.39           | 160.66             | 5,845.56 | 107.83           | 417.64             | 525.47 |
| Additions                             | 51.90                       | 23.47     | 311.63            | 3.32                 | 6.81     | 32.71            | 293.30             | 723.14   | 48.40            | 149.42             | 197.82 |
| Sub-total                             | 226.17                      | 870.30    | 4,674.64          | 96.96                | 44.57    | 202.10           | 453.96             | 6,568.70 | 156.23           | 567.06             | 723.29 |
| Sales / deletion                      | –                           | –         | 74.16             | 1.88                 | 4.56     | 4.90             | –                  | 85.50    | 0.05             | –                  | 0.05   |
| Total                                 | 226.17                      | 870.30    | 4,600.48          | 95.08                | 40.01    | 197.20           | 453.96             | 6,483.20 | 156.18           | 567.06             | 723.24 |
| Depreciation / Amortisation           |                             |           |                   |                      |          |                  |                    |          |                  |                    |        |
| Upto 31-03-2021                       | –                           | 244.52    | 2,602.33          | 60.45                | 20.46    | 124.39           | 47.87              | 3,100.02 | 96.30            | 164.36             | 260.66 |
| For the year                          | –                           | 33.53     | 369.74            | 8.90                 | 10.24    | 26.10            | 67.12              | 515.63   | 23.64            | 72.17              | 95.81  |
| Sub-total                             | –                           | 278.05    | 2,972.07          | 69.35                | 30.70    | 150.49           | 114.99             | 3,615.65 | 119.94           | 236.53             | 356.47 |
| Withdrawn on assets sold / deleted    | –                           | –         | 63.15             | 0.73                 | 3.49     | 4.88             | –                  | 72.25    | 0.05             | –                  | 0.05   |
| Total                                 | –                           | 278.05    | 2,908.92          | 68.62                | 27.21    | 145.61           | 114.99             | 3,543.40 | 119.89           | 236.53             | 356.42 |
| Carrying value As at 31-03-2022       | 226.17                      | 592.25    | 1,691.56          | 26.46                | 12.80    | 51.59            | 338.97             | 2,939.80 | 36.29            | 330.53             | 366.82 |

- a) Cost of buildings includes ₹ 26.36 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 - Nil

Capital work-in-progress (at cost) as at 31-03-2022

|                       |               |
|-----------------------|---------------|
| (a) Building          | 83.29         |
| (b) Plant & equipment | 162.93        |
| Total                 | <u>246.22</u> |

(i) Ageing of Capital work-in-progress as at 31-03-2022:

| Particulars          | Amount in Capital work-in-progress for a period of |           |           |                   |        |
|----------------------|--|-----------|-----------|-------------------|--------|
|                      | <1 Year  | 1-2 years | 2-3 years | More than 3 years | Total  |
| Projects in progress | 205.03   | 24.40     | 0.95      | 15.84             | 246.22 |

(ii) Ageing of Intangible assets under development as at 31-03-2022:

| Particulars          | Amount in Capital work-in-progress for a period of |           |           |                   |        |
|----------------------|--|-----------|-----------|-------------------|--------|
|                      | <1 Year  | 1-2 years | 2-3 years | More than 3 years | Total  |
| Projects in progress | 145.80   | 27.85     | 3.24      | 1.37              | 178.26 |

Capital work-in-progress and Intangible assets under development:

Project completion overdue or exceeded cost compared to original plan - None

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

Rupees in crores

### 2 PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS - 31<sup>st</sup> March 2022 - (continued)

| Description                           | Property, Plant & Equipment |           |                   |                      |          |                  |                    |          | Other Intangible |                    |        |
|---------------------------------------|-----------------------------|-----------|-------------------|----------------------|----------|------------------|--------------------|----------|------------------|--------------------|--------|
|                                       | Land                        | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Right of Use Asset | Total    | Software         | Design Development | Total  |
|                                       | 1                           | 2         | 3                 | 4                    | 5        | 6                | 7                  | 8        | 9                | 10                 | 11     |
| Cost of assets                        |                             |           |                   |                      |          |                  |                    |          |                  |                    |        |
| Gross carrying value as at 01-04-2020 | 173.53                      | 817.68    | 4,056.68          | 82.03                | 35.43    | 153.95           | 125.47             | 5,444.77 | 96.07            | 266.23             | 362.30 |
| Additions                             | 0.74                        | 29.15     | 346.50            | 11.98                | 4.59     | 17.65            | 35.19              | 445.80   | 11.76            | 151.41             | 163.17 |
| Sub-total                             | 174.27                      | 846.83    | 4,403.18          | 94.01                | 40.02    | 171.60           | 160.66             | 5,890.57 | 107.83           | 417.64             | 525.47 |
| Sales / deletion                      | –                           | –         | 40.17             | 0.37                 | 2.26     | 2.21             | –                  | 45.01    | –                | –                  | –      |
| Total                                 | 174.27                      | 846.83    | 4,363.01          | 93.64                | 37.76    | 169.39           | 160.66             | 5,845.56 | 107.83           | 417.64             | 525.47 |
| Depreciation / Amortisation           |                             |           |                   |                      |          |                  |                    |          |                  |                    |        |
| Upto 31-03-2020                       | –                           | 212.21    | 2,323.90          | 46.86                | 17.13    | 99.47            | 21.99              | 2,721.56 | 84.41            | 101.16             | 185.57 |
| For the year                          | –                           | 32.31     | 314.28            | 13.87                | 5.17     | 27.08            | 25.88              | 418.59   | 11.89            | 63.20              | 75.09  |
| Sub-total                             | –                           | 244.52    | 2,638.18          | 60.73                | 22.30    | 126.55           | 47.87              | 3,140.15 | 96.30            | 164.36             | 260.66 |
| Withdrawn on assets sold / deleted    | –                           | –         | 35.85             | 0.28                 | 1.84     | 2.16             | –                  | 40.13    | –                | –                  | –      |
| Total                                 | –                           | 244.52    | 2,602.33          | 60.45                | 20.46    | 124.39           | 47.87              | 3,100.02 | 96.30            | 164.36             | 260.66 |
| Carrying value As at 31-03-2021       | 174.27                      | 602.31    | 1,760.68          | 33.19                | 17.30    | 45.00            | 112.79             | 2,745.54 | 11.53            | 253.28             | 264.81 |

- a) Cost of buildings includes ₹ 26.36 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 - ₹ 12.26 crores.

Capital work-in-progress (at cost) as at 31-03-2021

|                       |               |
|-----------------------|---------------|
| (a) Building          | 30.88         |
| (b) Plant & equipment | 81.68         |
| Total                 | <u>112.56</u> |

(i) Ageing of Capital work-in-progress as at 31-03-2021:

| Particulars          | Amount in Capital work-in-progress for a period of |           |           |                   |        |
|----------------------|--|-----------|-----------|-------------------|--------|
|                      | <1 Year  | 1-2 years | 2-3 years | More than 3 years | Total  |
| Projects in progress | 89.20  | 6.42      | 5.82      | 11.12             | 112.56 |

(ii) Ageing of Intangible assets under development as at 31-03-2021:

| Particulars          | Amount in Capital work-in-progress for a period of |           |           |                   |        |
|----------------------|--|-----------|-----------|-------------------|--------|
|                      | <1 Year  | 1-2 years | 2-3 years | More than 3 years | Total  |
| Projects in progress | 139.67   | 4.08      | 22.35     | –                 | 166.10 |

Capital work-in-progress and Intangible assets under development:

Project completion overdue or exceeded cost compared to original plan - None



# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

### 3 INVESTMENTS

Rupees in crores

#### 3A NON CURRENT INVESTMENTS

| Sl No.   | Particulars  | Subsidiary/ associate | No. of shares / units  |                  | Face Value        | Currency | Rupees in crores |                  |
|--|--|-----------------------|------------------------|------------------|-------------------|----------|------------------|------------------|
|  |  |                       | As at 31-03-2022       | As at 31-03-2021 |                   |          | As at 31-03-2022 | As at 31-03-2021 |
| 1  | 2  | 3                     | 4                      | 5                | 6                 | 7        | 8                | 9                |
| (a)  | <b>Investment in Equity Instruments Fair valued through OCI:</b>             |                       |                        |                  |                   |          |                  |                  |
|  | <b>Quoted :</b>  |                       |                        |                  |                   |          |                  |                  |
| (i)  | Suprajit Engineering Limited, Bengaluru                                      |                       | –                      | 28,92,000        | 1.00              | INR      | –                | 79.67            |
| (ii)   | Ucal Fuel Systems Limited, Chennai   |                       | 91,760                 | 91,760           | 10.00             | INR      | 1.03             | 1.28             |
|  | <b>Unquoted :</b>  |                       |                        |                  |                   |          |                  |                  |
| (iii)  | Green Infra BTV Limited, New Delhi   |                       | 3,250,000              | 3,250,000        | 10.00             | INR      | 1.62             | 1.50             |
| (iv)   | TVS Lanka (Private) Limited, Colombo   |                       | 5,000,000              | 5,000,000        | 10.00             | LKR      | 5.75             | 8.23             |
| (v)  | Green Infra Wind Power Projects Limited, New Delhi                           |                       | 111,600                | 111,600          | 10.00             | INR      | 0.08             | 0.06             |
| (vi)   | Green Infra Wind Power Generation Limited, New Delhi                         |                       | 216,000                | 216,000          | 10.00             | INR      | 0.16             | 0.15             |
| (vii)  | Condivision Solutions Pvt. Limited, Bengaluru                                |                       | 6,760                  | 6,760            | 10.00             | INR      | –                | –                |
| (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                                |                       | 101,217                | 85,788           | 10.00             | INR      | 2.00             | 1.66             |
| (x)  | Pinnacle Engines Inc., USA (face value 0.01 cent)                            |                       | 2,409,638              | –                | 0.0001            | USD      | –                | –                |
| (xi)   | Axiom Research Labs Private Limited, Delhi                                   |                       | 82                     | –                | 10.00             | INR      | –                | –                |
| (xii)  | Altizon Systems Private Limited, Pune  |                       | 10                     | 10               | 10.00             | INR      | 0.01             | 0.01             |
|  | <b>Investment in Equity Instruments valued at Cost (Unquoted):</b>           |                       |                        |                  |                   |          |                  |                  |
| (i)  | Sundaram Auto Components Limited, Chennai                                    | Subsidiary            | 44,569,000             | 44,569,000       | 10.00             | INR      | 336.20           | 336.20           |
| (ii)   | TVS Motor Company (Europe) B.V., Amsterdam                                   | Subsidiary            | 225,301                | 225,301          | 100.00            | EUR      | 1.80             | 1.80             |
| (iii)  | TVS Motor (Singapore) Pte. Limited, Singapore                                | Subsidiary            | 396,903,850            | 200,829,458      | 1.00              | SGD      | 1,892.64         | 809.21           |
| (iv)   | PT.TVS Motor Company Indonesia, Jakarta                                      | Subsidiary            | 8,597,000              | 8,597,000        | 97,400.00         | IDR      | 389.06           | 389.06           |
| (v)  | TVS Housing Limited, Chennai   | Subsidiary            | 50,000                 | 50,000           | 10.00             | INR      | 0.05             | 0.05             |
| (vi)   | TVS Motor Services Limited, Chennai  | Subsidiary            | 149,633,814            | 53,633,814       | 10.00             | INR      | 148.68           | 52.68            |
| (vii)  | TVS Credit Services Limited, Chennai   | Subsidiary            | 168,397,728            | 162,224,928      | 10.00             | INR      | 1,460.99         | 1,360.99         |
| (viii)   | Intellicar Telematics Private Limited, Bengaluru                             | Subsidiary            | 60,241                 | 60,241           | 10.00             | INR      | 15.00            | 15.00            |
| (ix)   | TVS Electric Mobility Limited, Chennai                                       | Subsidiary            | 1,000,000              | –                | 10.00             | INR      | 1.00             | –                |
| (x)  | Emerald Haven Realty Limited, Chennai  | Associate             | 111,219,512            | 111,219,512      | 10.00             | INR      | 111.22           | 111.22           |
| (xi)   | Ultraviolette Automotive Private Limited, Bengaluru                          | Associate             | 14,850                 | 14,850           | 10.00             | INR      | 11.00            | 11.00            |
| (xii)  | Ultraviolette Automotive Private Limited, Bengaluru \$                       | Associate             | 12,316                 | 8,377            | *                 | INR      | 110.00           | 35.00            |
| (xiii)   | Tagbox Solutions Private Limited, Bengaluru                                  | Associate             | 45,710                 | 45,710           | 1.00              | INR      | 1.19             | 1.19             |
| (xiv)  | Tagbox Solutions Private Limited, Bengaluru \$                               | Associate             | 383,983                | 383,983          | 16.00             | INR      | 9.99             | 9.99             |
|  | <b>Total value of Equity Instruments (a)</b>                                 |                       |                        |                  |                   |          | <b>4,499.49</b>  | <b>3,225.97</b>  |
| (b)  | <b>Investments in Preference Shares (Unquoted) valued at Amortised Cost:</b> |                       |                        |                  |                   |          |                  |                  |
| (i)  | Pinnacle Engines Inc., USA (face value 0.01 cent)                            |                       | –                      | 2,409,638        | 0.0001            | USD      | –                | 11.70            |
| (ii)   | Axiom Research Labs Private Limited, Delhi                                   |                       | 82                     | 82               | 10.00             | INR      | –                | 1.00             |
| (iii)  | Intellicar Telematics Private Limited, Bengaluru                             | Subsidiary            | 30,121                 | 30,121           | 10.00             | INR      | 8.14             | 7.62             |
|  | <b>Total value of Preference shares (b)</b>                                  |                       |                        |                  |                   |          | <b>8.14</b>      | <b>20.32</b>     |
| (c)  | <b>Other non-current Investments (Unquoted):</b>                             |                       |                        |                  |                   |          |                  |                  |
|  | <b>Investments fair valued through OCI:</b>                                  |                       |                        |                  |                   |          |                  |                  |
| (i)  | Autotech Fund I, L.P., USA   |                       |                        |                  |                   | USD      | 52.38            | 40.43            |
|  | <b>Pension Funds/Government Securities valued at Amortised Cost:</b>         |                       |                        |                  |                   |          |                  |                  |
| (ii)   | ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai            |                       |                        |                  |                   | INR      | 6.28             | 6.69             |
| (iii)  | Life Insurance Corporation Pension Policy, Mumbai                            |                       |                        |                  |                   | INR      | 19.46            | 21.11            |
|  | <b>Total value of other non-current investments (c)</b>                      |                       |                        |                  |                   |          | <b>78.12</b>     | <b>68.23</b>     |
|  | <b>Total (a) + (b) + (c)</b>   |                       |                        |                  |                   |          | <b>4,585.75</b>  | <b>3,314.52</b>  |
|  | Aggregate amount of quoted investments and market value thereof              |                       |                        |                  |                   |          | 1.03             | 80.95            |
|  | Aggregate amount of unquoted investments                                     |                       |                        |                  |                   |          | 4,584.72         | 3,233.57         |
|  | Total  |                       |                        |                  |                   |          | 4,585.75         | 3,314.52         |
| * Particulars of Preference shares held in Ultraviolette Automotive Private Limited, Bengaluru |  |                       | pNo. of shares / units |                  | Face Value (in ₹) |          |                  |                  |
|  |  |                       | As at 31-03-2022       | As at 31-03-2021 |                   |          |                  |                  |
| Series A2 Preference Shares  |  |                       | 990                    | 990              | 50,545            |          |                  |                  |
| Series B Preference Shares   |  |                       | 7,387                  | 7,387            | 40,616            |          |                  |                  |
| Series C Preference Shares   |  |                       | 3,939                  | –                | 190,384           |          |                  |                  |
| Total  |  |                       | 12,316                 | 8,377            |                   |          |                  |                  |

\$ Preference shares in the nature of equity instruments.  
All investments are fully paid-up.

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

### 3B CURRENT INVESTMENTS

| Sl. No. | Particulars                                 | Subsidiary / associate | No. of shares / units |                  | Face Value | Currency | Rupees in crores |                  |
|---------|---|------------------------|-----------------------|------------------|------------|----------|------------------|------------------|
|         |   |                        | As at 31-03-2022      | As at 31-03-2021 |            |          | As at 31-03-2022 | As at 31-03-2021 |
| (1)     | (2)   | (3)                    | (4)                   | (5)              | (6)        | (7)      | (8)              | (9)              |
| (a)     | <b>Investment in Equity Instruments</b>     |                        |                       |                  |            |          |                  |                  |
|         | <b>Fair valued through Profit or Loss:</b>  |                        |                       |                  |            |          |                  |                  |
|         | <b>Unquoted:</b>                            |                        |                       |                  |            |          |                  |                  |
| (i)     | TVS Supply Chain Solutions Limited, Chennai |                        | 10,66,220             | –                | 10.00      | INR      | 130.23           | –                |
|         | <b>Total (a)</b>                            |                        |                       |                  |            |          | 130.23           | –                |

Aggregate amount of unquoted investments

130.23

–

Total

130.23

–

All investments are fully paid up.

### 4 OTHER FINANCIAL ASSETS - NON CURRENT

|  | As at 31-03-2022 | As at 31-03-2021 |
|--|------------------|------------------|
| Other bank balances (bank deposit)               | 0.24             | 0.80             |
| Claims receivable                                | 44.88            | –                |
| Share application money paid (pending allotment) | 20.17            | –                |
|  | <u>65.29</u>     | <u>0.80</u>      |

### 5 OTHER NON-CURRENT ASSETS

|                                       |              |               |
|---------------------------------------|--------------|---------------|
| Capital advances                      | 42.18        | 50.12         |
| Advances other than capital advances: |              |               |
| - Vendor advance                      | –            | 55.00         |
| - Deposits made                       | 20.59        | 20.59         |
|                                       | <u>62.77</u> | <u>125.71</u> |

### 6 INVENTORIES

|   |                 |                 |
|---|-----------------|-----------------|
| Raw materials and components                    | 625.26          | 570.22          |
| Goods-in-transit - Raw materials and components | 27.37           | 145.42          |
| Work-in-progress                                | 43.07           | 36.00           |
| Finished goods                                  | 278.72          | 275.97          |
| Stock-in-trade                                  | 98.58           | 83.87           |
| Stores and spares                               | 49.68           | 40.33           |
|   | <u>1,122.68</u> | <u>1,151.81</u> |

### 7 TRADE RECEIVABLES

|                              |               |               |
|------------------------------|---------------|---------------|
| Secured, considered good     | 14.11         | 17.18         |
| Unsecured, considered good * | 964.81        | 874.83        |
|                              | <u>978.92</u> | <u>892.01</u> |
| Less: Loss allowance         | 28.23         | 22.03         |
|                              | <u>950.69</u> | <u>869.98</u> |

\* Balances include balance with related parties [refer Note 34(c)(i)]

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

Ageing for trade receivable as on 31.03.2022

| Particulars  | Outstanding for following periods from due date of payment |                   |           |           |                   | Total  |
|--|--|-------------------|-----------|-----------|-------------------|--------|
|  | Less than 6 months   | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years |        |
| (i) Undisputed Trade receivables - considered good                                 | 806.85   | 135.91            | 6.33      | 4.87      | 10.92             | 964.88 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | –  | –                 | –         | –         | –                 | –      |
| (iii) Undisputed Trade Receivables - credit impaired                               | –  | –                 | –         | –         | –                 | –      |
| (iv) Disputed Trade Receivables - considered good                                  | 0.08   | 0.03              | 1.43      | 6.03      | 6.47              | 14.04  |
| (v) Disputed Trade Receivables - which have significant increase in credit risk    | –  | –                 | –         | –         | –                 | –      |
| (vi) Disputed Trade Receivables - credit impaired                                  | –  | –                 | –         | –         | –                 | –      |
| Total  | 806.93   | 135.94            | 7.76      | 10.90     | 17.39             | 978.92 |

Ageing for trade receivable as on 31.03.2021

| Particulars  | Outstanding for following periods from due date of payment |                   |           |           |                   | Total  |
|--|--|-------------------|-----------|-----------|-------------------|--------|
|  | Less than 6 months   | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years |        |
| (i) Undisputed Trade receivables - considered good                                 | 794.18   | 50.69             | 23.87     | 5.94      | 6.92              | 881.60 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | –  | –                 | –         | –         | –                 | –      |
| (iii) Undisputed Trade Receivables - credit impaired                               | –  | –                 | –         | –         | –                 | –      |
| (iv) Disputed Trade Receivables - considered good                                  | 0.08   | 0.37              | 3.19      | 2.18      | 4.29              | 10.41  |
| (v) Disputed Trade Receivables - which have significant increase in credit risk    | –  | –                 | –         | –         | –                 | –      |
| (vi) Disputed Trade Receivables - credit impaired                                  | –  | –                 | –         | –         | –                 | –      |
| Total  | 794.56   | 51.06             | 27.06     | 8.12      | 11.21             | 892.01 |

As at 31-03-2022      As at 31-03-2021

## 8 CASH AND CASH EQUIVALENTS

|  |               |               |
|--|---------------|---------------|
| Balances with banks  | 328.23        | 158.62        |
| Cheques / drafts on hand   | 0.38          | –             |
| Cash on hand   | 0.14          | 0.26          |
| Cash equivalents:  |               |               |
| Deposits with maturity of less than three month from the date of deposit | –             | 700.10        |
|  | <u>328.75</u> | <u>858.98</u> |
| Cash and cash equivalents for the purpose of cash flow statement         | <u>328.75</u> | <u>858.98</u> |

## 9 OTHER BANK BALANCES

|   |              |              |
|---|--------------|--------------|
| Earmarked balances with banks (for unpaid dividend) | 72.54        | 70.83        |
|   | <u>72.54</u> | <u>70.83</u> |

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

As at 31-03-2022 As at 31-03-2021

### 10 OTHER FINANCIAL ASSETS - CURRENT

Unsecured, considered good:

|                            |              |              |
|----------------------------|--------------|--------------|
| - Employee advances        | 9.54         | 8.12         |
| - Security deposits        | 5.22         | 5.29         |
| - Claims receivable        | 18.76        | 0.08         |
| - Hedge asset - receivable | 16.01        | 3.03         |
|                            | <u>49.53</u> | <u>16.52</u> |

### 11 OTHER CURRENT ASSETS

|                               |               |               |
|-------------------------------|---------------|---------------|
| Balances with tax authorities | 475.87        | 282.09        |
| Prepaid expense               | 32.89         | 22.64         |
| Vendor advance*               | 98.38         | 125.41        |
| Trade deposits                | 0.51          | 0.25          |
| Export incentive receivable   | 98.81         | 44.09         |
|                               | <u>706.46</u> | <u>474.48</u> |

\* Balances include balance with related parties [refer Note 34(c)(i)].

### 12 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

| Particulars                           | As at 31-03-2022 |                  | As at 31-03-2021 |                  |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | Number           | Rupees in crores | Number           | Rupees in crores |
| Authorised:                           |                  |                  |                  |                  |
| Equity shares of ₹ 1/- each           | 50,00,00,000     | 50.00            | 50,00,00,000     | 50.00            |
| Issued, subscribed and fully paid up: |                  |                  |                  |                  |
| Equity shares of ₹ 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 31-03-2022 |                  | As at 31-03-2021 |                  |
|---|------------------|------------------|------------------|------------------|
|   | 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 31-03-2022      |              | As at 31-03-2021      |              |
|---|----------------|-----------------------|--------------|-----------------------|--------------|
|   |                | Number of shares held | % of holding | Number of shares held | % of holding |
| Sundaram-Clayton Limited, Chennai (Holding Company) | Equity         | 23,87,82,786          | 50.26        | 27,26,82,786          | 57.40        |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

Rupees in crores

#### 12 EQUITY SHARE CAPITAL - (continued)

(e) Shareholders holding more than five percent at the end of the year (other than (d))

| Name of shareholder                 | Class of share | As at 31-03-2022      |              | As at 31-03-2021      |              |
|-------------------------------------|----------------|-----------------------|--------------|-----------------------|--------------|
|                                     |                | Number of shares held | % of holding | Number of shares held | % of holding |
| ICICI Prudential Mutual Fund        | Equity         | 4,67,41,798           | 9.84         | 3,48,50,748           | 7.34         |
| Life Insurance Corporation Of India | Equity         | 3,01,12,473           | 6.34         | 3,07,10,169           | 6.46         |
| Jwalamukhi Investment Holdings      | Equity         | 2,01,68,180           | 4.25         | 2,67,00,107           | 5.62         |

(f) Shares held by Promoters at the end of the year 31-03-2022

| Promoter name            | Class of share | As at 31-03-2022      |              | As at 31-03-2021      |              | % Change during the year |
|--------------------------|----------------|-----------------------|--------------|-----------------------|--------------|--------------------------|
|                          |                | Number of shares held | % of holding | Number of shares held | % of holding |                          |
| Sundaram-Clayton Limited | Equity         | 23,87,82,786          | 50.26        | 27,26,82,786          | 57.40        | (7.14)                   |

Shares held by Promoters at the end of the year 31-03-2021

| Promoter name            | Class of share | As at 31-03-2021      |              | As at 31-03-2020      |              | % Change during the year |
|--------------------------|----------------|-----------------------|--------------|-----------------------|--------------|--------------------------|
|                          |                | Number of shares held | % of holding | Number of shares held | % of holding |                          |
| Sundaram-Clayton Limited | Equity         | 27,26,82,786          | 57.40        | 27,26,82,786          | 57.40        | –                        |

#### 13 OTHER EQUITY

| Particulars       | As at 31-03-2022 | As at 31-03-2021 |
|-------------------|------------------|------------------|
| General reserve   | 865.64           | 865.64           |
| Capital reserve   | 6.43             | 6.43             |
| Retained earnings | 3,891.46         | 3,156.74         |
| Other Reserves    | 11.00            | 94.63            |
|                   | 4,774.53         | 4,123.44         |

#### 14 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

| Description                                       | Frequency     | No. of instalments due | Maturity | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------|------------------------|----------|------------------|------------------|
| Secured:  |               |                        |          |                  |                  |
| ECB Loan from Bank I                              | Quarterly     | 4                      | Feb 2023 | 227.17           | 218.70           |
| State owned corporation                           | Yearly        | 3                      | 2022-31  | 84.31            | 151.20           |
| Unsecured:  |               |                        |          |                  |                  |
| 7.5% Non Convertible Debentures                   | End of Tenure | 1                      | May 2023 | 499.03           | 498.21           |
| Term loan from Bank                               | Quarterly     | 20                     | May 2027 | 489.90           | –                |
| ECB Loan from Bank - II                           | Half Yearly   | 3                      | Sep 2023 | 75.79            | 121.85           |
| Sales Tax Deferral                                |               |                        |          |                  |                  |
| Phase-1   | Yearly        | –                      | –        | –                | 6.33             |
| Phase-2   | Yearly        | 6                      | Jun 2027 | 94.37            | 110.09           |
| Total long-term borrowings                        |               |                        |          | 1,470.57         | 1,106.38         |
| Less : Current maturities of long-term borrowings |               |                        |          | 303.43           | 70.80            |
| Total long-term borrowings (Net)                  |               |                        |          | 1,167.14         | 1,035.58         |

Details of securities created:

- ECB loan from Bank I - Exclusive charge over assets procured out of proceeds of the loan.
- 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.



## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

Rupees in crores

#### 14 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

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 |
| State owned corporation  | INR      | 75.40, 4.45 and 9.24 crores (three instalments between April 2022 and April 2031) | 0.10%                         |
| 7.5% Non Convertible Debentures (5,000 nos., Face value ₹ 10 Lakhs each) | INR      | 500 crores at the end of the term - May 2023                                      | 7.50%                         |
| Term Loan from Bank  | INR      | 20 quarterly unequated instalments beginning from 30 <sup>th</sup> June 2022      | 6.30%                         |
| ECB Loan from Bank - II  | USD      | 3 Half yearly instalments of 3.33 mn between September 2022 and September 2023    | 3 Month USD LIBOR plus Margin |
| Sales tax deferral Phase-2   | INR      | 15.73 crores per annum June 2022 to June 2027                                     | Nil                           |

\* undiscounted cash outflows

#### 15 PROVISIONS

| Particulars                     | As at 31-03-2022 |             | As at 31-03-2021 |             |
|---------------------------------|------------------|-------------|------------------|-------------|
|                                 | Current          | Non-current | Current          | Non-current |
| Provision for employee benefits |                  |             |                  |             |
| (a) Pension                     | 55.32            | 86.24       | 30.96            | 62.26       |
| (b) Leave salary                | 7.43             | 52.03       | 5.57             | 42.38       |
| (c) Gratuity                    | 3.44             | –           | 2.49             | –           |
| Others:                         |                  |             |                  |             |
| (a) Warranty                    | 30.99            | 10.33       | 37.22            | 11.66       |
|                                 | 97.18            | 148.60      | 76.24            | 116.30      |

#### 16 DEFERRED TAX LIABILITIES (NET)

The balance comprises temporary differences attributable to:

| Particulars                                       | As at 31-03-2022 | As at 31-03-2021 |
|---|------------------|------------------|
| Deferred tax liability consists of tax impact on: |                  |                  |
| - Depreciation                                    | 295.48           | 257.90           |
| - tax on others                                   | 26.64            | 26.59            |
| Total deferred tax liability (A)                  | 322.12           | 284.49           |
| Deferred tax asset consists of impact on:         |                  |                  |
| - tax on employee benefit expenses                | 47.32            | 32.06            |
| - tax on warranty provision                       | 12.12            | 14.02            |
| - tax on others                                   | 64.81            | 42.96            |
| Total deferred tax assets (B)                     | 124.25           | 89.04            |
| Net deferred tax liability (A)-(B)                | 197.87           | 195.45           |

Movement in deferred tax:

| Particulars                     | Depreciation | Others  | Total   |
|---------------------------------|--------------|---------|---------|
| As at 31-03-2020                |              |         | 158.05  |
| Charged/(credited):             |              |         |         |
| - to profit or loss             | 19.76        | (8.95)  | 10.81   |
| - to other comprehensive income | –            | 26.59   | 26.59   |
| As at 31-03-2021                |              |         | 195.45  |
| Charged / (credited):           |              |         |         |
| - to profit or loss             | 37.58        | (17.95) | 19.63   |
| - to other comprehensive income | –            | (17.21) | (17.21) |
| As at 31-03-2022                |              |         | 197.87  |

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

As at  
31-03-2022      As at  
31-03-2021

### 17 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

|   |               |              |
|---|---------------|--------------|
| Borrowings repayable on demand from banks   |               |              |
| Secured                                     | –             | –            |
| Unsecured                                   | 130.00        | –            |
| Current Maturities of long term borrowings: |               |              |
| Secured                                     | 227.17        | –            |
| Unsecured                                   | 76.26         | 70.80        |
|   | <u>433.43</u> | <u>70.80</u> |

### 18 TRADE PAYABLES

|   |                 |                 |
|---|-----------------|-----------------|
| Dues to Micro and Small Enterprises **                      | 56.85           | 39.75           |
| Dues to enterprises other than Micro and Small Enterprises# | 3,934.59        | 3,881.85        |
|   | <u>3,991.44</u> | <u>3,921.60</u> |

\*\* 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 is no principal or no interest due, thereon and remaining unpaid at the end of the year (Refer Note 38).

# Includes balances due to related parties [Refer Note 34(c)(ii)].

Ageing for trade payable as on 31.03.2022

| Particulars                            | Outstanding for following periods from due date of payment |          |           |           |                   |          |
|--|--|----------|-----------|-----------|-------------------|----------|
|  | Not due  | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total    |
| (i) Micro and Small Enterprises (MSME) | 56.85  | –        | –         | –         | –                 | 56.85    |
| (ii) Others                            | 2,429.11   | 856.29   | 2.32      | 5.64      | 14.26             | 3,307.62 |
| (iii) Disputed dues - MSME             | –  | –        | –         | –         | –                 | –        |
| (iv) Disputed dues - Others            | –  | –        | –         | –         | –                 | –        |
| Total (i) to (iv)                      | 2,485.96   | 856.29   | 2.32      | 5.64      | 14.26             | 3,364.47 |
| Accrued expenses                       |  |          |           |           |                   | 626.97   |
| Total                                  |  |          |           |           |                   | 3,991.44 |

Ageing for trade payable as on 31.03.2021

| Particulars                            | Outstanding for following periods from due date of payment |          |           |           |                   |          |
|--|--|----------|-----------|-----------|-------------------|----------|
|  | Not due  | < 1 year | 1-2 years | 2-3 years | More than 3 years | Total    |
| (i) Micro and Small Enterprises (MSME) | 39.75  | –        | –         | –         | –                 | 39.75    |
| (ii) Others                            | 2,031.43   | 983.30   | 64.35     | 12.73     | 55.19             | 3,147.00 |
| (iii) Disputed dues - MSME             | –  | –        | –         | –         | –                 | –        |
| (iv) Disputed dues - Others            | –  | –        | –         | –         | –                 | –        |
| Total (i) to (iv)                      | 2,071.18   | 983.30   | 64.35     | 12.73     | 55.19             | 3,186.75 |
| Accrued expenses                       |  |          |           |           |                   | 734.85   |
| Total                                  |  |          |           |           |                   | 3,921.60 |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

|   | Rupees in crores         |                          |
|---|--------------------------|--------------------------|
|   | As at<br>31-03-2022      | As at<br>31-03-2021      |
| <b>19 OTHER FINANCIAL LIABILITIES</b>   |                          |                          |
| Interest accrued but not due on loans   | 34.91                    | 34.26                    |
| Trade deposits received   | 36.56                    | 32.37                    |
| Unclaimed dividends<br>(Not due for transfer to Investor Education and Protection Fund) | 3.79                     | 4.32                     |
| Dividend declared but not paid (Due for payment in subsequent year)                     | 54.27                    | 66.51                    |
| Payables against capital goods  | 36.26                    | 14.42                    |
|   | <u>165.79</u>            | <u>151.88</u>            |
| <b>20 OTHER CURRENT LIABILITIES</b>   |                          |                          |
| Statutory dues  | 126.85                   | 103.99                   |
| Employee related  | 134.97                   | 87.30                    |
| Advance received from customers   | 147.64                   | 143.90                   |
| Deferred income   | 7.75                     | –                        |
|   | <u>417.21</u>            | <u>335.19</u>            |
|   | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
| <b>21 REVENUE FROM OPERATIONS</b>   |                          |                          |
| Sale of products  | 20,361.14                | 16,571.42                |
| Sale of services  | 75.70                    | 32.03                    |
| Other operating revenue <sup>#</sup>  | 353.67                   | 147.09                   |
|   | <u>20,790.51</u>         | <u>16,750.54</u>         |
| <sup>#</sup> Includes Government Grants of ₹ 278.65 crores (Last year ₹ 107.72 crores)  |                          |                          |
| <b>22 OTHER INCOME</b>  |                          |                          |
| Dividend income from investments designated as FVOCI                                    | 3.81                     | 0.20                     |
| Interest income   | 6.74                     | 31.95                    |
| Gain on fair valuation / sale of investments - (Net)                                    | 0.23                     | 0.04                     |
| Profit on sale of property, plant and equipment - (Net)                                 | 2.58                     | –                        |
| Other non-operating income  | 5.63                     | 0.78                     |
|   | <u>18.99</u>             | <u>32.97</u>             |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

|  | Rupees in crores         |                          |
|--|--------------------------|--------------------------|
|  | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
| <b>23 MATERIAL COST</b>  |                          |                          |
| Cost of Materials consumed:  |                          |                          |
| Opening stock of raw materials and components                                  | 570.22                   | 531.14                   |
| Add: Purchases   | 15,601.69                | 12,545.97                |
|  | <u>16,171.91</u>         | <u>13,077.11</u>         |
| Less: Closing stock of raw materials and components                            | 625.26                   | 570.22                   |
|  | <u>15,546.65</u>         | <u>12,506.89</u>         |
| Purchases of stock-in-trade :  |                          |                          |
| Spare parts  | 163.37                   | 126.29                   |
| Engine oil   | 122.68                   | 97.92                    |
|  | <u>286.05</u>            | <u>224.21</u>            |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade: |                          |                          |
| Opening stock:   |                          |                          |
| Work-in-progress   | 36.00                    | 43.76                    |
| Stock-in-trade   | 83.87                    | 73.45                    |
| Finished goods   | 275.97                   | 271.38                   |
|  | <u>395.84</u>            | <u>388.59</u>            |
|  | (A)                      |                          |
| Closing stock:   |                          |                          |
| Work-in-progress   | 43.07                    | 36.00                    |
| Stock-in-trade   | 98.58                    | 83.87                    |
| Finished goods   | 278.72                   | 275.97                   |
|  | <u>420.37</u>            | <u>395.84</u>            |
|  | (B)                      |                          |
|  | (A)-(B)                  |                          |
|  | <u>(24.53)</u>           | <u>(7.25)</u>            |
| <b>24 EMPLOYEE BENEFITS EXPENSE</b>  |                          |                          |
| Salaries, wages and bonus  | 964.25                   | 832.86                   |
| Contribution to provident and other funds                                      | 75.07                    | 56.90                    |
| Staff welfare expenses   | 97.04                    | 58.71                    |
|  | <u>1,136.36</u>          | <u>948.47</u>            |
| <b>25 FINANCE COSTS</b>  |                          |                          |
| Interest on borrowings   | 95.01                    | 132.44                   |
| Interest on lease liabilities  | 30.18                    | 8.74                     |
| Exchange differences   | 0.73                     | 0.42                     |
|  | <u>125.92</u>            | <u>141.60</u>            |
| <b>26 DEPRECIATION AND AMORTISATION EXPENSE</b>                                |                          |                          |
| Depreciation on property plant and equipment                                   | 448.51                   | 392.71                   |
| Amortisation on right of use asset   | 67.12                    | 25.88                    |
| Amortisation on intangible assets  | 95.81                    | 75.09                    |
|  | <u>611.44</u>            | <u>493.68</u>            |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

|   | Rupees in crores         |                          |
|---|--------------------------|--------------------------|
|   | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
| <b>27 OTHER EXPENSES</b>  |                          |                          |
| (a) Consumption of stores, spares and tools   | 49.49                    | 46.15                    |
| (b) Power and fuel  | 93.12                    | 75.90                    |
| (c) Repairs - buildings   | 14.09                    | 12.74                    |
| (d) Repairs - plant and equipment   | 63.14                    | 52.31                    |
| (e) Insurance   | 26.96                    | 23.58                    |
| (f) Rates and taxes (excluding taxes on income)   | 4.27                     | 3.96                     |
| (g) Audit fees #  | 1.15                     | 1.15                     |
| (h) Cost audit fees   | 0.06                     | 0.06                     |
| (i) Packing and freight charges   | 497.30                   | 318.91                   |
| (j) Advertisement and publicity   | 317.11                   | 315.32                   |
| (k) Other marketing expenses  | 179.42                   | 267.81                   |
| (l) Loss on sale of property, plant and equipment - (Net)   | –                        | 1.88                     |
| (m) Foreign exchange loss (Net)   | –                        | 32.40                    |
| (n) Corporate Social Responsibility expenditure*  | 17.01                    | 18.38                    |
| (o) Contributions to Electoral Trust / Bond   | 5.00                     | –                        |
| (p) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations). | 616.12                   | 479.12                   |
|   | <u>1,884.24</u>          | <u>1,649.67</u>          |

# Refer Note No. 39 for details on audit fees.

\* Refer Note No. 45 for details on Corporate Social Responsibility expenditure.

Exceptional items reported in Statement of Profit & Loss represents CoVID-19 related expenses incurred during the year.

### 28 TAX EXPENSE AND RECONCILIATION

|   |                       |               |
|---|-----------------------|---------------|
| (a) Tax expense   |                       |               |
| Current tax:  |                       |               |
| Current tax on profits for the year   | 300.02                | 203.39        |
|   | (A) <u>300.02</u>     | <u>203.39</u> |
| Deferred tax:   |                       |               |
| Decrease / (increase) in deferred tax assets  | (69.88)               | (8.95)        |
| (Decrease) / increase in deferred tax liabilities   | 89.51                 | 19.76         |
|   | (B) <u>19.63</u>      | <u>10.81</u>  |
|   | (A + B) <u>319.65</u> | <u>214.20</u> |
| (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate: |                       |               |
| Profit before income tax expense  | 1,213.21              | 826.24        |
| Tax expense at the Indian tax rate of 25.168% (previous year: 25.168%)                      | 305.34                | 207.95        |
| Add / (Less) : Tax Impact on  |                       |               |
| Capital receipts  | (3.44)                | (0.76)        |
| Partially allowed deductions  | 14.02                 | 5.06          |
| Others  | 3.73                  | 1.95          |
| Tax expense   | <u>319.65</u>         | <u>214.20</u> |



# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

### 29 FAIR VALUE MEASUREMENTS

| Particulars                        | As at 31-03-2022    |        |                | As at 31-03-2021 |                |
|------------------------------------|---------------------|--------|----------------|------------------|----------------|
|                                    | FVTPL <sup>\$</sup> | FVOCI* | Amortised cost | FVOCI*           | Amortised cost |
| Financial assets                   |                     |        |                |                  |                |
| Investments                        |                     |        |                |                  |                |
| - Equity instruments               | 130.23              | 10.67  | –              | 92.58            | –              |
| - Preference shares                | –                   | –      | 8.14           | –                | 20.32          |
| - Other non-current investments    | –                   | 52.38  | –              | 40.43            | –              |
| - Debt Instruments                 | –                   | –      | 25.74          | –                | 27.80          |
| Trade receivables                  | –                   | –      | 950.69         | –                | 869.98         |
| Derivative financial asset         | –                   | 16.01  | –              | 3.03             | –              |
| Cash and cash equivalents          | –                   | –      | 328.75         | –                | 858.98         |
| Other bank balances (Bank deposit) | –                   | –      | 0.24           | –                | 0.80           |
| Earmarked balances with banks      | –                   | –      | 72.54          | –                | 70.83          |
| Other financial assets             | –                   | –      | 78.40          | –                | 13.49          |
|                                    | 130.23              | 79.06  | 1,464.50       | 136.04           | 1,862.20       |
| Financial liabilities              |                     |        |                |                  |                |
| Borrowings                         | –                   | –      | 1,600.57       | –                | 1,106.38       |
| Trade payables                     | –                   | –      | 3,991.44       | –                | 3,921.60       |
| Lease liability                    | –                   | –      | 362.15         | –                | 123.46         |
| Other financial liability          | –                   | –      | 165.79         | –                | 151.88         |
|                                    | –                   | –      | 6,119.95       | –                | 5,303.32       |

\* FVOCI - Fair Valued Through Other Comprehensive Income <sup>\$</sup> FVTPL- Fair Value Through Profit or Loss.

#### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values to be disclosed in the financial instruments that are recognised and measured at fair value and that are measured at amortised cost. 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 31-03-2022               | Notes | Level 1 | Level 2 | Level 3 | Total  |
|--------------------------------|-------|---------|---------|---------|--------|
| Financial assets               |       |         |         |         |        |
| Financial investments at FVTPL | 3     |         |         | 130.23  | 130.23 |
| Financial investments at FVOCI | 3     | 1.03    | 52.38   | 9.64    | 63.05  |
| Derivatives                    | 10    | –       | 16.01   | –       | 16.01  |
|                                |       | 1.03    | 68.39   | 139.87  | 209.29 |

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| As at 31-03-2022      | Notes   | Level 1 | Level 2 | Level 3  | Total    |
|-----------------------|---------|---------|---------|----------|----------|
| Financial assets      |         |         |         |          |          |
| <i>Investments</i>    |         |         |         |          |          |
| Preference shares     | 3       | –       | –       | 8.14     | 8.14     |
| Debt instruments      | 3       | –       | –       | 25.74    | 25.74    |
|                       |         | –       | –       | 33.88    | 33.88    |
| Financial liabilities |         |         |         |          |          |
| Borrowings            | 14 & 17 | –       | –       | 1,600.57 | 1,600.57 |
|                       |         | –       | –       | 1,600.57 | 1,600.57 |

## Notes to the Financial Statements – (continued)

Rupees in crores

### 29 FAIR VALUE MEASUREMENTS - (continued)

Financial assets and liabilities measured at fair value - recurring fair value measurements

| As at 31-03-2021               | Notes | Level 1 | Level 2 | Level 3 | Total  |
|--------------------------------|-------|---------|---------|---------|--------|
| Financial assets               |       |         |         |         |        |
| Financial Investments at FVOCI | 3     | 80.95   | 40.43   | 11.63   | 133.01 |
| Derivatives                    | 10    | –       | 3.03    | –       | 3.03   |
|                                |       | 80.95   | 43.46   | 11.63   | 136.04 |

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| As at 31-03-2021      | Notes   | Level 1 | Level 2 | Level 3  | Total    |
|-----------------------|---------|---------|---------|----------|----------|
| Financial assets      |         |         |         |          |          |
| Investments           |         |         |         |          |          |
| Preference shares     | 3       | –       | –       | 20.32    | 20.32    |
| Debt instruments      | 3       | –       | –       | 27.80    | 27.80    |
|                       |         | –       | –       | 48.12    | 48.12    |
| Financial liabilities |         |         |         |          |          |
| Borrowings            | 14 & 17 | –       | –       | 1,106.38 | 1,106.38 |
|                       |         | –       | –       | 1,106.38 | 1,106.38 |

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 are 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.

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

#### 29 FAIR VALUE MEASUREMENTS – (continued)

Rupees in crores

##### (iii) Fair value measurements using significant unobservable inputs (level 3)

| Particulars   | Unlisted Equity Shares |
|---|------------------------|
| As at 01-04-2020  | 12.95                  |
| Additions / (Deletions)                                   | (0.10)                 |
| Gains/(losses) recognised in profit or loss               | 0.04                   |
| Gains/(losses) recognised in other comprehensive income   | (1.26)                 |
| As at 31-03-2021  | 11.63                  |
| Additions / (Deletions)                                   | 130.34                 |
| Reclassified from amortised cost                          | 12.70                  |
| Gains / (losses) recognised in profit or loss             | 0.23                   |
| Gains / (losses) recognised in other comprehensive income | (15.03)                |
| As at 31-03-2022  | 139.87                 |

##### (iv) Valuation inputs and relationships to fair value

| Particulars            | Fair value as at |            | Significant unobservable input                            | Probability weighted range for the year ended |            | Sensitivity     |
|------------------------|------------------|------------|---|---|------------|-----------------|
|                        | 31-03-2022       | 31-03-2021 |   | 31-03-2022                                    | 31-03-2021 |                 |
| Unquoted Equity shares | 139.87           | 11.63      | a) Earnings growth rate<br>b) Risk adjusted discount rate | 1-3%<br>8%                                    | 1-3%<br>8% | Not significant |

##### (v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevant financial data.

##### (vi) Fair value of financial assets and liabilities measured at amortised cost

| Particulars           | As at 31-03-2022 |            | As at 31-03-2021 |            |
|-----------------------|------------------|------------|------------------|------------|
|                       | Carrying amount  | Fair value | Carrying amount  | Fair value |
| Financial assets      |                  |            |                  |            |
| Investments           |                  |            |                  |            |
| Preference shares     | 8.14             | 8.14       | 20.32            | 20.32      |
| Debt instruments      | 25.74            | 25.74      | 27.80            | 27.80      |
|                       | 33.88            | 33.88      | 48.12            | 48.12      |
| Financial liabilities |                  |            |                  |            |
| Borrowings            | 1,600.57         | 1,600.57   | 1,106.38         | 1,106.38   |
|                       | 1,600.57         | 1,600.57   | 1,106.38         | 1,106.38   |

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.

**Notes to the Financial Statements – (continued)**
**30 FINANCIAL RISK MANAGEMENT**

Rupees in crores

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 by considering the level of liquid assets necessary to meet the same, 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.  |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

#### 30 FINANCIAL RISK MANAGEMENT - (continued)

| Risk                       | Exposure arising from   | Risk Parameters and Mitigation  |
|----------------------------|---|---|
| Market Risk<br>(continued) | 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<br>- 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. |

#### (A) Credit risk

Basis of recognition of expected credit loss provision

| Rating | Category  | Description of category   | investments                      | Loans and deposits              | Trade receivables                                      |
|--------|---|---|----------------------------------|---------------------------------|--|
| 1      | High Quality assets, negligible credit risk     | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.  | 12 month expected credit losses  | 12 month expected credit losses | Life time expected credit losses (simplified approach) |
| 2      | Quality assets, low credit risk                 | Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past  |                                  |                                 |  |
| 3      | Standard Assets, moderate credit risk           | Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.  |                                  |                                 |  |
| 4      | Substandard Assets, relatively high credit risk | Assets where there has been a significant increase in credit risk since initial recognition.  | Life time expected credit losses |                                 |  |
| 5      | Low quality assets, very high credit risk       | Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.  |                                  |                                 |  |
| 6      | Doubtful assets, credit impaired                | Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the 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. | Asset is written off             |                                 |  |



# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

### 30 FINANCIAL RISK MANAGEMENT - (continued)

As at 31-03-2022

#### 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 | 33.88                 | 0%                              | –                    | 33.88                                       |
|  | 1               | Other financial assets        | 78.40                 | 0%                              | –                    | 78.40                                       |

#### 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                | 806.93                 | 171.99                      | 978.92 |
| Expected loss rate                   | –                      | 16%                         |        |
| Expected credit losses               | –                      | 28.23                       | 28.23  |
| Carrying amount of trade receivables | 806.93                 | 143.76                      | 950.69 |

As at 31-03-2021

#### 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 | 48.12                 | 0%                              | –                    | 48.12                                       |
|  | 1               | Other financial assets        | 13.49                 | 0%                              | –                    | 13.49                                       |

#### 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                | 794.56                 | 97.45                       | 892.01 |
| Expected loss rate                   | –                      | 23%                         |        |
| Expected credit losses               | –                      | 22.03                       | 22.03  |
| Carrying amount of trade receivables | 794.56                 | 75.45                       | 869.98 |

#### Reconciliation of loss allowance provision - Trade receivables

|                              |       |
|------------------------------|-------|
| Loss allowance on 31-03-2020 | 17.43 |
| Changes in loss allowance    | 4.60  |
| Loss allowance on 31-03-2021 | 22.03 |
| Changes in loss allowance    | 6.20  |
| Loss allowance on 31-03-2022 | 28.23 |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

Rupees in crores

#### 30 FINANCIAL 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 31-03-2022 | As at 31-03-2021 |
|--|------------------|------------------|
| Floating rate  |                  |                  |
| - Expiring within one year (bank overdraft and other facilities) | 2,038.45         | 1,500.35         |
| - 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 31-03-2022

| 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                                      | 205.02             | 84.56                | 143.85             | 1,163.75          | 9.24              | 1,606.42 |
| Lease liabilities                               | 21.68              | 21.48                | 41.29              | 291.64            | 75.40             | 451.49   |
| Trade payables                                  | 3,991.44           | —                    | —                  | —                 | —                 | 3,991.44 |
| Other financial liabilities                     | 165.79             | —                    | —                  | —                 | —                 | 165.79   |

As at 31-03-2021

| 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                                      | —                  | 46.43                | 24.37              | 1,033.26          | 9.24              | 1,113.30 |
| Lease liabilities                               | 7.76               | 7.76                 | 15.32              | 90.99             | 35.27             | 157.10   |
| Trade payables                                  | 3,921.60           | —                    | —                  | —                 | —                 | 3,921.60 |
| Other financial liabilities                     | 151.88             | —                    | —                  | —                 | —                 | 151.88   |

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.

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

Rupees in crores

#### 30 FINANCIAL 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 31-03-2022 |         | As at 31-03-2021 |         |
|------------------------------------|------------------|---------|------------------|---------|
|                                    | USD              | EUR     | USD              | EUR     |
| Exposure in foreign currency       |                  |         |                  |         |
| Financial assets:                  |                  |         |                  |         |
| Trade receivables                  | 692.61           | 60.00   | 564.99           | 30.00   |
| Investments                        | 52.38            | –       | 52.13            | –       |
| Derivative assets:                 |                  |         |                  |         |
| Foreign exchange forward contracts |                  |         |                  |         |
| Sell foreign currency              | (1,583.99)       | (63.46) | (1,537.09)       | (74.85) |
| Financial liabilities:             |                  |         |                  |         |
| Foreign currency loan              | 302.96           | –       | 340.55           | –       |
| Trade payables                     | 80.61            | 6.50    | 290.39           | 5.91    |
| Derivative liabilities:            |                  |         |                  |         |
| Principal swap                     |                  |         |                  |         |
| Buy foreign currency               | (302.96)         | –       | (340.55)         | –       |

##### 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 31-03-2022            | As at 31-03-2021 | As at 31-03-2022                      | As at 31-03-2021 |
| USD sensitivity           |                             |                  |                                       |                  |
| INR/USD increases by 10%  | 45.07                       | 21.21            | (113.46)                              | (110.88)         |
| INR/USD decreases by 10%  | (45.07)                     | (21.21)          | 113.46                                | 110.88           |
| EURO sensitivity          |                             |                  |                                       |                  |
| INR/EURO increases by 10% | 3.94                        | 1.79             | (4.70)                                | (5.55)           |
| INR/EURO decreases by 10% | (3.94)                      | (1.79)           | 4.70                                  | 5.55             |

\* 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 31-03-2022 | As at 31-03-2021 |
|--------------------------|------------------|------------------|
| Variable rate borrowings | 302.97           | 340.55           |
| Fixed rate borrowings    | 1,303.45         | 772.75           |

The amount disclosed in the table are the contractual undiscounted cash flows.

| Sensitivity                           | Impact on profit after tax |                  |
|---------------------------------------|----------------------------|------------------|
|                                       | As at 31-03-2022           | As at 31-03-2021 |
| Increase in interest rates by 100 bps | (2.23)                     | (2.52)           |
| Decrease in interest rates by 100 bps | 2.23                       | 2.52             |

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

### 30 FINANCIAL 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 31-03-2021

| 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 | 1,647.45      | –           | 4.45                                  | –           | Apr-22 to Dec-22 | 4.45   | (4.45)  |
| Foreign currency loan:             |               |             |                                       |             |                  |  |   |
| • Principal swap                   | –             | 302.96      | 14.62                                 | –           | Sep-22 to Sep-23 | 14.62  | (14.62)   |
| • Interest rate swap               | –             | 302.96      | –                                     | 3.06        |                  | (3.06)   | 3.06  |

##### (b) Disclosure of effects of hedge accounting on financial position as at 31-03-2021

| 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 | 1,611.94      | –           | 8.20                                  | –           | Apr-21 to Mar-22 | 8.20   | (8.20)  |
| Foreign currency loan:             |               |             |                                       |             |                  |  |   |
| • Principal swap                   | –             | 340.55      | 8.74                                  | –           | Sep-21 to Sep-23 | 8.74   | (8.74)  |
| • Interest rate swap               | –             | 340.55      | –                                     | 13.91       |                  | (13.91)  | 13.91   |

##### (ii) Disclosure of effects of hedge accounting on financial performance: for the year ended 31-03-2022:

| 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:<br>Foreign exchange risk/POS/IRS | (1.65)   | –   | (3.68)   | Revenue and Borrowing cost   |

##### for the year ended 31-03-2021:

| 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:<br>Foreign exchange risk/POS/IRS | (3.68)   | –   | (51.41)  | Revenue and Borrowing cost   |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

Rupees in crores

#### 31 CAPITAL MANAGEMENT

##### (a) Risk management

The Company's objectives when managing capital are to

- safeguard our ability to continue as a going concern, so that we 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<br>31-03-2022 | As at<br>31-03-2021 |
|----------------------------------|---------------------|---------------------|
| Net debt                         | 1,271.82            | 247.40              |
| Total equity                     | 4,822.04            | 4,170.95            |
| Net debt to equity ratio (times) | 0.3                 | 0.1                 |

The Company also monitors Interest coverage ratio:

Company's earnings before interest, taxes and exceptional items (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<br>31-03-2022 | Year ended<br>31-03-2021 |
|---------------------------------|--------------------------|--------------------------|
| EBIT                            | 1,369.29                 | 967.84                   |
| Interest                        | 125.92                   | 141.60                   |
| Interest coverage ratio (Times) | 10.9                     | 6.8                      |

##### (b) Dividends

| Particulars   | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
|---|--------------------------|--------------------------|
| (i) Equity shares<br>Interim dividend for the year ended 31-03-2022 of ₹ 3.75<br>(for the year ended 31-03-2021 of ₹ 3.50) per fully paid share | 178.16                   | 166.28                   |
| (ii) Dividends not recognised at the end of the reporting period  | –                        | –                        |

#### 32 KEY FINANCIAL RATIOS

| S.No. | Particulars   | As at<br>31-03-2022 | As at<br>31-03-2021 | Variance |
|-------|---|---------------------|---------------------|----------|
| 1     | Current ratios (times) [Current assets / Current liabilities] - Note 1  | 0.6                 | 0.8                 | 25%      |
| 2     | Net debt / Equity ratio (times) [(Total borrowing - Cash) / Equity] - Note 2  | 0.3                 | 0.1                 | (200%)   |
| 3     | Debt service coverage ratio (times) [Earnings before interest, Tax and Exceptional items / (Interest expense + Principal repayments of long term loan made during the period excluding prepayment)] | 5.2                 | 4.9                 | (6%)     |
| 4     | Return on equity (%) [Net profit after tax / Average shareholders equity] - Note 1  | 19.9%               | 15.7%               | (26%)    |
| 5     | Inventory turnover ratio (times) [ Annualised cost of goods sold / Average inventory]   | 13.9                | 11.6                | (20%)    |
| 6     | Debtors turnover ratio (times) [ Annualised turnover / Average debtors] - Note 1  | 22.8                | 15.6                | (47%)    |
| 7     | Trade payable turnover ratio (times) [(Cost of goods sold + Other expenses) / Average trade payable]  | 4.5                 | 4.2                 | (6%)     |
| 8     | Net capital turnover ratio (times) [Net sales /(Current asset - Current liabilities excluding current maturities of long term borrowing)]   | NA                  | NA                  | NA       |
| 9     | Net profit ratio (%) [Profit after tax / Turnover]  | 4.3%                | 3.7%                | (18%)    |
| 10    | Return on capital employed (%) [Earnings before interest, Tax and Exceptional items / Capital employed]   | 20.7%               | 17.7%               | (17%)    |



## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

#### 32 KEY FINANCIAL RATIOS - (continued)

Rupees in crores

| S.No. | Particulars  | As at<br>31-03-2022 | As at<br>31-03-2021 | Variance |
|-------|--|---------------------|---------------------|----------|
| 11    | Return on investment (%) - [Income generated from invested funds / Average invested funds] - Note 3. | NA                  | NA                  | NA       |

1 Reflects better operational performance.

2. Reflects higher borrowings.

3. Significant investments held by the Company is for strategic purposes. Benchmarking the return on annual basis will not reflect yield from such investments.

#### 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 01-04-2020   | 118.44                      | (113.08)                  | 5.36       | 95.83                       | 37.02                       |
| Current service cost   | 18.41                       | –                         | 18.41      | –                           | –                           |
| Interest expense /(income)   | 7.88                        | (7.48)                    | 0.40       | 5.11                        | 2.67                        |
| Total amount recognised in profit or loss  | 26.29                       | (7.48)                    | 18.81      | 5.11                        | 2.67                        |
| Remeasurements   |                             |                           |            |                             |                             |
| Return on plan assets, excluding amounts included in interest expense / (income) | –                           | 2.18                      | 2.18       | –                           | –                           |
| (Gain) / loss from change in financial assumptions                               | (3.45)                      | –                         | (3.45)     | 0.78                        | (1.32)                      |
| Experience (gains) / losses  | (9.57)                      | –                         | (9.57)     | (7.66)                      | 11.77                       |
| Total amount recognised in other comprehensive income                            | (13.02)                     | 2.18                      | (10.84)    | (6.88)                      | 10.45                       |
| Employer contributions   | –                           | (10.84)                   | (10.84)    | –                           | –                           |
| Benefit payments   | (7.07)                      | 7.07                      | –          | (0.84)                      | (2.19)                      |
| As at 31-03-2021   | 124.64                      | (122.15)                  | 2.49       | 93.22                       | 47.95                       |
| Current service cost   | 19.87                       | –                         | 19.87      | –                           | –                           |
| Interest expense / (income)  | 9.81                        | (8.79)                    | 1.02       | 6.55                        | 3.24                        |
| Total amount recognised in profit or loss  | 29.68                       | (8.79)                    | 20.89      | 6.55                        | 3.24                        |
| Remeasurements   |                             |                           |            |                             |                             |
| Return on plan assets, excluding amounts included in interest expense / (income) | –                           | (2.78)                    | (2.78)     | –                           | –                           |
| (Gain) / loss from change in financial assumptions                               | (4.85)                      | –                         | (4.85)     | (2.83)                      | (1.58)                      |
| Experience (gains) / losses  | 24.16                       | –                         | 24.16      | 46.26                       | 23.97                       |
| Total amount recognised in other comprehensive income                            | 19.31                       | (2.78)                    | 16.53      | 43.43                       | 22.39                       |
| Employer contributions   | –                           | (36.47)                   | (36.47)    | –                           | –                           |
| Benefit payments   | (12.71)                     | 12.71                     | –          | (1.64)                      | (14.12)                     |
| As at 31-03-2022   | 160.92                      | (157.48)                  | 3.44       | 141.56                      | 59.46                       |

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.

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

#### 33 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

The significant actuarial assumptions were as follows:

| Particulars                                  | As at<br>31-03-2022     | As at<br>31-03-2021 |
|--|-------------------------|---------------------|
| Discount rate (Gratuity)                     | 7.3%                    | 6.9%                |
| Discount rate (Pension)                      | 5.7%                    | 5.5%                |
| Discount rate (Leave salary)                 | 7.2%                    | 6.9%                |
| 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%                |

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                                      |            | Year ended             |            | Year ended             |            |
|                    | 31-03-2022                                      | 31-03-2021 | 31-03-2022             | 31-03-2021 | 31-03-2022             | 31-03-2021 |
| Discount rate      | 0.50%   | 0.50%      | 154.32                 | 119.25     | 167.95                 | 130.48     |
| Salary growth rate | 0.50%   | 0.50%      | 168.04                 | 130.53     | 154.18                 | 119.15     |
| Mortality          | 5.00%   | 5.00%      | 160.92                 | 124.67     | 160.85                 | 124.62     |

| Particulars        | Impact on defined benefit obligation - Pension |            |                        |            |                        |            |
|--------------------|--|------------|------------------------|------------|------------------------|------------|
|                    | Change in assumption                           |            | Increase in assumption |            | Decrease in assumption |            |
|                    | Year ended                                     |            | Year ended             |            | Year ended             |            |
|                    | 31-03-2022                                     | 31-03-2021 | 31-03-2022             | 31-03-2021 | 31-03-2022             | 31-03-2021 |
| Discount rate      | 1.00%  | 1.00%      | 126.30                 | 82.65      | 159.91                 | 106.16     |
| Salary growth rate | 1.00%  | 1.00%      | 160.64                 | 106.61     | 125.52                 | 82.16      |
| Mortality          | 5.00%  | 5.00%      | 140.25                 | 92.40      | 142.93                 | 94.22      |

| Particulars        | Impact on defined benefit obligation - Leave salary |            |                        |            |                        |            |
|--------------------|---|------------|------------------------|------------|------------------------|------------|
|                    | Change in assumption                                |            | Increase in assumption |            | Decrease in assumption |            |
|                    | Year ended  |            | Year ended             |            | Year ended             |            |
|                    | 31-03-2022  | 31-03-2021 | 31-03-2022             | 31-03-2021 | 31-03-2022             | 31-03-2021 |
| Discount rate      | 0.50%   | 0.50%      | 57.22                  | 46.10      | 61.87                  | 49.94      |
| Salary growth rate | 0.50%   | 0.50%      | 61.90                  | 49.96      | 57.17                  | 46.07      |
| Mortality          | 5.00%   | 5.00%      | 59.47                  | 47.96      | 59.45                  | 47.95      |

### 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.

**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 ₹ 28.63 crores (previous year ₹ 17.91 crores) has been recognised in the Statement of Profit and Loss.

### 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 #

TVS Holdings Private Limited, Chennai \*

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 (upto 4<sup>th</sup> September 2021)

Harita ARC Services Private Limited, Chennai

TVS Micro Finance Private Limited, Chennai (upto 4<sup>th</sup> September 2021)

TVS Commodity Financial Solutions Private Limited, Chennai (upto 9<sup>th</sup> February 2022)

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

Premier Land Holding LLC, USA

The Norton Motorcycle Co. Ltd, UK

Intellicar Telematics Private Limited, Bengaluru

TVS Electric Mobility Limited, Chennai (with effect from 13<sup>th</sup> December 2021)

Intellicar (Singapore) Pte Limited, Singapore (with effect from 10<sup>th</sup> November 2021)

TVS Digital Pte Limited, Singapore (with effect from 24<sup>th</sup> May 2021)

The GO Corporation, Switzerland (with effect from 16<sup>th</sup> September 2021)

EGO Movement Stuttgart, GmbH, Germany (with effect from 16<sup>th</sup> September 2021)

Swiss E-mobility (Group) Holding AG, Switzerland (with effect from 27<sup>th</sup> January 2022)

Swiss E-Mobility Group (Schweiz) AG Switzerland (with effect from 27<sup>th</sup> January 2022)

Colag E-Mobility GmbH, Germany (with effect from 27<sup>th</sup> January 2022)

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 Lanka Private Limited, Colombo #

TVS Training and 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:

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, Madurai #  
Predictronics Corporation, USA  
TVS Training and Services 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  
Harita Techserv Private Limited, Chennai  
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 Emeritus & Managing Director  
Mr. Sudarshan Venu, Managing Director  
Mr. K.N. Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. C.R. Dua  
Mr. R. Gopalan  
Mrs. Lalita D. Gupte  
Mr. T. Kannan  
Mr. Kuok Meng Xiong  
Mr. Hemant Krishan Singh  
Mr. Prince Asirvatham (upto 20<sup>th</sup> Aug 2021)

Non-Independent Directors:

Prof. Sir Ralf Dieter Speth, Chairman  
Mr. H. Lakshmanan  
Dr. Lakshmi Venu

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai @

Post-employment benefit plans:

TVS Motor Company Employees' Gratuity Fund  
TVS Motor Company Employees' Provident Fund

# upto 4<sup>th</sup> February, 2022.

\* with effect from 4<sup>th</sup> February, 2022

@ upto 20<sup>th</sup> September, 2021.



# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

|   |        | Rupees in crores                   |                                    |
|---|--------|------------------------------------|------------------------------------|
|   |        | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
| 34 RELATED PARTY DISCLOSURE - (continued)   |        |                                    |                                    |
| (b) Transactions with related parties: (Transactions from the date of becoming/ upto the date of ceasing to be related party) |        |                                    |                                    |
| (i) Purchase of goods   |        |                                    |                                    |
| - ultimate holding company  |        |                                    |                                    |
| TV Sundram Iyengar & Sons Private Limited, Madurai #  | –      | 0.34                               |                                    |
| - holding company (Sundaram-Clayton Limited, Chennai)   | 474.89 | 305.41                             |                                    |
| - subsidiary companies  |        |                                    |                                    |
| Sundaram Auto Components Limited, Chennai   | 375.50 | 295.60                             |                                    |
| PT.TVS Motor Company Indonesia, Jakarta   | 0.20   | 0.11                               |                                    |
| The Norton Motorcycle Co Ltd, UK  | –      | 0.70                               |                                    |
| Intellicar Telematics Private Limited, Bengaluru  | 0.05   | –                                  |                                    |
| - fellow subsidiaries   |        |                                    |                                    |
| TVS Electronics Limited, Chennai #  | –      | 0.01                               |                                    |
| Sundaram Industries Private Limited, Madurai #  | 0.02   | 0.04                               |                                    |
| Lucas-TVS Limited, Chennai #  | 149.59 | 136.35                             |                                    |
| Lucas Indian Service Limited, Chennai #   | 8.72   | 8.34                               |                                    |
| - associate / joint venture   |        |                                    |                                    |
| Tagbox Solutions Private Limited  | 0.52   | –                                  |                                    |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company                            |        |                                    |                                    |
| Brakes India Private Limited, Chennai #   | 28.58  | 22.67                              |                                    |
| TVS Srichakra Limited, Madurai #  | 435.40 | 374.06                             |                                    |
| Wheels India Limited, Chennai #   | 0.04   | 0.20                               |                                    |
| Sundram Fasteners Limited, Chennai #  | 45.58  | 43.15                              |                                    |
| India Nippon Electricals Limited, Chennai #   | 300.22 | 326.25                             |                                    |
| Sundaram Brake Linings Limited, Chennai #   | 7.89   | 8.10                               |                                    |
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company            |        |                                    |                                    |
| TVS Upasana Limited, Chennai #  | 10.82  | 16.35                              |                                    |
| - enterprises in which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai) @ | 0.76   | 1.71                               |                                    |
| - enterprises in which directors are interested   |        |                                    |                                    |
| TVS Organics Private Limited, Chennai   | 0.53   | 0.28                               |                                    |
| (ii) Sale of goods  |        |                                    |                                    |
| - ultimate holding company  |        |                                    |                                    |
| TV Sundram Iyengar & Sons Private Limited, Madurai #  | 375.50 | 360.58                             |                                    |
| TVS Holdings Private Limited, Chennai *   | 79.83  | –                                  |                                    |
| - holding company (Sundaram-Clayton Limited, Chennai)   | 0.06   | 0.04                               |                                    |
| - subsidiary companies  |        |                                    |                                    |
| Sundaram Auto Components Limited, Chennai   | 0.17   | –                                  |                                    |
| PT.TVS Motor Company Indonesia, Jakarta   | 250.47 | 171.89                             |                                    |
| - fellow subsidiary company (TVS Lanka Private Limited, Colombo) #  | 40.66  | 12.84                              |                                    |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company                            |        |                                    |                                    |
| TVS Auto Bangladesh Limited, Dhaka #  | 586.67 | 537.12                             |                                    |

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

|       |   | Rupees in crores                   |                                    |
|-------|---|------------------------------------|------------------------------------|
|       |   | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
| 34    | RELATED PARTY DISCLOSURE - (continued)  |                                    |                                    |
| (iii) | Purchase of assets  |                                    |                                    |
| -     | fellow subsidiaries   |                                    |                                    |
|       | TVS Electronics Limited, Chennai #  | 0.15                               | 0.15                               |
| -     | associate / joint venture   |                                    |                                    |
|       | Tagbox Solutions Private Limited, Bengaluru   | 0.25                               | 1.01                               |
| -     | Key Management Personnel  | 43.06                              | –                                  |
| (iv)  | Rendering of services   |                                    |                                    |
| -     | holding company (Sundaram-Clayton Limited, Chennai)   | 2.62                               | 1.91                               |
| -     | subsidiary companies  |                                    |                                    |
|       | Sundaram Auto Components Limited, Chennai   | 0.12                               | 0.70                               |
|       | PT. TVS Motor Company Indonesia, Jakarta  | 0.59                               | 0.55                               |
|       | TVS Credit Services Limited, Chennai  | 9.11                               | 7.55                               |
|       | The Norton Motorcycle Co Ltd, UK  | –                                  | 11.80                              |
| -     | fellow subsidiaries   |                                    |                                    |
|       | Southern Roadways Private Limited, Madurai #  | –                                  | 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                  |                                    |                                    |
|       | TVS Supply Chain Solutions Limited, Chennai #   | 0.24                               | –                                  |
|       | India Nippon Electricals Limited, Chennai #   | –                                  | 0.01                               |
|       | TVS Srichakra Limited, Madurai #  | –                                  | 0.01                               |
|       | Sundaram Fasteners Limited, Chennai #   | –                                  | 0.01                               |
|       | Sundaram Brake Linings Limited, Chennai #   | –                                  | 0.01                               |
|       | Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company: |                                    |                                    |
|       | TVS Upasana Limited, Chennai #  | –                                  | 0.01                               |
| (v)   | Availing of services (includes sub-contract charges paid)   |                                    |                                    |
| -     | ultimate holding company  |                                    |                                    |
|       | TV Sundram Iyengar & Sons Private Limited, Madurai #  | 0.26                               | 0.25                               |
| -     | holding company (Sundaram-Clayton Limited, Chennai)   | 62.81                              | 55.27                              |
| -     | subsidiary company (TVS Credit Services Limited, Chennai)   | 7.34                               | 48.83                              |
| -     | fellow subsidiaries:  |                                    |                                    |
|       | TVS Electronics Limited, Chennai #  | 1.83                               | 1.85                               |
|       | Southern Roadways Private Limited, Madurai #  | 2.15                               | 2.56                               |
|       | TVS Training and Services Limited, Chennai #  | 0.02                               | 0.11                               |
| -     | associate / joint venture (Tagbox Solutions Private Limited, Bengaluru)   | –                                  | 0.32                               |
| -     | associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company                  |                                    |                                    |
|       | TVS Supply Chain Solutions Limited, Chennai #   | 78.53                              | 96.84                              |
|       | Predictronics Corporation, USA  | –                                  | 0.11                               |
|       | TVS Training and Services Limited, Chennai *  | 0.02                               |                                    |

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

### 34 RELATED PARTY DISCLOSURE - (continued)

|  | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
|--|------------------------------------|------------------------------------|
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company<br>TVS Dynamic Global Freight Services Limited, Chennai # | 173.87                             | 100.40                             |
| - enterprises in which directors are interested  |                                    |                                    |
| Dua Associates, Delhi  | 1.92                               | 0.18                               |
| Dua Consulting Private Limited, Delhi  | 4.74                               | 5.30                               |
| McCann-Erickson (India) Private Limited, Delhi   | 5.68                               | 3.91                               |
| Lakshmi Energy and Environment Design Private Limited, Coimbatore  | 0.15                               | 0.07                               |
| Harita Techserv Private Limited, Chennai   | 4.17                               | 3.50                               |
| (vi) Investments made during the year  |                                    |                                    |
| - subsidiary companies   |                                    |                                    |
| TVS Motor (Singapore) Pte. Limited, Singapore  | 1,083.43                           | 194.88                             |
| PT. TVS Motor Company Indonesia, Jakarta   | –                                  | 36.52                              |
| Sundaram Auto Components Limited, Chennai  | –                                  | 23.00                              |
| TVS Motor Services Limited, Chennai  | 96.00                              | –                                  |
| TVS Credit Services Limited, Chennai   | 100.00                             | 99.98                              |
| Intellicar Telematics Private Limited, Bengaluru   | –                                  | 22.50                              |
| TVS Electric Mobility Limited, Chennai   | 1.00                               | –                                  |
| - associate / joint venture  |                                    |                                    |
| Ultraviolette Automotive Private Limited, Bengaluru  | 75.00                              | 30.00                              |
| (vii) Share application money pending allotment  |                                    |                                    |
| - subsidiary company   |                                    |                                    |
| TVS Motor (Singapore) Pte Limited, Singapore   | 20.17                              | –                                  |
| (viii) Trade advance given   |                                    |                                    |
| - associate company (Ultraviolette Automotive Private Limited, Bengaluru)  | –                                  | 3.40                               |
| (ix) Remuneration to key management personnel:   |                                    |                                    |
| Short-term employee benefits   | 64.07                              | 43.26                              |
| Post-employment benefits   | 0.24                               | 0.22                               |
| (x) Dividend paid to Key Management Personnel  | 0.11                               | 0.55                               |
| (xi) Obligation arising out of agreements facilitating credit / payment to service provider  |                                    |                                    |
| - subsidiary companies   |                                    |                                    |
| PT. TVS Motor Company Indonesia, Jakarta   | 75.79                              | 95.04                              |
| TVS Motor (Singapore) Pte. Limited, Singapore  | 75.79                              | 73.11                              |
| (xii) Contributions to post employment benefit plans:  |                                    |                                    |
| TVS Motor Company Employees' Gratuity Fund   | 36.57                              | 10.84                              |
| TVS Motor Company Employees' Provident Fund<br>(Including Employee and Employer Contributions)   | 75.25                              | 47.52                              |
| (c) Balances with related parties:   |                                    |                                    |
| (Balances of parties as at March 31 <sup>st</sup> 2022, who are ceased to be related parties are not furnished)  |                                    |                                    |
| (i) Trade receivables / Other current assets   |                                    |                                    |
| - ultimate holding company   |                                    |                                    |
| T V Sundram Iyengar & Sons Private Limited, Madurai #  | –                                  | 8.11                               |
| TVS Holdings Private Limited, Chennai  | 8.04                               | –                                  |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

Rupees in crores

#### 34 RELATED PARTY DISCLOSURE - (continued)

|  | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
|--|------------------------------------|------------------------------------|
| - subsidiary companies   |                                    |                                    |
| PT. TVS Motor Company Indonesia, Jakarta   | 187.33                             | 119.80                             |
| TVS Credit Services Limited, Chennai   | 7.48                               | –                                  |
| The Norton Motorcycle Co Ltd, UK   | –                                  | 11.80                              |
| TVS Digital Pte Limited, Singapore   | 3.96                               | –                                  |
| - fellow subsidiary companies  |                                    |                                    |
| TVS Lanka Private Limited, Colombo #   | –                                  | 6.91                               |
| - associate companies  |                                    |                                    |
| Emerald Haven Realty Limited, Chennai  | 4.15                               | 3.33                               |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company                             |                                    |                                    |
| TVS Auto Bangladesh Limited, Dhaka #   | –                                  | 190.79                             |
| (ii) Trade payables  |                                    |                                    |
| - holding company (Sundaram-Clayton Limited, Chennai)  | 38.30                              | 43.07                              |
| - subsidiary companies   |                                    |                                    |
| Sundaram Auto Components Limited, Chennai  | 5.44                               | 3.24                               |
| TVS Motor (Singapore) Pte Limited, Singapore   | 6.85                               | 3.72                               |
| TVS Credit Services Limited, Chennai   | –                                  | 6.97                               |
| - fellow subsidiaries  |                                    |                                    |
| Lucas-TVS Limited, Chennai #   | –                                  | 27.58                              |
| Lucas Indian Service Limited, Chennai #  | –                                  | 1.43                               |
| Southern Roadways Private Limited, Madurai #   | –                                  | 0.02                               |
| TVS Electronics Limited, Chennai #   | –                                  | 0.03                               |
| - associate / joint venture  |                                    |                                    |
| Tagbox Solutions Private Limited, Bengaluru  | 0.32                               | 0.09                               |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company                             |                                    |                                    |
| Brakes India Private Limited, Chennai #  | –                                  | 5.34                               |
| TVS Srichakra Limited, Madurai #   | –                                  | 53.31                              |
| India Nippon Electricals Limited, Chennai #  | –                                  | 57.15                              |
| Sundaram Brake Linings Limited, Chennai #  | –                                  | 1.85                               |
| Sundram Fasteners Limited, Chennai #   | –                                  | 7.74                               |
| TVS Supply Chain Solutions Limited, Chennai #  | –                                  | 8.30                               |
| Predictronics Corporation, USA   | –                                  | 0.11                               |
| TVS Training and Services Limited, Chennai *   | 0.01                               | –                                  |
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company             |                                    |                                    |
| TVS Dynamic Global Freight Services Limited, Chennai #   | –                                  | 7.38                               |
| TVS Upasana Limited, Chennai #   | –                                  | 2.42                               |
| - enterprises in which directors are interested  |                                    |                                    |
| Dua Consulting Private Limited, Delhi  | 0.26                               | 0.27                               |
| TVS Organics Private Limited, Chennai  | 0.01                               | 0.01                               |
| McCann-Erickson (India) Private Limited, Delhi   | –                                  | 0.13                               |
| Lakshmi Energy and Environment Design Private Limited, Coimbatore  | –                                  | 0.14                               |
| Harita Techserv Private Limited, Chennai   | 0.30                               | 0.42                               |
| - enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai) @ | –                                  | 0.17                               |
| (iii) Guarantees issued  | 151.58                             | 168.15                             |

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash.

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### 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<br>31-03-2022 | For the year ended<br>31-03-2021 |
|------------|---------------------------------|----------------------------------|----------------------------------|
| <b>(a)</b> | <b>Type of goods or service</b> |                                  |                                  |
| (i)        | Two-wheelers                    | 16,261.63                        | 13,676.34                        |
| (ii)       | Three-wheelers                  | 1,731.48                         | 1,158.21                         |
| (iii)      | Parts and accessories           | 2,368.03                         | 1,736.87                         |
| (iv)       | Technical / IT Services         | 67.03                            | 21.78                            |
| (v)        | Royalty                         | 8.67                             | 10.25                            |
|            |                                 | 20,436.84                        | 16,603.45                        |
| <b>(b)</b> | <b>Geographical markets</b>     |                                  |                                  |
| (i)        | Domestic                        | 13,076.36                        | 11,874.45                        |
| (ii)       | Exports                         | 7,360.48                         | 4,729.00                         |
|            |                                 | 20,436.84                        | 16,603.45                        |

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<br>31-03-2022 | For the year ended<br>31-03-2021 |
|---|----------------------------------|----------------------------------|
| Contract Liabilities at the beginning of the period | 143.90                           | 99.03                            |
| Add / (Less):                                       |                                  |                                  |
| Consideration received during the year as advance   | 147.64                           | 143.90                           |
| Revenue recognized from contract liability          | (143.90)                         | (99.03)                          |
| Contract Liabilities at the end of the period       | 147.64                           | 143.90                           |

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<br>31-03-2022 | For the year ended<br>31-03-2021 |
|---------|--|----------------------------------|----------------------------------|
| (i)     | Contract price   | 19,778.61                        | 17,318.18                        |
| (ii)    | Adjustments :  |                                  |                                  |
|         | Incentive schemes  | 335.25                           | 394.55                           |
|         | Transport cost   | 322.98                           | 320.18                           |
| (iii)   | Revenue from sale of products / services (refer Note 21) | 20,436.84                        | 16,603.45                        |



# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

|  | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
|--|------------------------------------|------------------------------------|
| <b>36 EARNINGS PER SHARE</b>   |                                    |                                    |
| Profit after tax   | 893.56                             | 612.04                             |
| 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)  | 18.81                              | 12.88                              |
| Basic and diluted earnings per share for discontinued operations (in rupees)   | –                                  | –                                  |
| Basic and diluted earnings per share for continued and discontinued operations (in rupees)   | 18.81                              | 12.88                              |
| <b>37 WARRANTY PROVISION</b>   |                                    |                                    |
| Opening balance  | 48.88                              | 38.04                              |
| Add: Provision for the year (net)  | 41.32                              | 48.88                              |
|  | 90.20                              | 86.92                              |
| Less: Payments / debits (net)  | 48.88                              | 38.04                              |
| Closing balance  | 41.32                              | 48.88                              |
| <b>38 DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006</b>   |                                    |                                    |
| Trade payable pertaining to dues to Micro and Small enterprises<br>(all are within agreed credit period and not due for payment)<br>(refer Note 18)  | 56.85                              | 39.75                              |
| (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                                |
| <b>39 PAYMENT TO AUDITORS COMPRISES</b>  |                                    |                                    |
| As statutory auditors  | 0.85                               | 0.85                               |
| Taxation matters   | 0.20                               | 0.20                               |
| Certification matters  | 0.10                               | 0.10                               |
|  | 1.15                               | 1.15                               |
| Miscellaneous expenses include travel and stay expenses of auditors  | 0.05                               | 0.10                               |
|  | 1.20                               | 1.25                               |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements – (continued)

|   | Rupees in crores                   |                                    |
|---|------------------------------------|------------------------------------|
|   | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
| <b>40 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR</b>   |                                    |                                    |
| (a) Claims against the company not acknowledged as debts:   |                                    |                                    |
| (i) Excise  | 53.05                              | 53.37                              |
| (ii) Service tax  | 0.95                               | 1.96                               |
| (iii) Customs   | 40.63                              | 40.63                              |
| (iv) Sales tax  | 2.00                               | 2.00                               |
| (v) Income tax  | 53.24                              | 42.60                              |
| 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  | 246.24                             | 212.18                             |
| (ii) On factoring arrangements  | –                                  | –                                  |
| (c) Commitments:  |                                    |                                    |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for  | 186.94                             | 194.69                             |
| (ii) On Investments   | 3.60                               | 5.12                               |

### 41 LEASES AS A LESSEE

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 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 is ₹ 37.82 Cr (Previous year: ₹ 32.98 Cr)

Payment made towards Low value during the year is Nil (Previous year: Nil)

Payment relating to leases are disclosed in Cash flow statement

Income from sub-leasing of Right of use asset ₹ 7.08 Cr (Previous year: ₹ 3.88 Cr)

### 42 ADDITIONAL REGULATORY DISCLOSURES AS PER SCHEDULE III OF COMPANIES ACT, 2013

- (i) The Title deeds of the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (ii) The Company does not have any investment property.
- (iii) As per the Company's accounting policy, Property, Plant and Equipment (including Right of Use Assets) and intangible assets are carried at historical cost (less accumulated depreciation & impairment, if any), hence the revaluation related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable.
- (iv) The Company has not granted Loans or Advances in the nature of loan to any promoters, Directors, KMPs and the related parties (As per Companies Act, 2013) , which are repayable on demand or without specifying any terms or period of repayments.

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

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### Notes to the Financial Statements – (continued)

#### 42 ADDITIONAL REGULATORY DISCLOSURES AS PER SCHEDULE III OF COMPANIES ACT, 2013 - (continued)

- (v) No proceedings have been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (vi) The Company has sanctioned facilities from banks on the basis of security of current assets. The periodic returns filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (vii) The Company has adhered to debt repayment and interest service obligations on time. Wilful defaulter related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable.
- (viii) There are no transactions with the Companies whose name are struck off under Section 248 of The Companies Act, 2013 or Section 560 of the Companies Act, 1956 during the year ended 31<sup>st</sup> March 2022.
- (ix) All applicable cases where registration of charges or satisfaction is required to be filed with Registrar of Companies have been filed. No registration or satisfaction is pending at the year ended 31<sup>st</sup> March 2022.
- (x) The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- (xi) No scheme of arrangement has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.
- (xii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiary
- (xiii) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (xiv) The Company has not operated in any crypto currency or Virtual Currency transactions
- (xv) During the year the Company has not disclosed or surrendered, any income other than the income recognised in the books of accounts in the tax assessments under Income Tax Act, 1961.

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

### 43 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS

Rupees in crores

| Sl. No. | Particulars                | Name of the company  | Amount outstanding as at 31-03-2022      | Amount outstanding as at 31-03-2021 |
|---------|----------------------------|--|--|-------------------------------------|
| (a)     | Investments by the Company |  |  |                                     |
| (i)     | In subsidiary companies    |  |  |                                     |
|         |                            | Sundaram Auto Components Limited, Chennai<br>[4,45,69,000 (last year-4,45,69,000)<br>Equity shares of ₹ 10/- each<br>fully paid up]<br>Maximum amount held at any time<br>During the year<br>During the previous year                      | 336.20<br><br><br>336.20<br>336.20       | 336.20                              |
|         |                            | TVS Housing Limited, Chennai<br>[50,000 (last year - 50,000)<br>Equity shares of ₹ 10/- each<br>fully paid up]<br>Maximum amount held at any time<br>During the year<br>During the previous year   | 0.05<br><br><br>0.05<br>0.05             | 0.05                                |
|         |                            | TVS Motor Services Limited, Chennai<br>[14,96,33,814 (last year - 5,36,33,814)<br>Equity shares of ₹ 10/- each<br>fully paid up]<br>Maximum amount held at any time<br>During the year<br>During the previous year                         | 148.68<br><br><br>148.68<br>52.68        | 52.68                               |
|         |                            | TVS Credit Services Limited, Chennai<br>[16,83,97,728 (last year - 16,22,24,928)<br>Equity shares of ₹ 10/- each<br>fully paid up]<br>Maximum amount held at any time<br>During the year<br>During the previous year                       | 1,460.99<br><br><br>1,460.99<br>1,360.99 | 1,360.99                            |
|         |                            | TVS Motor Company (Europe)<br>B.V., Amsterdam<br>[2,25,301 (last year- 2,25,301)<br>Ordinary shares of Euro 100/- each<br>fully paid up]<br>Maximum amount held at any time<br>During the year<br>During the previous year                 | 1.80<br><br><br>1.80<br>1.80             | 1.80                                |
|         |                            | TVS Motor (Singapore) Pte. Limited,<br>Singapore<br>[39,69,03,850 (last year 20,08,29,458)<br>Ordinary shares of Singapore \$ 1/- each<br>fully paid up]<br>Maximum amount held at any time<br>During the year<br>During the previous year | 1,912.81*<br><br><br>1,912.81<br>809.21  | 809.21                              |
|         |                            | (* - Including share application money<br>pending allotment)   |  |                                     |

# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## 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 31-03-2022 | Amount outstanding as at 31-03-2021 |
|---------|---------------------------------------|---|-------------------------------------|-------------------------------------|
| (i)     | In subsidiary companies - (continued) | <p>PT. TVS Motor Company Indonesia, Jakarta<br/>[85,97,000 Equity shares (last year - 85,97,000) of Indonesian Rp.97,400/- each fully paid up]<br/>Maximum amount held at any time<br/>During the year 389.06<br/>During the previous year 389.06</p> <p>Intellicar Telematics Private Limited, Bengaluru<br/>[60,241 Equity shares (last year - 60,241) of ₹ 10/- each fully paid up]<br/>Maximum amount held at any time<br/>During the year 15.00<br/>During the previous year 15.00</p> <p>[30,121 Preference shares (last year - 30,121) of ₹ 10/- each fully paid up]<br/>Maximum amount held at any time<br/>During the year 8.14<br/>During the previous year 7.62</p> <p>TVS Electric Mobility Limited, Chennai<br/>[10,00,000 Equity shares (last year - nil) of ₹ 10/- each fully paid up]<br/>Maximum amount held at any time<br/>During the year 1.00<br/>During the previous year –</p> | 389.06                              | 389.06                              |
| (ii)    | in associate companies                | <p>Emerald Haven Realty Limited, Chennai, [11,12,19,512 (last year - 11,12,19,512) Equity shares of ₹ 10/- each fully paid up]<br/>Maximum amount held at any time<br/>During the year 111.22<br/>During the previous year 111.22</p> <p>Ultraviolette Automotive Private Limited, Bengaluru<br/>[14,850 (last year-14,850) Equity shares of ₹ 10/- each fully paid up]<br/>Maximum amount held at any time<br/>During the year 11.00<br/>During the previous year 11.00</p> <p>Ultraviolette Automotive Private Limited, Bengaluru<br/>[990 (last year - 990) Preference shares of ₹ 50,545/- each fully paid up]<br/>Maximum amount held at any time<br/>During the year 5.00<br/>During the previous year 5.00</p>   | 111.22                              | 111.22                              |

## STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### 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 31-03-2022                    | Amount outstanding as at 31-03-2021                |
|---------|---|--|--|--|
| (ii)    | in associate companies - (continued)      | <p>[7,387 (last year -7,387) Preference shares of ₹ 40,616/- each fully paid up]<br/>Maximum amount held at any time<br/>During the year 30.00<br/>During the previous year 30.00</p> <p>[3939 Preference shares of ₹ 1,90,384/- each fully paid up]<br/>Maximum amount held at any time<br/>During the year 75.00<br/>During the previous year –</p> <p>Tagbox Solutions Private Limited, Bengaluru<br/>[45,710 (last year - 45,710) Equity shares of ₹ 1 each fully paid]<br/>Maximum amount held at any time<br/>During the year 1.19<br/>During the previous year 1.19</p> <p>Tagbox Solutions Private Limited, Bengaluru<br/>[383,983 (last year - 383,983) Preference shares of ₹ 16 each fully paid]<br/>Maximum amount held at any time<br/>During the year 9.99<br/>During the previous year 9.99</p> | 30.00<br><br><br>75.00<br><br><br>1.19<br><br><br>9.99 | 30.00<br><br><br>–<br><br><br>1.19<br><br><br>9.99 |
| (b)     | Investments by the holding company        | <p>Sundaram-Clayton Limited, Chennai holds 23,87,82,786 (last year 27,26,82,786) Equity shares of ₹ 1/- each fully paid up<br/>Maximum amount held at any time<br/>During the year 19.59<br/>During the previous year 19.59</p>  | 17.15  | 19.59  |
| (c)     | Loans and advances to associate companies | <p>Ultraviolette Automotive Private Limited, Bengaluru<br/>Maximum amount held at any time<br/>During the year –<br/>During the previous year 3.40</p>   | –  | 3.40   |



# STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements – (continued)

Rupees in crores

### 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 3.

(b) Guarantee issued towards credit facility / business purpose - refer Note 34 b(xi)

### 45 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is ₹ 16.91 crores (last year ₹ 16.81 crores)

(b) Amount spent during the year:

| Sl. No. | Particulars                             | In cash | Yet to be paid in cash | Year ended 31-03-2022 | Year ended 31-03-2021 |
|---------|---|---------|------------------------|-----------------------|-----------------------|
| 1       | Construction / acquisition of any asset | –       | –                      | –                     | –                     |
| 2       | Other than the above                    | 17.01   | –                      | 17.01                 | 18.38                 |

| Sl. No.  | Particulars   | Year ended 31-03-2022 | Year ended 31-03-2021 |
|--|---|-----------------------|-----------------------|
| 1  | Amount required to be spent by the Company during the year  | 16.91                 | 16.81                 |
| 2  | Amount of expenditure incurred  | 17.01                 | 18.38                 |
| 3  | Shortfall at the end of the year  | –                     | –                     |
| 4  | Total of previous years shortfall   | –                     | –                     |
| 5  | Reasons for shortfall   | Not Applicable        |                       |
| 6  | Details of related party transactions   | –                     | –                     |
| 7  | Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in position | –                     | –                     |
| Nature of CSR Activities : Rural development, economic development, Women empowerment, health care, education, environment sustainability, social, infrastructure conservation of natural resources; |   |                       |                       |

### 46 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year ₹ nil (Last year ₹ 12.26 crores)

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate of 3 Month USD LIBOR plus Margin.

47 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

PROF. SIR RALF DIETER SPETH  
Chairman

SUDARSHAN VENU  
Managing Director

K.N.RADHAKRISHNAN  
Director &  
Chief Executive Officer

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place : Chennai  
Date : 5<sup>th</sup> May 2022

K. GOPALA DESIKAN  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATARAMAN  
Partner  
Membership No.: 023116

**CONSOLIDATED FINANCIAL STATEMENTS OF  
TVS MOTOR COMPANY LIMITED**

TVS 



XL100  800TX   Super Star   N-Tar  Apache  Raider  Gitanjali  Apache  Stunner 





TVS *Apache*

RTR 165 R2

RACING DNA UNLEASHED

## INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

### 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, 2022, 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, 2022, 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  |
|---|---|
| <b>Carrying Value of Goodwill</b><br>The group has recognized a 'goodwill on consolidation' in its Consolidated Financial Statements, pursuant to a business combination. | Management has obtained a valuation report 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 |

| Key Audit Matter  | Principal Audit Procedures   |
|---|--|
| 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. | an understanding of the key assumptions used to forecast the cash flows and the discount rates applied Weighted Average Cost of Capital (WACC) as well as the Comparable Companies considered in arriving at the fair value.<br><br>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 Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management and Discussion 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 auditors' 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 such other information is materially inconsistent with the Consolidated 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 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 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 18 subsidiaries, whose financial statements reflect total assets of ₹ 5,176.60 crores as at 31<sup>st</sup> March 2022, total revenues of ₹ 3,491.69 crores and net cash flows amounting to ₹ 380.43 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 profit of ₹ 10.23 crores for the year ended 31<sup>st</sup> March 2022, as considered in the consolidated financial statements, in respect of 2 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 4 subsidiaries included in the consolidated financial statement, whose financial statement / financial information reflect total assets of ₹ 124.16 crores as at 31<sup>st</sup> March 2022, total revenues of ₹ 115.06 crores and net cash flows of ₹ 22.01 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 ₹ 7.74 crores for the year ended 31<sup>st</sup> March 2022, as considered in the consolidated financial statements, in respect of 5 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

1. 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 31<sup>st</sup> March, 2022, 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 31<sup>st</sup> March, 2022, 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 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 remuneration 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 the 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - 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 Company and its subsidiary companies incorporated in India.
  - iv. (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiary respectively that, to the best of their knowledge and belief, other than as

disclosed in the notes to accounts (refer Note 45 (viii)), no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiary respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts (refer Note 45 (ix)), no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The Parent has declared interim dividends and paid the same during the year and until the date of this audit report are in accordance with Section 123 of the Companies Act, 2013.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For V. SANKAR AIYAR & CO  
Chartered Accountants  
Firm Regn. No.: 109208W

S. VENKATARAMAN  
Partner

Place : Chennai  
Date : 5<sup>th</sup> May 2022

Membership No.: 023116  
UDIN: 22023116AJFSNI3627

**Annexure to the Independent Auditors' Report for the year ended 31<sup>st</sup> March 2022**

**To the members of TVS Motor Company Limited**

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of TVS Motor Company Ltd ("the Holding Company"), the subsidiary companies and its associate incorporated in India.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary companies and its associate, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI 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 issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the

Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Holding Company, its subsidiary companies and its associate, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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 V. SANKAR AIYAR & CO  
Chartered Accountants  
Firm Regn. No.: 109208W

S. VENKATARAMAN  
Partner

Place : Chennai  
Date : 05<sup>th</sup> May 2022

Membership No.: 023116  
UDIN: 22023116AJFSNI3627

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2022

Rupees in crores

|  | Notes | As at<br>31-03-2022 | As at<br>31-03-2021 |
|--|-------|---------------------|---------------------|
| <b>ASSETS</b>  |       |                     |                     |
| <b>Non-Current assets</b>                                |       |                     |                     |
| Property, plant and equipment                            | 2     | 4,377.98            | 3,366.60            |
| Capital work-in-progress                                 | 2     | 320.18              | 873.89              |
| Investment properties                                    | 3     | 137.70              | 137.70              |
| Goodwill on consolidation                                |       | 569.47              | 188.31              |
| Other intangible assets                                  | 2     | 889.49              | 528.44              |
| Intangible assets under development                      | 2     | 231.35              | 166.88              |
| Financial assets   |       |                     |                     |
| i. Investments   | 4     | 109.51              | 180.39              |
| ii. Loans (receivable from financing activity)           | 5     | 6,716.45            | 5,361.97            |
| iii. Other Financial Assets                              | 6     | 124.14              | 14.92               |
| Investments accounted using equity method                | 7     | 364.82              | 287.62              |
| Non-current tax assets (Net)                             |       | 49.60               | 39.72               |
| Deferred tax assets                                      | 8     | 217.88              | 127.62              |
| Other non-current assets                                 | 9     | 115.43              | 181.79              |
|  |       | <u>14,244.00</u>    | <u>11,455.85</u>    |
| <b>Current Assets</b>                                    |       |                     |                     |
| Inventories  | 10    | 1,642.36            | 1,367.43            |
| Financial assets   |       |                     |                     |
| i. Trade receivables                                     | 11    | 1,155.24            | 1,029.26            |
| ii. Investments  | 4     | 130.23              | —                   |
| iii. Loans (receivable from financing activity)          | 5     | 7,299.25            | 5,794.23            |
| iv. Cash and cash equivalents                            | 12    | 1,445.68            | 1,573.76            |
| v. Bank balances other than (iv) above                   | 13    | 89.93               | 83.09               |
| vi. Other financial assets                               | 14    | 131.62              | 92.35               |
| Current tax assets (Net)                                 |       | 1.42                | 4.83                |
| Other current assets                                     | 15    | 952.35              | 591.89              |
|  |       | <u>12,848.08</u>    | <u>10,536.84</u>    |
| <b>Total assets</b>                                      |       | <b>27,072.08</b>    | <b>21,992.69</b>    |
| <b>EQUITY AND LIABILITIES</b>                            |       |                     |                     |
| Equity share capital                                     | 16    | 47.51               | 47.51               |
| Other equity   | 17    | 4,351.94            | 3,779.10            |
| Equity attributable to owners                            |       | 4,399.45            | 3,826.61            |
| Non-controlling interest                                 |       | 653.56              | 387.90              |
|  |       | <u>5,053.01</u>     | <u>4,214.51</u>     |
| <b>Liabilities</b>                                       |       |                     |                     |
| <b>Non-current liabilities</b>                           |       |                     |                     |
| Financial liabilities                                    |       |                     |                     |
| i. Borrowings  | 18    | 7,305.77            | 6,280.26            |
| ii. Lease Liabilities                                    |       | 403.05              | 184.76              |
| iii. Others  |       | 9.85                | 40.68               |
| Provisions   | 19    | 196.24              | 159.44              |
| Deferred tax liabilities (Net)                           | 20    | 207.56              | 204.33              |
| Other non current liabilities                            |       | 44.88               | —                   |
|  |       | <u>8,167.35</u>     | <u>6,869.47</u>     |
| <b>Current liabilities</b>                               |       |                     |                     |
| Financial liabilities                                    |       |                     |                     |
| i. Borrowings  | 21    | 7,991.51            | 5,650.48            |
| ii. Lease Liabilities                                    |       | 126.88              | 63.66               |
| iii. Trade payables                                      | 22    |                     |                     |
| a. Total outstanding dues of micro and small enterprises |       | 69.78               | 45.00               |
| b. Total outstanding dues of other than (iii) (a) above  |       | 4,555.21            | 4,253.60            |
| iv. Other financial liabilities                          | 23    | 325.71              | 322.99              |
| Provisions   | 19    | 107.42              | 85.34               |
| Other current liabilities                                | 24    | 675.21              | 487.64              |
|  |       | <u>13,851.72</u>    | <u>10,908.71</u>    |
| Total liabilities  |       | <u>22,019.07</u>    | <u>17,778.18</u>    |
| Total equity and liabilities                             |       | <u>27,072.08</u>    | <u>21,992.69</u>    |
| Significant accounting policies                          | 1     |                     |                     |
| See the accompanying notes to the financial statements   |       |                     |                     |

PROF. SIR RALF DIETER SPETH  
Chairman

SUDARSHAN VENU  
Managing Director

K.N.RADHAKRISHNAN  
Director &  
Chief Executive Officer

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place : Chennai  
Date : 5<sup>th</sup> May 2022

K. GOPALA DESIKAN  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATARAMAN  
Partner  
Membership No.: 023116

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2022

|       |   | Rupees in crores         |                          |
|-------|---|--------------------------|--------------------------|
|       | Notes   | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
| I     | Revenue from operations   | 25                       | 24,355.31                |
| II    | Other income  | 26                       | 32.87                    |
| III   | Total Income (I +II)  |                          | 24,388.18                |
| IV    | Expenses:   |                          |                          |
|       | Cost of materials consumed  | 27                       | 15,938.65                |
|       | Purchase of stock in trade  | 27                       | 579.04                   |
|       | Changes in inventories of finished goods,<br>Stock-in-trade and work-in-progress                      | 27                       | (260.40)                 |
|       | Employee benefits expense   | 28                       | 2,124.03                 |
|       | Finance costs   | 29                       | 940.22                   |
|       | Depreciation and amortisation expense   | 30                       | 742.86                   |
|       | Other expenses  | 31                       | 3,219.36                 |
|       | Total expenses  |                          | 23,283.76                |
| V     | Profit before exceptional items, share of net profit / (loss)<br>from associates / and tax (III - IV) |                          | 1,104.42                 |
| VI    | Share of net profit / (loss) from associates using equity method                                      |                          | 2.49                     |
| VII   | Profit before exceptional items and tax (V + VI)  |                          | 1,106.91                 |
| VIII  | Exceptional items   |                          | (40.12)                  |
| IX    | Profit before tax (VII + VIII)  |                          | 1,066.79                 |
| X     | Tax expense / (credit)  | 32                       |                          |
|       | i) Current tax  |                          | 364.55                   |
|       | ii) Deferred tax  |                          | (28.64)                  |
|       | Total tax expense (i + ii)  |                          | 335.91                   |
| XI    | Profit for the year (IX - X)  |                          | 730.88                   |
| XII   | (Profit) / Loss attributable to non-controlling Interest  |                          | 25.94                    |
| XIII  | Profit for the year attributable to owners (XI + XII)   |                          | 756.82                   |
| XIV   | Other comprehensive income  |                          |                          |
|       | A. Items that will not be reclassified to profit or loss:   |                          |                          |
|       | Remeasurements of post employment benefit obligations   | (85.33)                  | 5.08                     |
|       | Fair value changes of equity instruments  | 0.72                     | 61.67                    |
|       | Share of other comprehensive income from associates   | (0.29)                   | 0.02                     |
|       | Income tax relating to these items  | 18.53                    | (8.57)                   |
|       | B. Items that will be reclassified to profit or loss:   |                          |                          |
|       | Fair value changes on cash flow hedges  | 43.26                    | 63.36                    |
|       | Foreign currency translation adjustments  | 36.87                    | 11.16                    |
|       | Income tax relating to these items  | (10.87)                  | (16.98)                  |
|       | Other comprehensive income for the year, net of tax   | 2.89                     | 115.74                   |
| XV    | Other comprehensive income attributable to non-controlling interest                                   | 14.66                    | (0.79)                   |
| XVI   | Other comprehensive income attributable to owners (XIV - XV)  | (11.77)                  | 116.53                   |
| XVII  | Total comprehensive income attributable to owners (XIII + XVI)  | 745.05                   | 710.79                   |
| XVIII | Earnings per equity share (Face value of Re.1/- each)   |                          |                          |
|       | Basic & Diluted earnings per share (in rupees)  | 41                       | 15.93                    |
|       | Significant accounting policies   | 1                        |                          |

See the accompanying notes to the financial statements

PROF. SIR RALF DIETER SPETH  
Chairman

SUDARSHAN VENU  
Managing Director

K.N.RADHAKRISHNAN  
Director &  
Chief Executive Officer

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place: Chennai  
Date : 5<sup>th</sup> May 2022

K. GOPALA DESIKAN  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATARAMAN  
Partner  
Membership No.: 023116



# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Statement of Changes in Equity

### a Equity Share Capital

Rupees in crores

|  |       |
|--|-------|
| As at 01-04-2020   | 47.51 |
| Changes in Equity Share capital due to prior period errors | —     |
| Restated balance as at 01-04-2020                          | 47.51 |
| Changes in equity share capital during the year            | —     |
| As at 31-03-2021   | 47.51 |
| Changes in Equity Share capital due to prior period errors | —     |
| Restated balance as at 01-04-2021                          | 47.51 |
| Changes in equity share capital during the year            | —     |
| As at 31-03-2022   | 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 31-03-2020                                      | 876.24             | 6.51            | 70.65             | 2,296.73          | 41.69   | 14.35                                | (71.58)         | 320.94                   | 3,555.53 |
| Add : Profit for the year 2020-21                             |                    |                 |                   | 594.26            |   |                                      |                 | 13.24                    | 607.50   |
| Add : Other comprehensive income for the year 2020-21         |                    |                 |                   | 4.49              | 54.08   | 11.16                                | 0.40            | (0.79)                   | 69.34    |
| Add: Share of OCI from associates, net of tax                 |                    |                 |                   | 0.02              |   |                                      |                 |                          | 0.02     |
| Less: Reclassification to profit or loss, net of tax          |                    |                 |                   |                   |   |                                      | (71.58)         |                          | (71.58)  |
| Less: Change in fair value of hedging instruments, net of tax |                    |                 |                   |                   |   |                                      | 25.20           |                          | 25.20    |
| Add: Transfer from Retained earnings to Statutory reserve     |                    |                 | 19.40             | (19.40)           |   |                                      |                 |                          | -        |
| Transaction in capacity as owners                             |                    |                 |                   |                   |   |                                      |                 |                          | -        |
| Add : Transactions with non-controlling interest              |                    |                 | 2.46              | (2.46)            |   |                                      |                 | 54.51                    | 54.51    |
| Less : Distribution to shareholders:                          |                    |                 |                   |                   |   |                                      |                 |                          | -        |
| 2020-21 First Interim dividend paid                           |                    |                 |                   | 99.77             |   |                                      |                 |                          | 99.77    |
| 2020-21 Second Interim dividend declared                      |                    |                 |                   | 66.51             |   |                                      |                 |                          | 66.51    |
| Balance as at 31-03-2021                                      | 876.24             | 6.51            | 92.51             | 2,707.36          | 95.77   | 25.51                                | (24.80)         | 387.90                   | 4,167.00 |
| Add: Profit for the year 2021-22                              |                    |                 |                   | 756.82            |   |                                      |                 | (25.94)                  | 730.88   |
| Add: Other comprehensive income for the year 2021-22          |                    |                 |                   | (58.04)           | (2.12)  | 26.82                                | (4.61)          | 8.71                     | (29.24)  |
| Add: Share of OCI from associates, net of tax                 |                    |                 |                   | (0.26)            |   |                                      |                 |                          | (0.26)   |
| Less: Reclassification to profit or loss, net of tax          |                    |                 |                   |                   |   |                                      | (24.80)         |                          | (24.80)  |
| Less: Change in fair value of hedging instruments, net of tax |                    |                 |                   |                   |   |                                      | (7.59)          |                          | (7.59)   |
| Add : Transfer of realised gain                               |                    |                 |                   | 80.94             | (80.94)   |                                      |                 |                          | -        |
| Add: Transfer from Retained earnings to Statutory reserve     |                    |                 | 20.34             | (20.34)           |   |                                      |                 |                          | -        |
| Add: Arising out of business combination                      |                    |                 |                   |                   |   |                                      |                 | 54.40                    | 54.40    |
| Transaction in capacity as owners                             |                    |                 |                   |                   |   |                                      |                 |                          | -        |
| Add : Transactions with non-controlling interest              |                    |                 | 3.81              | (3.81)            |   |                                      |                 | 228.49                   | 228.49   |
| Less : Distribution to shareholders:                          |                    |                 |                   |                   |   |                                      |                 |                          | -        |
| 2021-22 Interim dividend declared                             |                    |                 |                   | 178.16            |   |                                      |                 |                          | 178.16   |
| Balance as at 31-03-2022                                      | 876.24             | 6.51            | 116.66            | 3,284.51          | 12.71   | 52.33                                | 2.98            | 653.56                   | 5,005.50 |

### Nature and purpose of Reserves

- General reserve is available for distribution to shareholders.
- Capital reserve:
  - On shares forfeited (₹ 55,200) —
  - On surplus arising out of amalgamation 6.51
- 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.
- Hedging Reserve - Refer Note No. 34(D)

PROF. SIR RALF DIETER SPETH  
Chairman

SUDARSHAN VENU  
Managing Director

K.N.RADHAKRISHNAN  
Director &  
Chief Executive Officer

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place : Chennai  
Date : 5<sup>th</sup> May 2022

K. GOPALA DESIKAN  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATARAMAN  
Partner  
Membership No.: 023116

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Cash flow statement for the year ended 31<sup>st</sup> March 2022

Rupees in crores

|  | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
|--|--------------------------|--------------------------|
| <b>A. Cash flow from operating activities</b>                  |                          |                          |
| Profit before tax  | 1,066.79                 | 821.63                   |
| Add: Depreciation and amortisation for the year                | 742.86                   | 564.82                   |
| (Profit) / loss on sale of property, plant and equipment - Net | (2.47)                   | 1.96                     |
| (Gain) / loss on fair valuation / sale of investments - Net    | (0.23)                   | (0.04)                   |
| Unrealised exchange (gain) / loss - Net                        | (5.65)                   | 17.70                    |
| (Profit) / loss from Associates using equity method - Net      | (2.49)                   | 7.75                     |
| Dividend income  | (3.81)                   | (0.20)                   |
| Interest income  | (8.16)                   | (32.88)                  |
| Finance cost [excluding relatable to financial enterprise]     | 158.09                   | 152.05                   |
| Provisions   | (25.49)                  | 26.56                    |
|  | <u>852.65</u>            | <u>737.72</u>            |
| Operating profit before working capital changes                | 1,919.44                 | 1,559.35                 |
| Adjustments for:   |                          |                          |
| Loans given by a financial enterprise                          | (2,859.50)               | (1,700.87)               |
| Trade receivables  | (120.61)                 | 398.92                   |
| Inventories  | (274.93)                 | (178.96)                 |
| Other current assets   | (360.46)                 | (5.75)                   |
| Other financial assets   | (90.78)                  | 48.78                    |
| Trade payables   | 327.52                   | 1,113.53                 |
| Other financial liabilities                                    | 57.28                    | 151.87                   |
| Other current liabilities                                      | 174.57                   | 106.50                   |
| Other non-current assets                                       | 33.46                    | (91.35)                  |
|  | <u>(3,113.45)</u>        | <u>(157.33)</u>          |
| Cash generated from operations                                 | (1,194.01)               | 1,402.02                 |
| Direct taxes paid  | (366.15)                 | (250.73)                 |
| Net cash from operating activities (A)                         | <u>(1,560.16)</u>        | <u>1,151.29</u>          |

## B. Cash flow from investing activities

|  |                   |                 |
|--|-------------------|-----------------|
| Purchase of property, plant and equipment, intangible assets, after adjusting capital advances | (984.46)          | (927.98)        |
| Proceeds from sale of property, plant and equipment  | 13.58             | 3.35            |
| Purchase of investments  | (146.80)          | (5.51)          |
| Purchase of Investments in associates  | (75.00)           | (52.56)         |
| Sale / redemption of investments   | 87.44             | 16.78           |
| Contribution from non-controlling Interest   | 228.00            | 54.51           |
| Consideration paid towards business combination  | (619.99)          | —               |
| Interest received  | 7.88              | 28.84           |
| Dividends received   | 3.81              | 0.20            |
|  | <u>(1,485.94)</u> | <u>(882.37)</u> |
| Net cash from / (used in) investing activities (B)   | <u>(1,485.94)</u> | <u>(882.37)</u> |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Cash flow statement for the year ended 31<sup>st</sup> March 2022 – (continued)

Rupees in crores

Year ended  
31-03-2022

Year ended  
31-03-2021

#### C. Cash flow from financing activities

##### Borrowings:

|   |                 |               |
|---|-----------------|---------------|
| Non-current borrowings availed / (repaid)                 | 1,012.31        | 1,270.57      |
| Current borrowings availed / (repaid)                     | 2,341.03        | (673.10)      |
| Other bank balances                                       | (7.24)          | (55.21)       |
| Finance cost paid   | (155.74)        | (126.75)      |
| Lease liabilities paid                                    | (81.94)         | (52.24)       |
| Dividend and dividend tax paid                            | (190.40)        | (99.77)       |
|   | <u>2,918.02</u> | <u>263.50</u> |
| Net cash from / (used in) financing activities (C)        | <u>2,918.02</u> | <u>263.50</u> |
| Total (A) + (B) + (C)                                     | (128.08)        | 532.42        |
| Cash and cash equivalents at the beginning of the year    | 1,573.76        | 1,041.34      |
| Cash and cash equivalents at the end of the year          | 1,445.68        | 1,573.76      |
| D. Net increase / (decrease) in cash and cash equivalents | <u>(128.08)</u> | <u>532.42</u> |

Note : The above statement of cash flow is prepared using indirect method.

#### Change in liability arising from financing activities:

| Particulars            | As at<br>01-04-2021 | Cash flow | Foreign<br>exchange<br>movement | Amortisation | As at<br>31-03-2022 |
|------------------------|---------------------|-----------|---------------------------------|--------------|---------------------|
| Non-current borrowings | 6,280.26            | 1,012.31  | 10.40                           | 2.80         | 7,305.77            |
| Current borrowings     | 5,650.48            | 2,341.03  | –                               | –            | 7,991.51            |

#### Non-cash financing and investing activities:

|  | 2021-22 | 2020-21 |
|--|---------|---------|
| Acquisition of right-of-use assets           | 301.45  | 61.71   |
| Acquisition of property, plant and equipment | –       | 0.60    |

PROF. SIR RALF DIETER SPETH  
Chairman

SUDARSHAN VENU  
Managing Director

K.N.RADHAKRISHNAN  
Director &  
Chief Executive Officer

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place : Chennai  
Date : 5<sup>th</sup> May 2022

K. GOPALA DESIKAN  
Chief Financial Officer

K.S. SRINIVASAN  
Company Secretary

S. VENKATARAMAN  
Partner  
Membership No.: 023116

## 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. These financial statements for the year ended 31<sup>st</sup> March 2022 have been approved and authorised for issue by the Board of Directors at its meeting held on 5<sup>th</sup> May 2022.

### 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 investment accounted under equity method 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 investees accounted under equity method have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of investments accounted under equity method are tested for impairment in accordance with the policy described in note 1(k) below.

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## 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 |
|----------|--|--------------------------|--|--|----------------|
|          |  |                          | 2021-22  | 2020-21  |                |
| <b>1</b> | <b>Subsidiary Companies:</b>                               |                          |  |  |                |
| a.       | Sundaram Auto Components Limited, Chennai                  | India                    | 100%   | 100%   | 31-3-2022      |
| b.       | TVS Motor Company (Europe) B.V. Amsterdam                  | Netherlands              | 100%   | 100%   | 31-3-2022      |
| c.       | PT. TVS Motor Company Indonesia, Jakarta                   | Indonesia                | 51.20% direct holding, 31.71% by (d) and 17.09% by (b) | 51.20% direct holding, 31.71% by (d) and 17.09% by (b) | 31-3-2022      |
| d.       | TVS Motor (Singapore) Pte. Limited, Singapore              | Singapore                | 100%   | 100%   | 31-3-2022      |
| e.       | TVS Housing Limited, Chennai                               | India                    | 100%   | 100%   | 31-3-2022      |
| f.       | Sundaram Holding USA Inc., Delaware                        | USA                      | 50.35% by (a)  | 67.72% by (a)  | 31-3-2022      |
| g.       | Green Hills Land holding LLC, South Carolina               | USA                      | 100% by (f)  | 100% by (f)  | 31-3-2022      |
| h.       | Component Equipment Leasing LLC, South Carolina            | USA                      | 100% by (f)  | 100% by (f)  | 31-3-2022      |
| i.       | Sundaram-Clayton USA LLC, South Carolina                   | USA                      | 100% by (f)  | 100% by (f)  | 31-3-2022      |
| j.       | Premier Land Holding LLC, South Carolina                   | USA                      | 100% by (f)  | 100% by (f)  | 31-3-2022      |
| k.       | TVS Motor Services Limited, Chennai                        | India                    | 100%   | 100%   | 31-3-2022      |
| l.       | TVS Credit Services Limited, Chennai                       | India                    | 83.70% direct holding and 0.54% by (k)                 | 84.52% direct holding and 0.57% by (k)                 | 31-3-2022      |
| m.       | Harita Collection Services Private Limited, Chennai        | India                    | —  | 100% by (l)  | —              |
| n.       | Harita ARC Services Private Limited, Chennai               | India                    | 100% by (l)  | 100% by (l)  | 31-3-2022      |
| o.       | TVS Micro Finance Private Limited, Chennai                 | India                    | —  | 100% by (l)  | —              |
| p.       | TVS Commodity Financial Solutions Private Limited, Chennai | India                    | —  | 100% by (l)  | —              |
| q.       | TVS Two Wheeler Mall Private Limited, Chennai              | India                    | 100% by (l)  | 100% by (l)  | 31-3-2022      |
| r.       | TVS Housing Finance Private Limited, Chennai               | India                    | 100% by (l)  | 100% by (l)  | 31-3-2022      |
| s.       | The Norton Motorcycle Co. Limited, London                  | United Kingdom           | 100% by (d)  | 100% by (d)  | 31-3-2022      |
| t.       | Intellicar Telematics Private Limited, Bengaluru           | India                    | 100%   | 100%   | 31-3-2022      |
| u.       | TVS Digital Pte Limited, Singapore                         | Singapore                | 100% by (d)  | —  | 31-3-2022      |
| v.       | The GO Corporation, Zurich                                 | Switzerland              | 80% by (d)   | —  | 31-3-2022      |
| w.       | EGO Movement Stuttgart, GmbH                               | Germany                  | 100% by (v)  | —  | 31-3-2022      |
| x.       | Intellicar (Singapore) Pte Limited, Singapore              | Singapore                | 100% by (t)  | —  | 31-3-2022      |
| y.       | TVS Electric Mobility Ltd, Chennai                         | India                    | 100%   | —  | 31-3-2022      |
| z.       | Swiss E-Mobility Group (Holding) AG, Freienbach            | Switzerland              | 75% by (d)   | —  | 31-3-2022      |
| aa.      | Swiss E-Mobility Group (Schweiz) AG, Zurich                | Switzerland              | 100% by (z)  | —  | 31-3-2022      |
| ab.      | Colag E-Mobility GmbH, Germany, Nuremberg                  | Germany                  | 100% by (z)  | —  | 31-3-2022      |
| <b>2</b> | <b>Associate Companies:</b>                                |                          |  |  |                |
| ac.      | Emerald Haven Realty Limited, Chennai                      | India                    | 48.8%  | 48.8%  | 31-3-2022      |
| ad.      | Ultraviolette Automotive Private Limited, Bengaluru        | India                    | 31.33%   | 29.48%   | 31-3-2022      |
| ae.      | Tagbox Solutions Private Limited, Bengaluru                | India                    | 23.5%  | 23.5%  | 31-3-2022      |
| af.      | Tagbox Pte Ltd, Singapore                                  | Singapore                | 24.32% by (u)  | 24.32% by (d)  | 31-3-2022      |
| ag.      | Predictronic Corp, USA                                     | USA                      | 23.49% by (u)  | 23.49% by (d)  | 31-3-2022      |
| ah.      | Scienaptic Systems Inc., USA                               | USA                      | 21.72% by (u)  | 21.72% by (d)  | 31-3-2022      |
| ai.      | Altizon Inc, USA   | USA                      | 20.0% by (u)   | 20.0% by (d)   | 31-3-2022      |



## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### 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. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 useful life of Property, Plant and Equipment - refer Note 1(f) and 1(g).
- ii) Estimation of fair value of unlisted securities - (refer Note 33).
- iii) Estimation of impairment of goodwill (refer Note 37).
- iv) Defined benefit obligation - (refer Note 38).
- v) Estimation and evaluation of provisions and contingencies relating to tax litigations (refer Note 43(a).)

#### e) Revenue recognition

Sale of automotive vehicles, parts and automotive components

Revenue is recognised when the performance obligations are satisfied and the control of the goods 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 goods, customer has possession and legal title to the goods, customer bears significant risk and rewards of ownership and the customer has accepted the goods 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 42).

Sale of services

The Group also earns revenue from providing Technical / IT services and Royalty on usage of Group's technical knowhow. In respect of Technical / 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.

## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

#### 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.

#### f) Property, Plant and Equipment

Property, plant and equipment (including land, building, furniture, fixtures, vehicles, etc.) are held for use in the production or supply of goods or services, or for administrative purposes. 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. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for its intended use. 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 and loss during the reporting period in which they are incurred. Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss within other income / expense.

#### g) Depreciation and amortization

- i) Depreciation on property, plant and equipment 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 property, plant and equipment 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 to 10 |
| Computers and information systems    | 3 to 4  |
| Material handling equipment          | 5       |
| Mobile phone                         | 2       |
| Vehicles                             | 3 to 6  |

- iii) Tools and dies are generally 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 over a period of 9 years
- iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- v) On property, plant and equipment 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 property, plant and equipment 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 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, if any.

## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

Goodwill is allocated to the cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or group of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the cash generating units.

Other intangible assets

Intangible assets acquired separately:

Intangible assets with finite useful lives that are acquired separately and the estimated useful life is more than one year, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 - Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit and loss in the period in which it is incurred.

The intangible assets are amortised on straight line basis over its useful life, viz., 2 years in the case of software, 8 years in case of acquired brands / trade marks and 6 to 10 years in the case of Design, Development and Technical know-how.

#### j) Loans (receivable from financing activity)

The Loans (receivable from financing activity) are stated the contract value plus transaction costs less origination income that are directly attributable to the acquisition of the loan. Interest income is recognised using the Effective Interest Rate (EIR) method. Loans are stated at carrying value less impairment loss.

#### 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. Non-monetary investments measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on account of such translation is recognized in OCI or Profit and Loss in line with the designation of the respective item.

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 in the following manner:

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.

Notes to the Financial Statements - (continued)

1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 Note 34. 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 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 and 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 and loss in the periods when the hedged item affects profit and loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to the statement of profit 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

## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 obligations:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, 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 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 at the end of each reporting period 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 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 and 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. Where irrevocable trust exists, the Group is generally liable for contributions and any shortfall in the fund assets based on the Government specified minimum rates of return. The Group 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



## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 substantively 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.

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 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 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 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 allowances reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

#### 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 and loss on a straight-line basis over the expected lives of the related assets.

The benefit of a government loan at a below market-rate of interest is treated as government grant and is measured as the difference between proceeds received and fair value of the loan.

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 positive evidence of 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. When products are sold, the estimated liability for product warranties is recorded 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

## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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, on the basis of products and production process has identified the following business segments as reportable segments viz., (1) Automotive vehicles and parts, (2) Automotive components, (3) Financial services and (4) Others.

#### t) Leases

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 Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of buildings for which the Group 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 Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group, 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 respective Company:

- where possible, uses recent third-party financing received by the Company 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 Group 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 and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The carrying amount of lease liability is reduced by net lease payments (i.e., lease payments net off finance cost).

Variable lease payments are recognised in profit and 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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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 and 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) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the consideration is received. Contract liabilities are recognised as revenue when the Group performs under the contract.

#### x) 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 Fair Value through Other Comprehensive Income (FVOCI), or Fair Value Through Profit or Loss(FVTPL)], and
- Those to be 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 FVTPL) that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPTL are expensed in profit and 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 three 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 Other Comprehensive Income:

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss.

##### Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at 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 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 its investments in equity 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

## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

subsequent reclassification of fair value gains and losses to profit and loss.

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. Note No. 34 and Note No. 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 No. 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
- 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 and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

#### y) 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 and loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit and loss.

## Notes to the Financial Statements - (continued)

### 1 SIGNIFICANT ACCOUNTING POLICIES - (continued)

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.

#### z) 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.

#### aa) 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.

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.

#### ab) Earnings Per Share (EPS):

Basic earnings per share is computed by dividing the profit after tax (attributable to the owners) by the weighted average number of equity shares outstanding during the year / period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### ac) Recent pronouncements

The Ministry of Corporate Affairs has vide notification dated 23<sup>th</sup> March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1<sup>st</sup> April 2022. Below is a summary of such relevant amendments and requirements. No significant impact is expected on adoption of these amendments.

##### (i) Ind AS 16, Property, Plant and Equipment (PPE)

The amendment clarified that an entity shall deduct from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

##### (ii) Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts - Cost of fulfilling a contract: The amendment explains that the cost of fulfilling a contract comprises the incremental costs and an allocation of other costs that relate directly to fulfilling contracts.

##### iii) Ind AS 109 Financial Instruments: The amendment clarifies any cost or fees that an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a Financial Liability.



# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

### 2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - 31<sup>st</sup> March 2022

Rupees in crores

| Description                                      | Property, Plant & Equipment |           |                   |                      |          |                  |               |          | Other Intangible |                    |            |          |
|--|-----------------------------|-----------|-------------------|----------------------|----------|------------------|---------------|----------|------------------|--------------------|------------|----------|
|  | Land                        | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Rights of Use | Total    | Software         | Design Development | Trade mark | Total    |
|  | 1                           | 2         | 3                 | 4                    | 5        | 6                | 7             | 8        | 9                | 10                 | 11         | 12       |
| Cost of assets                                   |                             |           |                   |                      |          |                  |               |          |                  |                    |            |          |
| Gross carrying value as at 01-04-2021            | 338.42                      | 978.94    | 4,818.40          | 128.73               | 64.67    | 239.78           | 337.00        | 6,905.94 | 132.44           | 437.42             | 240.23     | 810.09   |
| Acquired in business combination                 | –                           | 1.22      | 12.96             | 1.18                 | 0.92     | 0.51             | 61.80         | 78.59    | 30.22            | 2.99               | 252.70     | 285.91   |
| Additions  | 51.90                       | 374.06    | 780.81            | 23.46                | 23.91    | 48.56            | 301.45        | 1,604.15 | 49.22            | 143.20             | 0.54       | 192.96   |
| Foreign exchange translation reserve adjustments | 5.85                        | 2.21      | 5.17              | 0.13                 | 0.71     | 0.20             | –             | 14.27    | –                | –                  | –          | –        |
| Sub-total  | 396.17                      | 1,356.43  | 5,617.34          | 153.50               | 90.21    | 289.05           | 700.25        | 8,602.95 | 211.88           | 583.61             | 493.47     | 1,288.96 |
| Sales / deletion                                 | 38.05                       | –         | 75.50             | 2.16                 | 5.03     | 4.90             | 1.65          | 127.29   | 0.05             | –                  | 3.09       | 3.14     |
| Total  | 358.12                      | 1,356.43  | 5,541.84          | 151.34               | 85.18    | 284.15           | 698.60        | 8,475.66 | 211.83           | 583.61             | 490.38     | 1,285.82 |
| Depreciation / Amortisation Upto 31-03-2021      | –                           | 294.97    | 2,860.81          | 80.65                | 37.24    | 171.42           | 94.25         | 3,539.34 | 116.47           | 165.18             | –          | 281.65   |
| For the year                                     | –                           | 46.81     | 414.51            | 14.56                | 24.10    | 28.32            | 99.85         | 628.15   | 30.28            | 72.29              | 12.14      | 114.71   |
| Foreign exchange translation reserve adjustments | –                           | 1.51      | 3.85              | (0.04)               | 0.55     | 0.03             | (1.85)        | 4.05     | –                | 0.02               | –          | 0.02     |
| Sub-total  | –                           | 343.29    | 3,279.17          | 95.17                | 61.89    | 199.77           | 192.25        | 4,171.54 | 146.75           | 237.49             | 12.14      | 396.38   |
| Withdrawn on assets sold / deleted               | –                           | –         | 64.16             | 0.86                 | 3.96     | 4.88             | –             | 73.86    | 0.05             | –                  | –          | 0.05     |
| Total  | –                           | 343.29    | 3,215.01          | 94.31                | 57.93    | 194.89           | 192.25        | 4,097.68 | 146.70           | 237.49             | 12.14      | 396.33   |
| Carrying value As at 31-03-2022                  | 358.12                      | 1,013.14  | 2,326.83          | 57.03                | 27.25    | 89.26            | 506.35        | 4,377.98 | 65.13            | 346.12             | 478.24     | 889.49   |

- a) Cost of buildings includes ₹ 32.85 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 - ₹ 2.44 Crores.

Capital work-in-progress (at cost) as at 31-03-2022

|                            |               |
|----------------------------|---------------|
| (a) Building               | 91.46         |
| (b) Plant & equipment      | 227.36        |
| (c) Pre-operative expenses | 1.36          |
| Total                      | <u>320.18</u> |

(i) Ageing of Capital work-in-progress as at 31-03-2022:

| Particulars          | Amount in Capital work-in-progress for a period of |           |           |                   |        |
|----------------------|--|-----------|-----------|-------------------|--------|
|                      | <1 Year  | 1-2 years | 2-3 years | More than 3 years | Total  |
| Projects in progress | 210.47   | 29.98     | 18.92     | 60.81             | 320.18 |

(ii) Ageing of Intangible assets under development as at 31-03-2022:

| Particulars          | Amount in Capital work-in-progress for a period of |           |           |                   |        |
|----------------------|--|-----------|-----------|-------------------|--------|
|                      | <1 Year  | 1-2 years | 2-3 years | More than 3 years | Total  |
| Projects in progress | 198.52   | 28.22     | 3.24      | 1.37              | 231.35 |

Capital work-in-progress and Intangible under development:

Project completion overdue or exceeded cost compared to original plan - None

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

### 2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS - 31<sup>st</sup> March 2022 - (continued)

Rupees in crores

| Description                                      | Property, Plant & Equipment |           |                   |                      |          |                  |               |          | Other Intangible |                    |            |        |
|--|-----------------------------|-----------|-------------------|----------------------|----------|------------------|---------------|----------|------------------|--------------------|------------|--------|
|  | Land                        | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Rights of Use | Total    | Software         | Design Development | Trade mark | Total  |
|  | 1                           | 2         | 3                 | 4                    | 5        | 6                | 7             | 8        | 9                | 10                 | 11         | 12     |
| Cost of assets                                   |                             |           |                   |                      |          |                  |               |          |                  |                    |            |        |
| Gross carrying value as at 01-04-2020            | 291.52                      | 946.44    | 4,485.16          | 114.92               | 57.36    | 217.02           | 280.31        | 6,392.73 | 118.44           | 266.23             | –          | 384.67 |
| Additions  | 39.29                       | 29.20     | 365.54            | 14.33                | 10.31    | 25.86            | 61.71         | 546.24   | 14.00            | 171.19             | 240.23     | 425.42 |
| Foreign exchange translation reserve adjustments | 7.61                        | 3.30      | 7.95              | (0.10)               | 0.02     | –                | –             | 18.78    | –                | –                  | –          | –      |
| Sub-total  | 338.42                      | 978.94    | 4,858.65          | 129.15               | 67.69    | 242.88           | 342.02        | 6,957.75 | 132.44           | 437.42             | 240.23     | 810.09 |
| Sales / deletion                                 | –                           | –         | 40.25             | 0.42                 | 3.02     | 3.10             | 5.02          | 51.81    | –                | –                  | –          | –      |
| Total  | 338.42                      | 978.94    | 4,818.40          | 128.73               | 64.67    | 239.78           | 337.00        | 6,905.94 | 132.44           | 437.42             | 240.23     | 810.09 |
| Depreciation / Amortisation                      |                             |           |                   |                      |          |                  |               |          |                  |                    |            |        |
| Upto 31-03-2020                                  | –                           | 255.43    | 2,557.66          | 64.37                | 33.28    | 135.18           | 45.17         | 3,091.09 | 100.52           | 101.16             | –          | 201.68 |
| For the year                                     | –                           | 37.64     | 334.25            | 16.63                | 6.15     | 39.03            | 51.15         | 484.85   | 15.95            | 64.02              | –          | 79.97  |
| Foreign exchange translation reserve adjustments | –                           | 1.90      | 4.81              | (0.02)               | 0.04     | 0.21             | (2.07)        | 4.87     | –                | –                  | –          | –      |
| Sub-total  | –                           | 294.97    | 2,896.72          | 80.98                | 39.47    | 174.42           | 94.25         | 3,580.81 | 116.47           | 165.18             | –          | 281.65 |
| Withdrawn on assets sold / deleted               | –                           | –         | 35.91             | 0.33                 | 2.23     | 3.00             | –             | 41.47    | –                | –                  | –          | –      |
| Total  | –                           | 294.97    | 2,860.81          | 80.65                | 37.24    | 171.42           | 94.25         | 3,539.34 | 116.47           | 165.18             | –          | 281.65 |
| Carrying value As at 31-03-2021                  | 338.42                      | 683.97    | 1,957.59          | 48.08                | 27.43    | 68.36            | 242.75        | 3,366.60 | 15.97            | 272.24             | 240.23     | 528.44 |

- a) Cost of buildings includes ₹ 26.36 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 .erm.  
c) Borrowing cost capitalised during the year - ₹ 30.65 Crores.

Capital work-in-progress (at cost) as at 31-03-2021

|                            |               |
|----------------------------|---------------|
| (a) Building               | 44.74         |
| (b) Plant & equipment      | 82.68         |
| (c) Pre-operative expenses | 746.48        |
| Total                      | <u>873.89</u> |

(i) Ageing of Capital work-in-progress as at 31-03-2021:

| Particulars          | Amount in Capital work-in-progress for a period of |           |           |                   |        |
|----------------------|--|-----------|-----------|-------------------|--------|
|                      | <1 Year  | 1-2 years | 2-3 years | More than 3 years | Total  |
| Projects in progress | 117.02   | 392.85    | 298.78    | 65.24             | 873.89 |

(ii) Ageing of Intangible assets under development as at 31-03-2021

| Particulars          | Amount in Capital work-in-progress for a period of |           |           |                   |        |
|----------------------|--|-----------|-----------|-------------------|--------|
|                      | <1 Year  | 1-2 years | 2-3 years | More than 3 years | Total  |
| Projects in progress | 140.45   | 4.08      | 22.35     | –                 | 166.88 |

Capital work-in-progress and Intangible under development:

Project completion overdue or exceeded cost compared to original plan - None

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores

|                                  |           | As at<br>31-03-2022 | As at<br>31-03-2021 |
|----------------------------------|-----------|---------------------|---------------------|
| <b>3 INVESTMENT PROPERTIES</b>   |           |                     |                     |
| Opening gross carrying amount    |           | 137.70              | 137.70              |
| Additions                        |           | —                   | —                   |
| Deletions                        |           | —                   | —                   |
| Closing gross carrying amount    | (A)       | <u>137.70</u>       | <u>137.70</u>       |
| Opening accumulated depreciation |           | —                   | —                   |
| Additions                        |           | —                   | —                   |
| Deletions                        |           | —                   | —                   |
| Closing accumulated depreciation | (B)       | <u>—</u>            | <u>—</u>            |
| Total investment properties      | (A) - (B) | <u>137.70</u>       | <u>137.70</u>       |

### 4 INVESTMENTS

#### 4A NON CURRENT INVESTMENTS

| Sl. No.    | Particulars  | No. of shares / units |                     | Face Value | Currency | Rupees in crores    |                     |
|------------|--|-----------------------|---------------------|------------|----------|---------------------|---------------------|
|            |  | As at<br>31-03-2022   | As at<br>31-03-2021 |            |          | As at<br>31-03-2022 | As at<br>31-03-2021 |
| 1          | 2  | 3                     | 4                   | 5          | 6        | 7                   | 8                   |
| <b>(a)</b> | <b>Investment in Equity Instruments</b>              |                       |                     |            |          |                     |                     |
|            | <b>Fair valued through OCI:</b>                      |                       |                     |            |          |                     |                     |
|            | Quoted :   |                       |                     |            |          |                     |                     |
| (i)        | Suprajit Engineering Limited, Bengaluru              | —                     | 2,892,000           | 1.00       | INR      | —                   | 79.67               |
| (ii)       | Ucal Fuel Systems Limited, Chennai                   | 91,760                | 91,760              | 10.00      | INR      | 1.03                | 1.28                |
|            | Unquoted :   |                       |                     |            |          |                     |                     |
| (iii)      | Green Infra BTV Limited, New Delhi                   | 3,250,000             | 3,250,000           | 10.00      | INR      | 1.62                | 1.50                |
| (iv)       | TVS Lanka (Private) Limited, Colombo                 | 5,000,000             | 5,000,000           | 10.00      | LKR      | 5.75                | 8.23                |
| (v)        | Green Infra Wind Power Projects Limited, New Delhi   | 111,600               | 111,600             | 10.00      | INR      | 0.08                | 0.06                |
| (vi)       | Green Infra Wind Energy Theni Limited, New Delhi     | 3,434,477             | 3,434,477           | 10.00      | INR      | 1.72                | 1.59                |
| (vii)      | Green Infra Wind Power Generation Limited, New Delhi | 216,000               | 216,000             | 10.00      | INR      | 0.16                | 0.15                |
| (viii)     | Condivision Solutions Pvt. Limited, Bengaluru        | 6,760                 | 6,760               | 10.00      | INR      | —                   | —                   |
| (ix)       | Mulanur Renewable Energy Pvt. Limited, Chennai       | 15,000                | 15,000              | 10.00      | INR      | 0.02                | 0.02                |
| (x)        | PHI Research Pvt. Limited, Chennai                   | 350,000               | 350,000             | 10.00      | INR      | 3.36                | 3.01                |
| (xi)       | Atria Wind Power Bijapur 1 Limited, Bengaluru        | 85,788                | 85,788              | 10.00      | INR      | 2.00                | 1.66                |
| (xii)      | Atria wind power (Chitradurga) P Ltd, Bengaluru      | 80,948                | 80,948              | 100.00     | INR      | 0.44                | 0.41                |
| (xiii)     | Altizon Systems Private Limited, Pune                | 10                    | 10                  | 10.00      | INR      | 0.01                | 0.01                |
|            | <b>Total value of Equity Instruments (a)</b>         |                       |                     |            |          | <b>16.19</b>        | <b>97.59</b>        |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

#### 4A NON CURRENT INVESTMENTS - (continued)

| Sl. No.    | Particulars  | No. of shares / units |                  | Face Value | Currency | Rupees in crores |                  |
|------------|--|-----------------------|------------------|------------|----------|------------------|------------------|
|            |  | As at 31-03-2022      | As at 31-03-2021 |            |          | As at 31-03-2022 | As at 31-03-2021 |
| 1          | 2  | 3                     | 4                | 5          | 6        | 7                | 8                |
| <b>(b)</b> | <b>Investments in Preference Shares: (Unquoted) (Fair valued through OCI):</b> |                       |                  |            |          |                  |                  |
|            | (i) Mottu Holdings Ltd, USA  | 70,344                | —                | 0.001      | USD      | 14.79            | —                |
|            | (ii) Pinnacle Engines Inc., USA (face value 0.01 cent)                         | 2,409,638             | —                | 0.0001     | USD      | —                | —                |
|            | (iii) Axiom Research Labs Private Limited, Delhi                               | 82                    | —                | 10.00      | INR      | —                | —                |
|            | <b>Investments in Preference Shares: (Unquoted) (Valued at Amortised Cost)</b> |                       |                  |            |          |                  |                  |
|            | (i) Pinnacle Engines Inc., USA (face value 0.01 cent)                          | —                     | 2,409,638        | 0.0001     | USD      | —                | 11.70            |
|            | (ii) Axiom Research Labs Private Limited, Delhi                                | —                     | 82               | 10.00      | INR      | —                | 1.00             |
|            | <b>Total value of Preference shares (b)</b>                                    |                       |                  |            |          | <b>14.79</b>     | <b>12.70</b>     |
| <b>(c)</b> | <b>Other non-current Investments (Unquoted):</b>                               |                       |                  |            |          |                  |                  |
|            | <b>Investments fair valued through OCI:</b>                                    |                       |                  |            |          |                  |                  |
|            | (i) Autotech Fund I L.P., USA  |                       |                  |            | USD      | 52.38            | 40.43            |
|            | (ii) Harita Accessories LLP  |                       |                  |            | INR      | —                | 1.07             |
|            | <b>Pension Funds / Government Securities (Valued at Amortised Cost):</b>       |                       |                  |            |          |                  |                  |
|            | (iii) ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai        |                       |                  |            | INR      | 6.28             | 6.69             |
|            | (iv) Life Insurance Corporation Pension Policy, Mumbai                         |                       |                  |            | INR      | 19.87            | 21.55            |
|            | <b>Mutual Funds (Fair Valued through Profit or Loss):</b>                      |                       |                  |            |          |                  |                  |
|            | (i) Investment in Mutual Funds   |                       |                  |            | INR      | —                | 0.36             |
|            | <b>Total value of other non-current investments (c)</b>                        |                       |                  |            |          | <b>78.53</b>     | <b>70.10</b>     |
|            | Total (a) + (b) + (c)  |                       |                  |            |          | 109.51           | 180.39           |
|            | Aggregate amount of quoted investments and market value thereof                |                       |                  |            |          | 1.03             | 80.95            |
|            | Aggregate amount of unquoted investments                                       |                       |                  |            |          | 108.48           | 99.44            |
|            | Total  |                       |                  |            |          | 109.51           | 180.39           |

All Investments are fully paid up.

#### 4B CURRENT INVESTMENTS

| Sl. No.    | Particulars   | No. of shares / units |                  | Face Value | Currency | Rupees in crores |                  |
|------------|---|-----------------------|------------------|------------|----------|------------------|------------------|
|            |   | As at 31-03-2022      | As at 31-03-2021 |            |          | As at 31-03-2022 | As at 31-03-2021 |
| 1          | 2   | 3                     | 4                | 5          | 6        | 7                | 8                |
| <b>(a)</b> | <b>Investment in Equity Instruments Fair valued through Profit or Loss:</b> |                       |                  |            |          |                  |                  |
|            | Unquoted :  |                       |                  |            |          |                  |                  |
|            | (i) TVS Supply Chain Solutions Limited, Chennai                             | 1,066,220             | —                | 10.00      | INR      | 130.23           | —                |
|            | <b>Total</b>  |                       |                  |            |          | <b>130.23</b>    | <b>—</b>         |
|            | Aggregate amount of unquoted investments                                    |                       |                  |            |          | 130.23           | —                |
|            | <b>Total</b>  |                       |                  |            |          | <b>130.23</b>    | <b>—</b>         |

All Investments are fully paid up.

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores

#### 5 LOANS (RECEIVABLE FROM FINANCING ACTIVITY)

| Particulars  | As at 31-03-2022 |             | As at 31-03-2021 |             |
|--|------------------|-------------|------------------|-------------|
|  | Current          | Non-current | Current          | Non-current |
| Secured:   |                  |             |                  |             |
| Automobile financing                               |                  |             |                  |             |
| Considered good                                    | 4,938.73         | 5,807.61    | 4,392.94         | 4,776.07    |
| Considered doubtful                                | 300.84           | 156.84      | 233.71           | 107.03      |
| Less: Loss allowance                               |                  |             |                  |             |
| Provision for expected credit loss (Refer Note 35) | (136.49)         | (155.72)    | (103.86)         | (109.61)    |
| Unsecured:   |                  |             |                  |             |
| Financing (Others)                                 |                  |             |                  |             |
| Considered good                                    | 1,986.58         | 916.26      | 1,081.41         | 591.57      |
| Considered doubtful                                | 26.74            | 31.57       | 46.12            | 36.88       |
| Less: Loss allowance                               |                  |             |                  |             |
| Provision for expected credit loss (Refer Note 35) | (43.99)          | (41.55)     | (28.48)          | (41.36)     |
| Unsecured  |                  |             |                  |             |
| Trade advance and term loan                        |                  |             |                  |             |
| Considered good                                    | 224.79           | 1.44        | 170.46           | 1.39        |
| Considered doubtful                                | 12.98            |             | 8.30             |             |
| Provision for expected credit loss (Refer Note 35) | (10.93)          |             | (6.37)           |             |
|  | 7,299.25         | 6,716.45    | 5,794.23         | 5,361.97    |

As at  
31-03-2022

As at  
31-03-2021

#### 6 OTHER FINANCIAL ASSETS (NON-CURRENT)

|   |               |              |
|---|---------------|--------------|
| Deposits                                      | 12.92         | 12.73        |
| Loans given to employees                      | 1.88          | 1.39         |
| Other bank balances (Bank deposit)            | 0.40          | 0.80         |
| Claim receivable                              | 44.88         | —            |
| Derivative financial instruments - receivable | 64.06         | —            |
|   | <u>124.14</u> | <u>14.92</u> |

#### 7 INVESTMENTS ACCOUNTED USING EQUITY METHOD

|   |               |               |
|---|---------------|---------------|
| Emerald Haven Realty Limited, Chennai<br>[11,12,19,512 (last year - 11,12,19,512) Equity shares]      | 118.78        | 108.26        |
| Ultraviolette Automotive Private Limited, Bengaluru<br>[14,850 (last year - 14,850) Equity shares]    | 8.98          | 9.56          |
| Ultraviolette Automotive Private Limited, Bengaluru<br>[12,316 (last year - 8,377) Preference shares] | 110.00        | 35.00         |
| Predictronic Corp, USA<br>[24,827 (last year - 24,827) Equity shares]                                 | 20.04         | 20.57         |
| Tagbox Solutions Private Limited, Bengaluru<br>[45,710 (last year - 45,710) Equity shares]            | 1.37          | 1.42          |
| Tagbox Solutions Private Limited, Bengaluru<br>[3,83,983 (last year - 3,83,983) Preference shares]    | 9.99          | 9.99          |
| Tagbox Pte Limited, Singapore<br>[2,43,243 (last year - 2,43,243) Preference shares]                  | 14.41         | 15.01         |
| Scienaptic Systems Inc., USA<br>[28,05,357 (last year - 28,05,357) Equity shares]                     | 57.43         | 62.68         |
| Altizon Inc., USA<br>[8,06,429 (last year - 8,06,429) Equity shares]                                  | 23.82         | 25.13         |
|   | <u>364.82</u> | <u>287.62</u> |



## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores

#### 8 DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

Deferred tax asset consists of tax impact of:

|  | As at<br>31-03-2022 | As at<br>31-03-2021 |
|--|---------------------|---------------------|
| - Depreciation                           | 5.24                | 5.07                |
| - employee benefit expenses              | 11.36               | 9.53                |
| - expected credit losses provision       | 101.12              | 78.31               |
| - investment property                    | 14.72               | 14.72               |
| - carried forward loss                   | 64.76               | —                   |
| - others                                 | 23.28               | 24.05               |
| Total deferred tax assets (A)            | 220.48              | 131.68              |
| Deferred tax liability on other item (B) | 2.60                | 4.06                |
| Net deferred tax asset (A)-(B)           | 217.88              | 127.62              |

#### Movement in deferred tax:

| Particulars                                  | Depreciation | Others | Total  |
|--|--------------|--------|--------|
| <b>As at 31-03-2020</b>                      |              |        | 86.65  |
| Charged / (credited):                        |              |        |        |
| - to profit or loss                          | 0.47         | 38.92  | 39.39  |
| - to subsidiary incumbent deferred tax asset | —            | 0.33   | 0.33   |
| - to other comprehensive income              | —            | 1.25   | 1.25   |
| <b>As at 31-03-2021</b>                      |              |        | 127.62 |
| Charged / (credited):                        |              |        |        |
| - to profit or loss                          | 0.17         | 49.24  | 49.41  |
| - to subsidiary incumbent deferred tax asset | —            | 50.51  | 50.51  |
| - to foreign currency translation            | —            | 0.22   | 0.22   |
| - to other comprehensive income              | —            | (9.88) | (9.88) |
| <b>As at 31-03-2022</b>                      |              |        | 217.88 |

#### 9 OTHER NON-CURRENT ASSETS

|   |        |        |
|---|--------|--------|
| Capital advances                          | 59.43  | 61.79  |
| Advances other than capital advances:     |        |        |
| - Prepaid expenses                        | 3.36   | 16.59  |
| - Vendor advance                          | —      | 55.00  |
| - Deposits made                           | 50.66  | 48.23  |
| - Employee benefit assets (Refer Note 38) | 1.98   | —      |
| - Others                                  | —      | 0.18   |
|   | 115.43 | 181.79 |

#### 10 INVENTORIES

|   |          |          |
|---|----------|----------|
| Raw materials and components                    | 874.87   | 748.68   |
| Goods-in-transit - Raw materials and components | 27.37    | 146.88   |
| Work-in-progress                                | 65.17    | 40.76    |
| Finished goods                                  | 345.32   | 300.62   |
| Stock-in-trade                                  | 276.78   | 85.49    |
| Stores and spares                               | 52.85    | 45.00    |
|   | 1,642.36 | 1,367.43 |

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

Rupees in crores

|                              | As at<br>31-03-2022 | As at<br>31-03-2021 |
|------------------------------|---------------------|---------------------|
| <b>11 TRADE RECEIVABLES</b>  |                     |                     |
| Secured, considered good     | 14.11               | 17.18               |
| Unsecured, considered good * | 1,193.76            | 1,055.44            |
|                              | <u>1,207.87</u>     | <u>1,072.62</u>     |
| Less: Loss allowance         | 52.63               | 43.36               |
|                              | <u>1,155.24</u>     | <u>1,029.26</u>     |

\* Includes balance with related parties [refer Note 39(c)(i)].

Ageing for trade receivable as on 31.03.2022

| Particulars  | Outstanding for following periods from due date of payment |                       |                      |           |           |                      | Total    |
|--|--|-----------------------|----------------------|-----------|-----------|----------------------|----------|
|  | Not due  | Less than<br>6 months | 6 months -<br>1 year | 1-2 years | 2-3 years | More than<br>3 years |          |
| (i) Undisputed Trade receivables - considered good                                 | 185.10   | 868.05                | 83.55                | 15.01     | 4.98      | 18.89                | 1,175.58 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | –  | –                     | 1.23                 | 3.36      | 7.03      | –                    | 11.62    |
| (iii) Undisputed Trade Receivables - credit impaired                               | –  | –                     | 0.15                 | 0.18      | 0.04      | –                    | 0.37     |
| (iv) Disputed Trade Receivables - considered good                                  | –  | 0.08                  | 0.03                 | 1.43      | 6.03      | 6.47                 | 14.04    |
| (v) Disputed Trade Receivables - which have significant increase in credit risk    | –  | –                     | –                    | –         | –         | –                    | –        |
| (vi) Disputed Trade Receivables - credit impaired                                  | –  | –                     | –                    | –         | –         | –                    | –        |
|  | 185.10   | 868.13                | 84.96                | 19.98     | 18.08     | 25.36                | 1,201.61 |
| Add: Unbilled  |  |                       |                      |           |           |                      | 6.26     |
| Gross Trade Receivables  | 185.10   | 868.13                | 84.96                | 19.98     | 18.08     | 25.36                | 1,207.87 |

Ageing for trade receivable as on 31.03.2021

| Particulars  | Outstanding for following periods from due date of payment |                       |                      |           |           |                      | Total    |
|--|--|-----------------------|----------------------|-----------|-----------|----------------------|----------|
|  | Not due  | Less than<br>6 months | 6 months -<br>7 year | 1-2 years | 2-3 years | More than<br>3 years |          |
| (i) Undisputed Trade receivables - considered good                                 | 66.90  | 806.66                | 75.39                | 61.62     | 23.20     | 14.89                | 1,048.66 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | –  | 1.52                  | 3.32                 | 7.03      | –         | –                    | 11.87    |
| (iii) Undisputed Trade Receivables - credit impaired                               | –  | –                     | 0.18                 | 0.18      | 0.02      | –                    | 0.38     |
| (iv) Disputed Trade Receivables - considered good                                  | –  | 0.38                  | 0.37                 | 3.19      | 2.18      | 4.29                 | 10.41    |
| (v) Disputed Trade Receivables - which have significant increase in credit risk    | –  | –                     | –                    | –         | –         | –                    | –        |
| (vi) Disputed Trade Receivables - credit impaired                                  | –  | –                     | –                    | –         | –         | –                    | –        |
|  | 66.90  | 808.56                | 79.26                | 72.02     | 25.40     | 19.18                | 1,071.32 |
| Add: Unbilled  |  |                       |                      |           |           |                      | 1.30     |
| Gross Trade Receivables  | 66.90  | 808.56                | 79.26                | 72.02     | 25.40     | 19.18                | 1,072.62 |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

|   | Rupees in crores    |                     |
|---|---------------------|---------------------|
|   | As at<br>31-03-2022 | As at<br>31-03-2021 |
| <b>12 CASH AND CASH EQUIVALENTS</b>                                       |                     |                     |
| Balances with banks   | 1,442.86            | 869.63              |
| Cash on hand  | 2.44                | 1.52                |
| Cheque on hand  | 0.38                | —                   |
| Cash equivalents:   |                     |                     |
| Deposits with maturity of less than three month from the date of deposit. | —                   | 702.61              |
|   | <u>1,445.68</u>     | <u>1,573.76</u>     |
| Cash and cash equivalents for the purpose of cash flow statement          | <u>1,445.68</u>     | <u>1,573.76</u>     |
| <b>13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>              |                     |                     |
| Earmarked balances with banks (for unpaid dividend)                       | 72.54               | 83.09               |
| Fixed deposits (maturing between 3 to 12 months)                          | 17.39               | —                   |
|   | <u>89.93</u>        | <u>83.09</u>        |
| <b>14 OTHER FINANCIAL ASSETS - (CURRENT)</b>                              |                     |                     |
| Unsecured, considered good:   |                     |                     |
| - Employee advances   | 12.79               | 11.35               |
| - Security deposits   | 6.96                | 6.17                |
| - Claims receivable   | 29.69               | 6.79                |
| - Interest accrued on Fixed deposit                                       | 2.60                | 2.03                |
| - Receivable towards sale of fixed assets                                 | 62.98               | 62.98               |
| - Derivative financial instruments - receivable                           | 16.60               | 3.03                |
|   | <u>131.62</u>       | <u>92.35</u>        |
| <b>15 OTHER CURRENT ASSETS</b>  |                     |                     |
| Balances with tax authorities   | 570.51              | 343.66              |
| Prepaid expense   | 74.03               | 37.14               |
| Vendor advance*   | 178.44              | 158.12              |
| Trade deposits  | 3.55                | 3.49                |
| Export incentive receivable   | 98.80               | 44.09               |
| Others  | 26.19               | 5.39                |
| Employee benefit assets (refer Note 38)                                   | 0.83                | —                   |
|   | <u>952.35</u>       | <u>591.89</u>       |

\* Balances include balance with related parties [refer Note 39(c)(i)].

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

Rupees in crores

### 16 EQUITY SHARE CAPITAL

As at 31-03-2022 As at 31-03-2021

#### (a) Authorised, issued, subscribed and fully paid up

| Particulars   | As at 31-03-2022 |                  | As at 31-03-2021 |                  |
|---|------------------|------------------|------------------|------------------|
|   | Number           | Rupees in crores | Number           | Rupees in crores |
| Authorised:<br>Equity shares of Re.1/- each                           | 50,00,00,000     | 50.00            | 50,00,00,000     | 50.00            |
| Issued, subscribed and fully paid up:<br>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 31-03-2022 |                  | As at 31-03-2021 |                  |
|---|------------------|------------------|------------------|------------------|
|   | 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 31-03-2022      |              | As at 31-03-2021      |              |
|---|----------------|-----------------------|--------------|-----------------------|--------------|
|   |                | Number of shares held | % of holding | Number of shares held | % of holding |
| Sundaram-Clayton Limited, Chennai (Holding Company) | Equity         | 238,782,786           | 50.26        | 272,682,786           | 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 31-03-2022      |              | As at 31-03-2021      |              |
|-------------------------------------|----------------|-----------------------|--------------|-----------------------|--------------|
|                                     |                | Number of shares held | % of holding | Number of shares held | % of holding |
| ICICI Prudential Mutual Fund        | Equity         | 46,741,798            | 9.84         | 34,850,748            | 7.34         |
| Life Insurance Corporation Of India | Equity         | 30,112,473            | 6.34         | 30,710,169            | 6.46         |
| Jwalamukhi Investment Holdings      | Equity         | 20,168,180            | 4.25         | 26,700,107            | 5.62         |

#### (f) Shares held by Promoters at the end of the year 31-03-2022

| Promoter name                     | Class of share | As at 31-03-2022      |              | As at 31-03-2021      |              | % Change during the year |
|-----------------------------------|----------------|-----------------------|--------------|-----------------------|--------------|--------------------------|
|                                   |                | Number of shares held | % of holding | Number of shares held | % of holding |                          |
| Sundaram-Clayton Limited, Chennai | Equity         | 23,87,82,786          | 50.26        | 27,26,82,786          | 57.40        | (7.14)                   |

#### Shares held by Promoters at the end of the year 31-03-2021

| Promoter name                     | Class of share | As at 31-03-2021      |              | As at 31-03-2020      |              | % Change during the year |
|-----------------------------------|----------------|-----------------------|--------------|-----------------------|--------------|--------------------------|
|                                   |                | Number of shares held | % of holding | Number of shares held | % of holding |                          |
| Sundaram-Clayton Limited, Chennai | Equity         | 27,26,82,786          | 57.40        | 27,26,82,786          | 57.40        | —                        |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores

#### 17 OTHER EQUITY

| Particulars       | As at 31-03-2022 | As at 31-03-2021 |
|-------------------|------------------|------------------|
| General reserve   | 876.24           | 876.24           |
| Capital reserve   | 6.51             | 6.51             |
| Statutory reserve | 116.66           | 92.51            |
| Retained earnings | 3,284.50         | 2,707.36         |
| Other Reserves    | 68.03            | 96.48            |
|                   | 4,351.94         | 3,779.10         |

#### 18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

| Nature              | Lenders | As at<br>31-03-2022 | As at<br>31-03-2021 | Status as at 31-03-2022          |             |                             |          |
|---------------------|---------|---------------------|---------------------|----------------------------------|-------------|-----------------------------|----------|
|                     |         |                     |                     | Interest rate                    | Frequency   | No. of instal-<br>ments due | Maturity |
| Secured Borrowings: |         |                     |                     |                                  |             |                             |          |
| ECB Loan 1          | Bank    | 21.56               | 41.40               | 3 Month USD LIBOR<br>plus Margin | Half Yearly | 6                           | Mar-2023 |
| ECB Loan 2          | Bank    | 227.17              | 218.70              | 3 Month USD LIBOR<br>plus Margin | Quarterly   | 4                           | Feb-2023 |
| ECB Loan 3          | Bank    | 189.38              | 182.56              | 8.6%                             | Bullet      | 1                           | May-22   |
| ECB Loan 4          | Bank    | 189.38              | 182.56              | 8.6%                             | Bullet      | 1                           | Jun-22   |
| ECB Loan 5          | Bank    | 151.51              | 146.05              | 8.1%                             | Bullet      | 1                           | Aug-22   |
| ECB Loan 6          | Bank    | 151.51              | 146.05              | 8.1%                             | Bullet      | 1                           | Sep-22   |
| ECB Loan 7          | Bank    | 378.07              | 363.87              | 6.9%                             | Bullet      | 1                           | Jul-2023 |
| ECB Loan 8          | Bank    | 356.04              | 343.22              | 6.9%                             | Bullet      | 1                           | Oct-2023 |
| ECB Loan 9          | Bank    | 753.93              | –                   | 6.9%                             | Bullet      | 1                           | Dec-2024 |
| Term Loan           | Bank    | 22.92               | 52.50               | 1 Year MCLR<br>plus Margin       | Quarterly   | 5                           | Jun-2023 |
| Term Loan           | Bank    | 5.00                | 5.00                | 1 Year MCLR<br>plus Margin       | Quarterly   | 4                           | Jun-2023 |
| Term Loan           | Bank    | 13.13               | 15.00               | 1 Year MCLR<br>plus Margin       | Quarterly   | 16                          | Sep-2026 |
| Term Loan           | Bank    | 0.08                | 0.11                | 8.3%                             | Monthly     | 28                          | Jul-2024 |
| Term Loan           | Bank    | 220.84              | 265.34              | 2.0%                             | Half Yearly | 6                           | Dec-2024 |
| Term Loan           | Bank    | 199.98              | 199.96              | 7.4%                             | Bullet      | 1                           | Nov-2022 |
| Term Loan           | Bank    | 97.50               | 130.00              | 6.3%                             | Quarterly   | 6                           | Sep-2023 |
| Term Loan           | Bank    | 174.98              | 199.96              | 5.9%                             | Quarterly   | 7                           | Nov-2023 |
| Term Loan           | Bank    | 299.96              | 299.93              | 5.6%                             | Quarterly   | 8                           | Mar-2024 |
| Term Loan           | Bank    | 249.96              | –                   | 6.3%                             | Quarterly   | 8                           | Sep-2024 |
| Term Loan           | Bank    | 250.00              | –                   | 6.3%                             | Quarterly   | 8                           | Feb-2025 |
| Term Loan           | Bank    | 83.32               | –                   | 7.4%                             | Quarterly   | 4                           | Feb-2023 |
| Term Loan           | Bank    | 249.95              | –                   | 7.5%                             | Quarterly   | 10                          | Sep-2024 |
| Term Loan           | Bank    | –                   | 123.98              | –                                | –           | –                           | –        |
| Term Loan           | Bank    | –                   | 166.63              | –                                | –           | –                           | –        |
| Term Loan           | Bank    | 22.50               | 52.50               | 6.9%                             | Quarterly   | 3                           | Oct-2022 |
| Term Loan           | Bank    | 79.98               | 159.97              | 6.9%                             | Quarterly   | 4                           | Feb-2023 |
| Term Loan           | Bank    | –                   | 37.50               | –                                | –           | –                           | –        |
| Term Loan           | Bank    | 50.00               | 100.00              | 7.9%                             | Half yearly | 2                           | Dec-2022 |
| Term Loan           | Bank    | –                   | 41.67               | –                                | –           | –                           | –        |
| Term Loan           | Bank    | 41.66               | 141.64              | 5.2%                             | Monthly     | 5                           | Aug-2022 |
| Term Loan           | Bank    | 33.33               | 100.00              | 6.3%                             | Monthly     | 6                           | Sep-2022 |



# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

Rupees in crores

### 18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

| Nature                 | Lenders                                 | As at<br>31-03-2022 | As at<br>31-03-2021 | Status as at 31-03-2022 |             |                             |          |
|------------------------|---|---------------------|---------------------|-------------------------|-------------|-----------------------------|----------|
|                        |   |                     |                     | Interest rate           | Frequency   | No. of instal-<br>ments due | Maturity |
| Term Loan              | Bank                                    | 166.67              | 333.33              | 5.9%                    | Monthly     | 12                          | Mar-2023 |
| Term Loan              | Bank                                    | 141.67              | 241.67              | 5.9%                    | Monthly     | 17                          | Aug-2023 |
| Term Loan              | Bank                                    | 116.67              | 183.33              | 5.3%                    | Monthly     | 21                          | Dec-2023 |
| Term Loan              | Bank                                    | 374.96              | —                   | 5.3%                    | Monthly     | 27                          | Jun-2024 |
| Term Loan              | Bank                                    | 416.67              | —                   | 5.0%                    | Monthly     | 30                          | Sep-2024 |
| Term Loan              | Bank                                    | 229.17              | —                   | 5.3%                    | Monthly     | 33                          | Dec-2024 |
| Term Loan              | Bank                                    | 499.89              | —                   | 5.6%                    | Monthly     | 37                          | Apr-2025 |
| Term Loan              | Bank                                    | —                   | 238.90              | —                       | —           | —                           | —        |
| Term Loan              | Bank                                    | 249.78              | —                   | 6.1%                    | Quarterly   | 8                           | Mar-2025 |
| Term Loan              | Bank                                    | —                   | 33.33               | —                       | —           | —                           | —        |
| Term Loan              | Bank                                    | —                   | 16.67               | —                       | —           | —                           | —        |
| Term Loan              | Bank                                    | —                   | 100.00              | —                       | —           | —                           | —        |
| Term Loan              | Bank                                    | 100.00              | 150.00              | 7.4%                    | Half yearly | 4                           | Feb-2024 |
| Term Loan              | Bank                                    | 150.00              | —                   | 7.0%                    | Bullet      | 1                           | Oct-2024 |
| Term Loan              | Bank                                    | 249.77              | —                   | 6.8%                    | Quarterly   | 12                          | Mar-2025 |
| Term Loan              | Bank                                    | —                   | 199.97              | —                       | —           | —                           | —        |
| Term Loan              | Bank                                    | 99.93               | 199.86              | 7.4%                    | Quarterly   | 4                           | Mar-2023 |
| Term Loan              | Bank                                    | 124.94              | 224.89              | 7.3%                    | Quarterly   | 5                           | May-2023 |
| Term Loan              | Bank                                    | 39.99               | 79.99               | 7.3%                    | Quarterly   | 4                           | Mar-2023 |
| Term Loan              | Bank                                    | 199.96              | 250.00              | 7.3%                    | Quarterly   | 8                           | Mar-2024 |
| Term Loan              | Bank                                    | 66.63               | 99.95               | 7.4%                    | Monthly     | 24                          | Mar-2024 |
| Term Loan              | Bank                                    | —                   | 59.89               | —                       | —           | —                           | —        |
| Term Loan              | Bank                                    | —                   | 39.97               | —                       | —           | —                           | —        |
| Term Loan              | Bank                                    | —                   | 179.87              | —                       | —           | —                           | —        |
| Term Loan              | Bank                                    | 200.00              | —                   | 7.0%                    | Quarterly   | 10                          | Jul-2024 |
| Term Loan              | Bank                                    | 200.00              | —                   | 7.0%                    | Quarterly   | 10                          | Aug-2024 |
| Term Loan              | Bank                                    | 59.99               | 179.97              | 7.4%                    | Quarterly   | 2                           | Aug-2022 |
| Term Loan              | Bank                                    | 200.00              | —                   | 7.0%                    | Bullet      | 1                           | Oct-2024 |
| Term Loan              | Bank                                    | 199.94              | —                   | 6.5%                    | Bullet      | 1                           | May-2024 |
| Term Loan              | Others                                  | 4.93                | 24.59               | 6.4%                    | Quarterly   | 1                           | Jun-2022 |
| Soft Loan              | State owned corporation - I             | 2.84                | 2.63                | 0.1%                    | Yearly      | 1                           | Apr-2029 |
| Soft Loan (3 tranches) | State owned corporation -II             | 84.31               | 151.20              | 0.1%                    | Yearly      | 3                           | 2022-31  |
| Debentures             | 8.35% Secured Non Convertible Debenture | 300.00              | 300.00              | 8.35%                   | Bullet      | 1                           | Mar-2023 |
| Debentures             | 8.35% Secured Non Convertible Debenture | 25.00               | 25.00               | 8.35%                   | Bullet      | 1                           | Mar-2023 |
| Debentures             | 7.4% Secured Non Convertible Debenture  | 99.99               | 99.74               | 7.4%                    | Bullet      | 1                           | Apr-2022 |
| Debentures             | 8% Secured Non Convertible Debenture    | —                   | 6.37                | —                       | —           | —                           | —        |
| Debentures             | 8% Secured Non Convertible Debenture    | —                   | 45.00               | —                       | —           | —                           | —        |

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

Rupees in crores

### 18 NON CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS - (continued)

| Nature  | Lenders                              | As at<br>31-03-2022 | As at<br>31-03-2021 | Status as at 31-03-2022          |             |                             |          |
|---|--------------------------------------|---------------------|---------------------|----------------------------------|-------------|-----------------------------|----------|
|   |                                      |                     |                     | Interest rate<br>rate            | Frequency   | No. of instal-<br>ments due | Maturity |
| Unsecured Borrowings:                                       |                                      |                     |                     |                                  |             |                             |          |
| Debentures  | 7.5% Non<br>Convertible<br>Debenture | 499.03              | 498.21              | 7.5%                             | Bullet      | 1                           | May-2023 |
| ECB Loan  | Bank                                 | 75.79               | 121.85              | 3 Month USD LIBOR<br>plus Margin | Half Yearly | 3                           | Sep-2023 |
| Term Loan   | Bank                                 | 489.90              | —                   | 6.3%                             | Quarterly   | 20                          | May-2027 |
| Term Loan   | Bank                                 | 3.28                | —                   | 1.55%                            | Bullet      | 1                           | Dec-2024 |
| Term Loan   | Bank                                 | 15.58               | —                   | 0.65%                            | Yearly      | 7                           | Dec-2028 |
| Term Loan   | Bank                                 | 2.67                | —                   | 1.55%                            | Bullet      | 1                           | Dec-2024 |
| Sub Debt  | Bank                                 | 49.99               | 49.98               | 8.6%                             | Bullet      | 1                           | May-2023 |
| Sub Debt  | Bank                                 | 50.00               | 50.00               | 8.9%                             | Bullet      | 1                           | Jul-2023 |
| Sub Debt  | Bank                                 | 25.00               | 25.00               | 9.7%                             | Bullet      | 1                           | Sep-2022 |
| Sub Debt  | Bank                                 | 24.99               | 24.97               | 9.7%                             | Bullet      | 1                           | Sep-2022 |
| Sub Debt  | Others                               | 99.30               | 99.00               | 10.9%                            | Bullet      | 1                           | Aug-2024 |
| Sub Debt  | Others                               | 112.91              | 122.46              | 9.4%                             | Bullet      | 1                           | Jun-2026 |
| Sub Debt  | Others                               | —                   | 49.95               | 11.3%                            | Bullet      | 1                           |          |
| Sub Debt  | Others                               | 34.34               | 25.00               | 9.4%                             | Bullet      | 1                           | Jun-2026 |
| Sub Debt  | Others                               | 99.00               | —                   | 8.9%                             | Bullet      | 1                           | Jun-2027 |
| Sub Debt  | Others                               | 35.00               | —                   | 8.9%                             | Bullet      | 1                           | Jun-2027 |
| Sub Debt  | Others                               | 35.00               | —                   | 8.9%                             | Bullet      | 1                           | Jun-2027 |
| Sub Debt  | Others                               | 30.00               | —                   | 8.9%                             | Bullet      | 1                           | Jun-2027 |
| Sub Debt  | Others                               | 200.00              | —                   | 8.9%                             | Bullet      | 1                           | Jun-2027 |
| Sub Debt  | Others                               | 50.00               | —                   | 8.9%                             | Bullet      | 1                           | Jun-2027 |
| Sub Debt  | Others                               | 50.00               | 49.99               | 10.0%                            | Bullet      | 1                           | Apr-2022 |
| Sub Debt  | Others                               | 147.93              | 146.62              | 9.4%                             | Bullet      | 1                           | Aug-2026 |
| Sub Debt  | Others                               | —                   | 50.00               | 11.8%                            | Bullet      | 1                           |          |
| Sub Debt  | Others                               | 50.00               | 49.98               | 11.3%                            | Bullet      | 1                           | May-2022 |
| Sub Debt  | Others                               | 100.00              | 100.00              | 10.0%                            | Bullet      | 1                           | Jul-2026 |
| Perpetual Debt  | Others                               | 99.86               | 99.84               | 11.5%                            | Bullet      | 1                           | Nov-2027 |
| Term Loan   | Others                               | 16.41               | —                   | 0.5%                             | Annual      | 10                          | Nov-2031 |
| Sales Tax Deferral Phase I                                  | Others                               | —                   | 6.33                |                                  |             |                             |          |
| Sales Tax Deferral Phase II                                 | Others                               | 94.37               | 110.09              | 0.0%                             | Annual      | 6                           | 2027-28  |
| Total non current borrowings                                |                                      | 11,607.69           | 8,861.49            |                                  |             |                             |          |
| Less: Current Maturities of<br>long term borrowings         |                                      | 4,301.92            | 2,581.23            |                                  |             |                             |          |
| Total non current financial<br>liabilities (borrowings) Net |                                      | 7,305.77            | 6,280.26            |                                  |             |                             |          |

#### 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 3-9 hypothecation of receivables under the financing activity of the Group.
- Term Loan of ₹ 220.84 crores (Previous year: ₹ 265.34 crores) in USD from bank obtained - secured by land and building.
- Term loan received from bank of ₹ 41.05 crores (Previous year: ₹ 72.50 crores) - charge created on land and building and *pari-passu* charge on plant and machinery.
- Term loan received from bank of ₹ 0.08 crores (Previous year: ₹ 0.11 crores) - hypothecation of inventory and book debts.
- Term Loan received from Banks and Other parties of ₹ 5,924.68 crores inclusive of Current and Non-current dues (Previous year: ₹ 4,589.92 crores as on 31<sup>st</sup> March, 2021) is secured against hypothecation of receivables under the financing activity of the Group.
- 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 of ₹ 424.99 crores (Previous year: ₹ 424.47 crores) secured against hypothecation of receivables under the financing activity of the Group.

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

Rupees in crores

### 19 PROVISIONS

| Particulars                                      | As at 31-03-2022 |             | As at 31-03-2021 |             |
|--|------------------|-------------|------------------|-------------|
|  | Current          | Non-current | Current          | Non-current |
| Provision for employee benefits: (Refer Note 38) |                  |             |                  |             |
| (a) Pension                                      | 56.52            | 113.87      | 32.14            | 88.78       |
| (b) Leave salary                                 | 16.38            | 69.21       | 12.91            | 56.72       |
| (c) Gratuity                                     | 3.53             | 2.73        | 3.07             | 2.28        |
| Others:  |                  |             |                  |             |
| (a) Warranty                                     | 30.99            | 10.33       | 37.22            | 11.66       |
|  | 107.42           | 196.24      | 85.34            | 159.44      |

### 20 DEFERRED TAX LIABILITIES (NET)

The balance comprises temporary differences attributable to:

| Particulars                                       | As at<br>31-03-2022 | As at<br>31-03-2021 |
|---|---------------------|---------------------|
| Deferred tax liability consists of tax impact on: |                     |                     |
| - Depreciation                                    | 319.59              | 282.07              |
| - Others  | 26.64               | 26.59               |
| Total deferred tax liability (A)                  | 346.23              | 308.66              |
| Deferred tax asset consists of tax impact on:     |                     |                     |
| - tax on employee benefit expenses                | 51.21               | 33.70               |
| - tax on warranty provision                       | 12.12               | 14.02               |
| - tax on others                                   | 75.34               | 56.61               |
| Total deferred tax assets (B)                     | 138.67              | 104.33              |
| Net deferred tax liability (A)-(B)                | 207.56              | 204.33              |

Movement in deferred tax :

| Particulars                     | Depreciation | Others  | Total   |
|---------------------------------|--------------|---------|---------|
| As at 31-03-2020                |              |         | 173.77  |
| Charged / (credited):           |              |         |         |
| - to profit or loss             | 20.93        | (17.17) | 3.76    |
| - to other comprehensive income | —            | 26.80   | 26.80   |
| As at 31-03-2021                |              |         | 204.33  |
| Charged / (credited):           |              |         |         |
| - to profit or loss             | 37.52        | (16.75) | 20.77   |
| - to other comprehensive income | —            | (17.54) | (17.54) |
| As at 31-03-2022                |              |         | 207.56  |

### 21 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

Borrowings repayable on demand from banks

Secured

As at  
31-03-2022

1,485.07

As at  
31-03-2021

1,800.19

Unsecured

265.83

497.95

Short term loans:

From banks:

Secured

150.00

25.00

From others (unsecured)

1,788.69

746.11

Current Maturities of long term borrowings

4,301.92

2,581.23

7,991.51

5,650.48

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores  
As at                      As at  
31-03-2022              31-03-2021

#### 21 FINANCIAL LIABILITIES - BORROWINGS (CURRENT) - (continued)

Secured short term borrowings from banks are related to subsidiaries and details of securities created are as follows:

- a) A loan of ₹ 33.20 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India.
- b) A loan of ₹ 12.99 crores in USD obtained from a bank, partly secured (80%) by a credit guarantee issued by the EXIM bank of Indonesia.
- c) Working capital loan and cash credit of ₹ 1,197.61 crores obtained are secured by hypothecation of receivables under the financing activity of the Group.
- d) Short term loan of ₹ 150.00 crores obtained are secured by hypothecation of receivables under the financing activity of the Group.
- e) Working capital loan of ₹ 125.92 crores in CHF are secured by pledge of shares of a step-down subsidiary.
- f) Cash credit and working capital loan of ₹ 115.35 crores obtained are secured by hypothecation of receivables and inventories.

#### 22 TRADE PAYABLES

|  |                 |                 |
|--|-----------------|-----------------|
| Dues to Micro and Small Enterprises **                       | 69.78           | 45.00           |
| Dues to enterprises other than Micro and Small Enterprises # | 4,555.21        | 4,253.60        |
|  | <u>4,624.99</u> | <u>4,298.60</u> |

\*\* 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 and there is no principal and interest, due thereon and remaining unpaid as at end of the year.

# Balances include balances due to related parties [Refer Note 39(c)(ii)].

Ageing for trade payable as on 31.03.2022

| Particulars                            | Outstanding for following periods from due date of payment |          |           |           |                   |                                       |
|--|--|----------|-----------|-----------|-------------------|---------------------------------------|
|  | Not due  | <1 year  | 1-2 years | 2-3 years | More than 3 years | Total                                 |
| (i) Micro and Small Enterprises (MSME) | 69.78  | –        | –         | –         | –                 | 69.78                                 |
| (ii) Others                            | 2,511.10   | 1,343.81 | 2.94      | 10.30     | 20.90             | 3,889.05                              |
| (iii) Disputed dues – MSME             | –  | –        | –         | –         | –                 | –                                     |
| (iv) Disputed dues – Others            | –  | –        | –         | –         | –                 | –                                     |
| Accrued Expenses                       | 2,580.88   | 1,343.81 | 2.94      | 10.30     | 20.90             | 3,958.83<br>666.16<br><u>4,624.99</u> |

Ageing for trade payable as on 31.03.2021

| Particulars                            | Outstanding for following periods from due date of payment |          |           |           |                   |                           |
|--|--|----------|-----------|-----------|-------------------|---------------------------|
|  | Not due  | <1 year  | 1-2 years | 2-3 years | More than 3 years | Total                     |
| (i) Micro and Small Enterprises (MSME) | 45.00  | –        | –         | –         | –                 | 45.00                     |
| (ii) Others                            | 2,106.01   | 1,235.94 | 64.68     | 14.40     | 62.88             | 3,483.91                  |
| (iii) Disputed dues – MSME             | –  | –        | –         | –         | –                 | –                         |
| (iv) Disputed dues – Others            | –  | –        | –         | –         | –                 | –                         |
|  | 2,151.01   | 1,235.94 | 64.68     | 14.40     | 62.88             | 3,528.91                  |
| Accrued Expenses                       |  |          |           |           |                   | 769.69<br><u>4,298.60</u> |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

|   | Rupees in crores         |                          |
|---|--------------------------|--------------------------|
|   | As at<br>31-03-2022      | As at<br>31-03-2021      |
| <b>23 OTHER FINANCIAL LIABILITIES - CURRENT</b>   |                          |                          |
| Interest accrued but not due on loans   | 108.78                   | 115.45                   |
| Interest accrued and due on loans *   | 0.48                     | 0.64                     |
| Trade deposits received   | 120.09                   | 89.84                    |
| Unclaimed dividends<br>(Not due for transfer to Investor Education and Protection Fund)               | 3.79                     | 4.32                     |
| Dividend declared but not paid (Due for payment in subsequent year)                                   | 54.27                    | 66.51                    |
| Payables against capital goods  | 36.26                    | 14.42                    |
| Hedge liability   | —                        | 0.46                     |
| Others  | 2.04                     | 31.35                    |
|   | <u>325.71</u>            | <u>322.99</u>            |
| * Subsidiary has made funds available with the banks and the same has been appropriated subsequently. |                          |                          |
| <b>24 OTHER CURRENT LIABILITIES</b>   |                          |                          |
| Statutory dues  | 187.91                   | 155.98                   |
| Employee related  | 213.17                   | 149.89                   |
| Advance received from customers   | 261.13                   | 176.29                   |
| Deferred income   | 13.00                    | 5.48                     |
|   | <u>675.21</u>            | <u>487.64</u>            |
|   | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
| <b>25 REVENUE FROM OPERATIONS</b>   |                          |                          |
| Sale of products  | 21,182.12                | 17,015.40                |
| Sale of services  | 138.67                   | 58.14                    |
| Interest income of financial enterprise   | 2,446.59                 | 2,041.82                 |
| Other operating revenue <sup>#</sup>  | 587.93                   | 305.46                   |
|   | <u>24,355.31</u>         | <u>19,420.82</u>         |
| <sup>#</sup> Includes Government Grants of ₹ 280.56 Cr (Last year ₹ 107.72 Cr)                        |                          |                          |
| <b>26 OTHER INCOME</b>  |                          |                          |
| Dividend income - from investments designated as FVOCI  | 3.81                     | 0.20                     |
| Interest income   | 8.16                     | 32.88                    |
| Gain (Net) on Fair valuation / sale of investments  | 0.23                     | 0.04                     |
| Profit on sale of Property, Plant and Equipment (Net)   | 2.47                     | —                        |
| Bad debts recovered   | —                        | 1.33                     |
| Other non-operating income  | 18.20                    | 12.77                    |
|   | <u>32.87</u>             | <u>47.22</u>             |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

|  | Rupees in crores         |                          |
|--|--------------------------|--------------------------|
|  | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
| <b>27 MATERIAL COST</b>  |                          |                          |
| Cost of materials consumed   |                          |                          |
| Opening stock of raw materials and components                                  | 748.68                   | 640.65                   |
| Add: Purchases   | 16,064.84                | 12,808.76                |
|  | 16,813.52                | 13,449.41                |
| Less: Closing stock of raw materials and components                            | 874.87                   | 748.68                   |
|  | 15,938.65                | 12,700.73                |
| Purchases of stock-in-trade  | 579.04                   | 224.92                   |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade: |                          |                          |
| Opening stock:   |                          |                          |
| Work-in-progress   | 40.76                    | 52.71                    |
| Stock-in-trade   | 300.62                   | 75.31                    |
| Finished goods   | 85.49                    | 298.66                   |
|  | (A) 426.87               | 426.68                   |
| Closing stock:   |                          |                          |
| Work-in-progress   | 65.17                    | 40.76                    |
| Stock-in-trade   | 345.32                   | 300.62                   |
| Finished goods   | 276.78                   | 85.49                    |
|  | (B) 687.27               | 426.87                   |
|  | (A)-(B) (260.40)         | (0.19)                   |
| <b>28 EMPLOYEE BENEFITS EXPENSE</b>  |                          |                          |
| Salaries, wages and bonus  | 1,839.69                 | 1,501.69                 |
| Contribution to provident and other funds                                      | 136.59                   | 100.15                   |
| Staff welfare expenses   | 147.75                   | 87.53                    |
|  | 2,124.03                 | 1,689.37                 |
| <b>29 FINANCE COSTS</b>  |                          |                          |
| Interest on borrowings   | 846.82                   | 842.04                   |
| Other borrowing cost   | 57.67                    | 45.98                    |
| Interest on lease liabilities  | 35.99                    | 13.91                    |
| Exchange differences   | (0.26)                   | (20.44)                  |
|  | 940.22                   | 881.49                   |
| <b>30 DEPRECIATION AND AMORTISATION EXPENSE</b>                                |                          |                          |
| Depreciation on property plant and equipment                                   | 528.30                   | 433.70                   |
| Amortisation on right of use asset   | 99.85                    | 51.15                    |
| Amortisation on intangible assets  | 114.71                   | 79.97                    |
|  | 742.86                   | 564.82                   |



## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

|   | Rupees in crores         |                          |
|---|--------------------------|--------------------------|
|   | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
| <b>31 OTHER EXPENSES</b>  |                          |                          |
| (a) Consumption of stores, spares and tools   | 59.70                    | 50.09                    |
| (b) Power and fuel  | 126.81                   | 96.14                    |
| (c) Repairs - buildings   | 17.97                    | 16.29                    |
| (d) Repairs - plant and equipment   | 83.04                    | 75.85                    |
| (e) Insurance   | 36.10                    | 28.91                    |
| (f) Rates and taxes (excluding taxes on income)   | 22.41                    | 16.43                    |
| (g) Audit fees  | 2.91                     | 2.74                     |
| (h) Cost audit fees   | 0.06                     | 0.06                     |
| (i) Packing and freight charges   | 537.78                   | 346.52                   |
| (j) Advertisement and publicity   | 327.48                   | 322.64                   |
| (k) Other marketing expenses  | 211.56                   | 269.61                   |
| (l) Loss on sale of property, plant and equipment (Net)   | —                        | 1.96                     |
| (m) Foreign exchange loss (Net)   | 1.75                     | 32.92                    |
| (n) Loss allowance for expected credit losses relating to loans   | 554.14                   | 466.79                   |
| (o) Corporate social responsibility expenditure   | 20.61                    | 22.71                    |
| (p) Contributions to Electoral Trust / Bonds  | 5.00                     | —                        |
| (q) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1% of revenue from operations). | 1,212.04                 | 818.50                   |
|   | <u>3,219.36</u>          | <u>2,568.16</u>          |

Exceptional items reported in Statement of Profit & Loss represents CoVID-19 related expenses incurred during the year and one time costs associated with voluntary separation incurred during the year by a subsidiary.

### 32 TAX EXPENSE AND RECONCILIATION

|   |                |                |
|---|----------------|----------------|
| (a) Tax expense                                   |                |                |
| Current tax:                                      |                |                |
| Current tax on profits for the year               | 364.55         | 249.76         |
| (A)   | <u>364.55</u>  | <u>249.76</u>  |
| Deferred tax:                                     |                |                |
| Decrease / (increase) in deferred tax assets      | (64.68)        | (83.32)        |
| (Decrease) / increase in deferred tax liabilities | 36.04          | 47.69          |
| (B)   | <u>(28.64)</u> | <u>(35.63)</u> |
| (A) + (B)   | <u>335.91</u>  | <u>214.13</u>  |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores

Year ended  
31-03-2022

Year ended  
31-03-2021

### 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               | 1,066.79      | 821.63        |
| Tax expense at 25.168% (Previous year 25.168%) | 268.49        | 206.79        |
| Add / (less) tax impact on:                    |               |               |
| Capital receipts / additional deductions       | (16.38)       | (0.76)        |
| Partially allowed deductions                   | 19.38         | 5.06          |
| Timing difference on subsidiaries losses       | 56.63         | —             |
| Others   | 7.79          | 3.04          |
| Tax expense                                    | —             | —             |
|  | <u>335.91</u> | <u>214.13</u> |

### 33 FAIR VALUE MEASUREMENTS

| Particulars                          | As at 31-03-2022 |        |                | As at 31-03-2021 |        |                |
|--------------------------------------|------------------|--------|----------------|------------------|--------|----------------|
|                                      | FVTPL*           | FVOCI* | Amortised cost | FVTPL*           | FVOCI* | Amortised cost |
| Financial assets                     |                  |        |                |                  |        |                |
| Investments                          |                  |        |                |                  |        |                |
| - Equity instruments                 | 130.23           | 16.19  | —              | —                | 97.59  | —              |
| - Preference shares                  | —                | 14.79  | —              | —                | —      | 12.70          |
| - Other non current investments      | —                | 52.38  | —              | 0.36             | 41.50  | —              |
| - Debt Instruments                   | —                | —      | 26.15          | —                | —      | 28.24          |
| Trade receivables                    | —                | —      | 1,155.24       | —                | —      | 1,029.26       |
| Loans                                |                  |        |                |                  |        |                |
| (receivable from financing activity) | —                | —      | 14,015.70      | —                | —      | 11,156.20      |
| Fixed deposit with banks             | —                | —      | 0.40           | —                | —      | 0.80           |
| Cash and cash equivalents            | —                | —      | 1,445.68       | —                | —      | 1,573.76       |
| Earmarked balances with banks        | —                | —      | 89.93          | —                | —      | 83.09          |
| Derivative financial asset           | —                | 80.66  | —              | —                | 3.03   | —              |
| Other financial assets               | —                | —      | 174.70         | —                | —      | 103.44         |
| Total financial assets               | 130.23           | 164.02 | 16,907.80      | 0.36             | 142.12 | 13,987.49      |
| Financial liabilities                |                  |        |                |                  |        |                |
| Borrowings                           | —                | —      | 15,297.28      | —                | —      | 11,930.74      |
| Trade payables                       | —                | —      | 4,624.99       | —                | —      | 4,298.60       |
| Derivative financial liability       | —                | —      | —              | —                | 15.03  | —              |
| Lease liability                      | —                | —      | 529.93         | —                | —      | 248.42         |
| Other financial liability            | —                | —      | 335.56         | —                | —      | 348.64         |
| Total financial liabilities          | —                | —      | 20,787.76      | —                | 15.03  | 16,826.40      |

\* FVTPL - Fair Valued Through Profit and Loss      FVOCI - Fair Valued Through Other Comprehensive Income

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### 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 recognised and measured at fair value and that are measured at amortised cost, 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 31-03-2022               | Notes  | Level 1 | Level 2 | Level 3 | Total  |
|--------------------------------|--------|---------|---------|---------|--------|
| Financial assets               |        |         |         |         |        |
| Financial Investments at FVTPL | 4      | –       | –       | 130.23  | 130.23 |
| Financial Investments at FVOCI | 4      | 1.03    | 52.38   | 29.95   | 83.36  |
| Derivatives                    | 6 & 14 | –       | 80.66   | –       | 80.66  |
|                                |        | 1.03    | 133.04  | 160.18  | 294.25 |

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| As at 31-03-2022      | Notes   | Level 1 | Level 2 | Level 3   | Total     |
|-----------------------|---------|---------|---------|-----------|-----------|
| Financial assets      |         |         |         |           |           |
| <u>Investments</u>    |         |         |         |           |           |
| Debt instruments      | 4       | –       | –       | 26.15     | 26.15     |
|                       |         | –       | –       | 26.15     | 26.15     |
| Financial liabilities |         |         |         |           |           |
| Borrowings            | 18 & 21 | –       | –       | 15,297.28 | 15,297.28 |
|                       |         | –       | –       | 15,297.28 | 15,297.28 |

Financial assets and liabilities measured at fair value - recurring fair value measurements

| As at 31-03-2021               | Notes | Level 1 | Level 2 | Level 3 | Total  |
|--------------------------------|-------|---------|---------|---------|--------|
| Financial assets               |       |         |         |         |        |
| Financial Investments at FVTPL | 4     | 0.36    | –       | –       | 0.36   |
| Financial Investments at FVOCI | 4     | 80.95   | 41.50   | 16.64   | 139.09 |
| Derivatives                    | 15    | –       | 3.03    | –       | 3.03   |
|                                |       | 81.31   | 44.53   | 16.64   | 142.48 |
| Financial liabilities          |       |         |         |         |        |
| Derivatives                    | 23    | –       | 15.03   | –       | 15.03  |
|                                |       | –       | 15.03   | –       | 15.03  |

**Notes to the Financial Statements - (continued)**
**33 FAIR VALUE MEASUREMENTS – (continued)**

Rupees in crores

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| As at 31-03-2021      | Notes   | Level 1 | Level 2 | Level 3   | Total     |
|-----------------------|---------|---------|---------|-----------|-----------|
| Financial assets      |         |         |         |           |           |
| Investments           |         |         |         |           |           |
| Preference shares     | 4       | –       | –       | 12.70     | 12.70     |
| Debt instruments      | 4       | –       | –       | 28.24     | 28.24     |
|                       |         | –       | –       | 40.94     | 40.94     |
| Financial liabilities |         |         |         |           |           |
| Borrowings            | 18 & 21 | –       | –       | 11,930.74 | 11,930.74 |
|                       |         | –       | –       | 11,930.74 | 11,930.74 |

Level 1: This 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 Group's policy is to recognise transfer-in and transfer-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.

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### 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 31-03-2020  | 85.40                  |
| Additions / (deletions)                                   | (0.10)                 |
| Investment in associate - accounted using equity method   | (67.59)                |
| Gains / (losses) recognised in profit or loss             | 0.04                   |
| Gains / (losses) recognised in other comprehensive income | (1.11)                 |
| As at 31-03-2021  | 16.64                  |
| Additions / (deletions)                                   | 145.13                 |
| Reclassified from amortised cost                          | 12.70                  |
| Gains / (losses) recognised in profit or loss             | 0.23                   |
| Gains / (losses) recognised in other comprehensive income | (14.52)                |
| As at 31-03-2022  | 160.18                 |

##### (iv) Valuation inputs and relationships to fair value

| Particulars             | Fair value as at |            | Significant unobservable input | Probability weighted range for the year ended |            |
|-------------------------|------------------|------------|--------------------------------|---|------------|
|                         | 31-03-2022       | 31-03-2021 |                                | 31-03-2022                                    | 31-03-2021 |
| Unquoted Equity shares* | 160.18           | 16.64      | 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 are based on cash flow projections of future earnings of the Company. Risk adjustments have been derived based on the market risk premium adjusted for companies relevant financial data.

##### (vi) Fair value of financial assets and liabilities measured at amortised cost

| Particulars           | As at 31-03-2022 |            | As at 31-03-2021 |            |
|-----------------------|------------------|------------|------------------|------------|
|                       | Carrying amount  | Fair value | Carrying amount  | Fair value |
| Financial assets      |                  |            |                  |            |
| Investments           |                  |            |                  |            |
| Preference shares     | —                | —          | 12.70            | 12.70      |
| Debt instruments      | 26.15            | 26.15      | 28.24            | 28.24      |
|                       | 26.15            | 26.15      | 40.94            | 40.94      |
| Financial liabilities |                  |            |                  |            |
| Borrowings            | 15,297.28        | 15,297.28  | 11,930.74        | 11,930.74  |
|                       | 15,297.28        | 15,297.28  | 11,930.74        | 11,930.74  |

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 FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to credit risk, liquidity risk and market 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 forward-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 by considering the level of liquid assets necessary to meet the same, 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 FINANCIAL RISK MANAGEMENT - (continued)**

| Risk                       | Exposure arising from   | Risk Parameters and Mitigation  |
|----------------------------|---|---|
| Market Risk<br>(continued) | 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<br>- 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. |

**(A) Credit risk (except loans from financing activity covered under Note - 35)**
**Basis of recognition of expected credit loss provision**

| Rating | Category  | Description of category   | Investments                      | Loans and deposits              | Trade receivables                                      |
|--------|---|---|----------------------------------|---------------------------------|--|
| 1      | High Quality assets, negligible credit risk     | Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.  | 12 month expected credit losses  | 12 month expected credit losses | Life time expected credit losses (simplified approach) |
| 2      | Quality assets, low credit risk                 | Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and there has been low frequency of defaults in the past.   |                                  |                                 |  |
| 3      | Standard Assets, moderate credit risk           | Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.  |                                  |                                 |  |
| 4      | Substandard Assets, relatively high credit risk | Assets where there has been a significant increase in credit risk since initial recognition.  | Life time expected credit losses |                                 |  |
| 5      | Low quality assets, very high credit risk       | Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.  |                                  |                                 |  |
| 6      | Doubtful assets, credit impaired                | Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the 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. | Asset is written off             |                                 |  |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores

#### 34 FINANCIAL RISK MANAGEMENT - (continued)

As at 31-03-2022

##### 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 | 26.15                 | 0%                              | –                    | 26.15                                       |
|  | 1               | Other financial assets        | 174.70                | 0%                              | –                    | 174.70                                      |

##### 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                | 1,059.49               | 148.38                      | 1,207.87 |
| Expected loss rate                   | –                      | 35%                         |          |
| Expected credit losses               | –                      | 52.63                       | 52.63    |
| Carrying amount of trade receivables | 1,059.49               | 95.75                       | 1,155.24 |

As at 31-03-2021

##### 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 | 40.94                 | 0%                              | –                    | 40.94                                       |
|  | 1               | Other financial assets        | 103.44                | 0%                              | –                    | 103.44                                      |

##### 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                | 876.76                 | 195.86                      | 1,072.62 |
| Expected loss rate                   | –                      | 22%                         |          |
| Expected credit losses               | –                      | 43.36                       | 43.36    |
| Carrying amount of trade receivables | 876.76                 | 152.50                      | 1,029.26 |

##### Reconciliation of loss allowance provision - Trade receivables

|                           |       |
|---------------------------|-------|
| Loss allowance 01-04-2020 | 21.69 |
| Changes in loss allowance | 21.67 |
| Loss allowance 31-03-2021 | 43.36 |
| Changes in loss allowance | 9.27  |
| Loss allowance 31-03-2022 | 52.63 |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

#### 34 FINANCIAL RISK MANAGEMENT - (continued)

Rupees in crores

##### (B) Liquidity risk

##### (i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

| Particulars  | As at 31-03-2022 | As at 31-03-2021 |
|--|------------------|------------------|
| Floating rate  |                  |                  |
| - Expiring within one year (bank overdraft and other facilities) | 3,460.05         | 1,874.20         |
| - 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 31-03-2022

| 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                                      | 3,515.48           | 1,113.69             | 3,362.34           | 6,742.95          | 569.14            | 15,303.60 |
| Lease Liabilities                               | 34.01              | 33.94                | 65.92              | 421.48            | 79.18             | 634.53    |
| Trade payables                                  | 4,431.47           | 74.57                | 118.95             | —                 | —                 | 4,624.99  |
| Other financial liabilities                     | 287.99             | 29.13                | 8.59               | 9.85              | —                 | 335.56    |

As at 31-03-2021

| 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                                      | 1,499.09           | 801.89               | 3,349.50           | 5,784.82          | 503.14            | 11,938.44 |
| Lease Liabilities                               | 16.28              | 16.27                | 31.11              | 188.27            | 37.54             | 289.47    |
| Trade payables                                  | 4,037.75           | 197.51               | 63.34              | —                 | —                 | 4,298.60  |
| Other financial liabilities                     | 291.51             | 19.61                | 11.41              | 26.11             | —                 | 348.64    |
| Derivatives                                     | 0.46               | —                    | —                  | 14.57             | —                 | 15.03     |

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.

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

#### 34 FINANCIAL 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 31-03-2022 |         | As at 31-03-2021 |         |
|------------------------------------|------------------|---------|------------------|---------|
|                                    | USD              | EUR     | USD              | EUR     |
| Exposure in foreign currency       |                  |         |                  |         |
| Financial assets:                  |                  |         |                  |         |
| Trade receivables                  | 901.31           | 60.00   | 719.71           | 30.00   |
| Investments                        | 67.17            | —       | 52.13            | —       |
| Derivative assets:                 |                  |         |                  |         |
| Foreign exchange forward contracts |                  |         |                  |         |
| Sell foreign currency              | (1,583.99)       | (63.46) | (1,537.09)       | (74.85) |
| Financial liabilities:             |                  |         |                  |         |
| Foreign currency loan              | 2,689.79         | —       | 1,922.40         | —       |
| Trade payables                     | 274.38           | 6.52    | 408.60           | 5.91    |
| Derivative liabilities:            |                  |         |                  |         |
| Foreign exchange forward contracts |                  |         |                  |         |
| Buy foreign currency               | 0.95             | —       | (5.37)           | —       |
| Principal swap                     |                  |         |                  |         |
| Buy foreign currency               | (2,885.25)       | —       | (1,746.26)       | —       |

##### 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 31-03-2022            | As at 31-03-2021 | As at 31-03-2022                      | As at 31-03-2021 |
| USD sensitivity           |                             |                  |                                       |                  |
| INR/USD increases by 10%  | 41.75                       | 20.93            | (103.98)                              | (110.27)         |
| INR/USD decreases by 10%  | (41.75)                     | (20.93)          | 103.98                                | 110.27           |
| IDR/USD increases by 10%  | (12.19)                     | (10.09)          | —                                     | —                |
| IDR/USD decreases by 10%  | 12.19                       | 10.09            | —                                     | —                |
| EURO sensitivity          |                             |                  |                                       |                  |
| INR/EURO increases by 10% | 3.66                        | 1.78             | (4.35)                                | (5.54)           |
| INR/EURO decreases by 10% | (3.66)                      | (1.78)           | 4.35                                  | 5.54             |

\* 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 31-03-2022 | As at 31-03-2021 |
|--------------------------|------------------|------------------|
| Variable rate borrowings | 7,049.81         | 7,924.77         |
| Fixed rate borrowings    | 8,253.79         | 4,013.67         |

The amounts disclosed in the table are the contractual undiscounted cash flows.

| Sensitivity                           | Impact on profit after tax |                  |
|---------------------------------------|----------------------------|------------------|
|                                       | As at 31-03-2022           | As at 31-03-2021 |
| Increase in interest rates by 100 bps | (48.30)                    | (58.60)          |
| Decrease in interest rates by 100 bps | 48.30                      | 58.60            |

**Notes to the Financial Statements - (continued)**

Rupees in crores

**34 FINANCIAL 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 31-03-2022

| 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 | 1,647.45      | (0.95)      | 4.45                                  | –           | Apr'22 to Dec'22 | 4.45  | (4.45)  |
| Foreign currency loan              |               |             |                                       |             |                  |   |   |
| • Principal swap                   | –             | 2,494.33    | 79.06                                 | –           | Jun'22 to Dec'24 | 79.06                                       | (79.06)   |
| • Interest rate swap               | –             | 2,494.33    | –                                     | 2.85        |                  | (2.85)                                      | 2.85  |

## (b) Disclosure of effects of hedge accounting on financial position as at 31-03-2021

| 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 | 1,611.94      | 5.37        | 8.20                                  |             | Apr'21 to Mar'22 | 8.20  | (8.20)  |
| Foreign currency loan              |               |             |                                       |             |                  |   |   |
| • Principal swap                   | –             | 1,746.26    | –                                     | 6.22        | Sep'21 to Oct'23 | (6.22)                                      | 6.22  |
| • Interest rate swap               | –             | 1,746.26    | –                                     | 13.98       |                  | (13.98)                                     | 13.98   |

## (ii) Disclosure of effects of hedge accounting on financial performance:

## a. for the year ended 31-03-2022:

| 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 / POS / IRS | 7.59   | –   | (24.80)  | Revenue and Borrowing cost   |

## b. for the year ended 31-03-2021:

| 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 / POS / IRS | (25.20)  | –   | (71.58)  | Revenue and Borrowing cost   |

## Notes to the Financial Statements - (continued)

Rupees in crores

### 35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY

#### (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.

#### 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                                  | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| Gross Carrying value of Loans                |                |                |
| Stage-1 (Less than 30 Days)                  | 12,778.25      | 9,540.86       |
| Stage-2 (30-90 Days) <sup>#</sup>            | 1,097.14       | 1,481.27       |
| Stage-3 (More than 90 Days) <sup>*</sup>     | 528.99         | 423.75         |
| Total Gross Carrying value on Reporting Date | 14,404.38      | 11,445.88      |

<sup>#</sup> Includes restructured contracts under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2 021- 22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated 5<sup>th</sup> May 2021 irrespective of days past due on the reporting date.

<sup>\*</sup> Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June 2019 irrespective of days past due on the reporting date.

#### 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%.



## Notes to the Financial Statements - (continued)

Rupees in crores

### 35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY - (continued)

- 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.

The Company considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, government borrowing, private consumption expenditure, policy interest rates, etc., as considered relevant so as to determine the impact of macroeconomic factors on the Company's ECL estimates. The internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

#### 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 six months on the payment of installments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for CoVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The Company has classified all restructured accounts done under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June 2019 in Stage 3 and with regard to restructured contracts done under one time resolution framework vide RBI circular dated August 6, 2020 and RBI/2 021- 22/31/DOR.STR.REC.11 / 21.04.048/2021-22 dated 5<sup>th</sup> May 2021 in Stage 2 irrespective of days past due status on the reporting date.

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. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

#### Definition of default

The Company considers a financial instrument is in defaulted when the borrower becomes 90 days past due on its contractual payments. The financial services business considers Loans under default as 'credit impaired' and classified as Stage-3 except for restructured contracts as disclosed above.

#### Impairment loss

The expected credit loss allowance provision is determined as follows:

| Particulars                        | Stage 1   | Stage 2  | Stage 3 | Grand Total |
|------------------------------------|-----------|----------|---------|-------------|
| Gross Balance as at March 31, 2022 | 12,778.25 | 1,097.14 | 528.99  | 14,404.38   |
| Expected Credit Loss               | 87.82     | 33.25    | 267.61  | 388.68      |
| Expected Credit Loss Rate          | 0.69%     | 3.03%    | 50.59%  | 2.70%       |
| Net of Impairment Provision        | 12,690.43 | 1,063.89 | 261.38  | 14,015.70   |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores

#### 35 FINANCIAL RISK MANAGEMENT RELATING TO LOAN RECEIVABLE FROM FINANCING ACTIVITY - (continued)

| Particulars                        | Stage 1  | Stage 2  | Stage 3 | Grand Total |
|------------------------------------|----------|----------|---------|-------------|
| Gross Balance as at March 31, 2021 | 9,540.86 | 1,481.27 | 423.75  | 11,445.88   |
| Expected Credit Loss               | 81.90    | 42.35    | 165.43  | 289.68      |
| Expected Credit Loss Rate          | 0.86%    | 2.86%    | 39.04%  | 2.53%       |
| Net of Impairment Provision        | 9,458.96 | 1,438.92 | 258.32  | 11,156.20   |

#### Reconciliation of Expected Credit Loss

| Particulars                                    | Stage 1 | Stage 2 | Stage 3 | Grand Total |
|--|---------|---------|---------|-------------|
| Balance as at April 01, 2020                   | 39.22   | 9.50    | 143.38  | 192.10      |
| Transfer from Stage 1                          | (9.66)  | 7.54    | 2.12    | —           |
| Transfer from Stage 2                          | 2.44    | (4.61)  | 2.17    | —           |
| Transfer from Stage 3                          | 0.99    | 0.45    | (1.44)  | —           |
| Loans that have derecognised during the period | (8.35)  | (1.43)  | (41.06) | (50.84)     |
| New Loans originated during the year           | 33.56   | 4.26    | 14.79   | 52.61       |
| Net Remeasurement of Loss Allowance            | 23.70   | 26.64   | 45.47   | 95.81       |
| Balance as at March 31, 2021                   | 81.90   | 42.35   | 165.43  | 289.68      |
| Transfer from Stage 1                          | (29.74) | 18.52   | 11.22   | —           |
| Transfer from Stage 2                          | 2.12    | (12.60) | 10.48   | —           |
| Transfer from Stage 3                          | 4.64    | 2.41    | (7.05)  | —           |
| Loan that have derecognised during the period  | (21.69) | (19.64) | (90.95) | (132.28)    |
| New Loans originated during the year           | 60.76   | 2.65    | 17.14   | 80.55       |
| Net Remeasurement of Loss Allowance            | (10.17) | (0.44)  | 161.34  | 150.73      |
| Balance as at March 31, 2022                   | 87.82   | 33.25   | 267.61  | 388.68      |

#### 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:

|   | March 31, 2022 | March 31, 2021 |
|---|----------------|----------------|
| Concentration by geographical region in India |                |                |
| South   | 5,620.71       | 4,428.05       |
| West  | 3,870.73       | 3,123.68       |
| East  | 2,517.92       | 2,042.22       |
| North   | 2,395.02       | 1,851.93       |
| Total Loans as at reporting period            | 14,404.38      | 11,445.88      |

#### 36 CAPITAL MANAGEMENT

##### (a) Risk management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the 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).

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores

#### 36 CAPITAL MANAGEMENT - (continued)

The Group's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

| Particulars                      | As at 31-03-2022 | As at 31-03-2021 |
|----------------------------------|------------------|------------------|
| Net debt                         | 13,851.60        | 10,356.98        |
| Total equity                     | 5,053.01         | 4,214.51         |
| Net debt to equity ratio (times) | 2.7              | 2.5              |

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 31-03-2022 | Year ended 31-03-2021 |
|---------------------------------|-----------------------|-----------------------|
| EBIT (before exceptional item)  | 2,047.13              | 1,712.48              |
| Interest                        | 940.22                | 881.49                |
| Interest coverage ratio (times) | 2.18                  | 1.94                  |

#### (b) Dividends

| Particulars  | Year ended 31-03-2022 | Year ended 31-03-2021 |
|--|-----------------------|-----------------------|
| (i) Equity shares<br>Interim dividends for the year ended 31-03-2022 of ₹ 3.75 (31-03-2021 of ₹ 3.50) per fully paid share | 178.16                | 166.28                |
| (ii) Dividends not recognised at the end of the reporting period   | —                     | —                     |

#### 37 BUSINESS COMBINATION

On 1<sup>st</sup> October 2015, our Subsidiary Sundaram Auto Components Limited (SACL) acquired an automobile seat manufacturing business at Nalagarh, Himachal Pradesh to expand its business.

On 7<sup>th</sup> 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.

During the year ended March 31, 2022, our subsidiary TVS Motor (Singapore) Pte. Ltd. acquired majority stake in two E-Mobility companies in Europe to establish its presence in e-personal mobility space.

On 16<sup>th</sup> September 2021, 91,20,858 (80%) equity shares of The GO Corporation (The GO AG) and on 27<sup>th</sup> January 2022, 1,14,658 (75%) equity shares of Swiss E-Mobility Group (Holding) AG (SEMG) were acquired.

Details of the purchase consideration and goodwill are as follows:

| Particulars  | Business acquired by SACL | TVS Motor Services | GO AG  | SEMG   |
|--|---------------------------|--------------------|--------|--------|
| Consideration transferred                                      | 9.00                      | 1.62               | 131.46 | 488.60 |
| Non-controlling interest in the acquired entity                | —                         | 136.05             | (1.12) | 55.52  |
| Acquisition date fair value of previously held equity interest | —                         | 0.38               | —      | —      |
| Less : Net identifiable assets acquired                        | 6.80                      | (48.06)            | 71.23  | 222.07 |
| Goodwill on consolidation                                      | 2.20                      | 186.11             | 59.11  | 322.05 |
| Total goodwill recognised in books                             |                           |                    |        | 569.47 |

The goodwill is attributable to the expected synergies on acquisition of the financial services business and e-personal mobility 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.

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

Rupees in crores

#### 37 BUSINESS COMBINATION - (continued)

Company assessed impairment of goodwill based on the expected earnings growth of the acquired business.

Revenue and profit contribution for year ended March 31, 2022:

The acquired business contributed revenues of ₹114.60 crores and profit before tax of ₹ (23.73) crores between acquisition date and March 31, 2022.

If the acquisition had occurred on 1<sup>st</sup> April 2021, consolidated pro-forma revenue and profit before tax for the year ended 31<sup>st</sup> March 2022 would have been ₹ 24,804.62 crores and ₹ 1,060.83 crores, respectively.

#### 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 01-04-2020   | 140.14                      | (132.68)                  | 7.46       | 109.34                      | 54.40                       |
| Balance from Incumbent subsidiary:   | 0.52                        | —                         | 0.52       | —                           | —                           |
| Current service cost   | 21.82                       | —                         | 21.82      | —                           | —                           |
| Interest expense / (income)  | 9.15                        | (8.59)                    | 0.56       | 5.95                        | 3.55                        |
| Total amount recognised in profit or loss  | 30.97                       | (8.59)                    | 22.38      | 5.95                        | 3.55                        |
| Remeasurements   |                             |                           |            |                             |                             |
| Return on plan assets, excluding amounts included in interest expense / (income) | —                           | 2.15                      | 2.15       | —                           | —                           |
| (Gain) / loss from change in financial assumptions                               | (3.50)                      | —                         | (3.50)     | 0.77                        | (1.22)                      |
| Experience (gains) / losses  | (6.90)                      | —                         | (6.90)     | (8.05)                      | 19.34                       |
| Total amount recognised in other comprehensive income                            | (10.40)                     | 2.15                      | (8.25)     | (7.28)                      | 18.12                       |
| Employer contributions   | —                           | (16.76)                   | (16.76)    | —                           | —                           |
| Benefit payments   | (8.86)                      | 8.86                      | —          | (0.84)                      | (6.44)                      |
| As at 31-03-2021   | 152.38                      | (147.02)                  | 5.36       | 107.17                      | 69.63                       |
| Current service cost   | 24.25                       | —                         | 24.25      | —                           | —                           |
| Interest expense / (income)  | 11.45                       | (10.37)                   | 1.08       | 7.49                        | 4.39                        |
| Total amount recognised in profit or loss  | 35.70                       | (10.37)                   | 25.33      | 7.49                        | 4.39                        |
| Remeasurements   |                             |                           |            |                             |                             |
| Return on plan assets, excluding amounts included in interest expense / (income) | —                           | (3.31)                    | (3.31)     | —                           | —                           |
| (Gain) / loss from change in financial assumptions                               | (5.34)                      | —                         | (5.34)     | (3.27)                      | (1.82)                      |
| Experience (gains) / losses  | 26.44                       | —                         | 26.44      | 48.75                       | 30.26                       |
| Total amount recognised in other comprehensive income                            | 21.11                       | (3.31)                    | 17.76      | 45.48                       | 28.44                       |
| Employer contributions   | —                           | (44.99)                   | (44.99)    | (1.65)                      | —                           |
| Benefit payments   | (14.23)                     | 14.23                     | —          | —                           | (16.77)                     |
| As at 31-03-2022   | 194.96                      | (191.46)                  | 3.45       | 158.49                      | 85.69                       |

The Certain Companies in the group 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 .

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

#### 38 EMPLOYEE BENEFIT OBLIGATIONS - (continued)

Rupees in crores

The significant actuarial assumptions were as follows:

| Particulars                                  | As at<br>31-03-2022     | As at<br>31-03-2021 |
|--|-------------------------|---------------------|
| Discount rate (Gratuity)                     | 5.3% to 7.3%            | 5% to 7%            |
| Discount rate (Leave salary)                 | 5.2% to 7.3%            | 5.3% to 6.9%        |
| Discount rate (Pension)                      | 5.7% to 6.1%            | 5.5 to 6.6%         |
| Salary growth rate                           | 5.5% to 10%             | 5.5% to 10%         |
| Pre-retirement mortality rate                | IALM (2006-08) Ultimate |                     |
| Post retirement mortality rate               | LIC Ann (1996-98)       |                     |
| Attrition rate (For Leave salary & Gratuity) | 3 to 36%                | 3 to 36%            |

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                                      |            |                        |            |                        |            |
|                    | 31-03-2022                                      | 31-03-2021 | 31-03-2022             | 31-03-2021 | 31-03-2022             | 31-03-2021 |
| Discount rate      | 0.50%   | 0.50%      | 187.72                 | 146.08     | 202.50                 | 158.42     |
| Salary growth rate | 0.50%   | 0.50%      | 202.70                 | 158.46     | 187.69                 | 145.98     |
| Mortality          | 5.00%   | 5.00%      | 194.91                 | 152.03     | 194.84                 | 151.98     |

| Particulars        | Impact on defined benefit obligation - Pension |            |                        |            |                        |            |
|--------------------|--|------------|------------------------|------------|------------------------|------------|
|                    | Change in assumption                           |            | Increase in assumption |            | Decrease in assumption |            |
|                    | Year ended                                     |            |                        |            |                        |            |
|                    | 31-03-2022                                     | 31-03-2021 | 31-03-2022             | 31-03-2021 | 31-03-2022             | 31-03-2021 |
| Discount rate      | 1.00%  | 1.00%      | 141.03                 | 94.66      | 179.55                 | 122.46     |
| Salary growth rate | 1.00%  | 1.00%      | 180.38                 | 122.99     | 140.14                 | 85.04      |
| Mortality          | 5.00%  | 5.00%      | 157.06                 | 106.22     | 160.01                 | 108.27     |

| Particulars        | Impact on defined benefit obligation - Leave salary |            |                        |            |                        |            |
|--------------------|---|------------|------------------------|------------|------------------------|------------|
|                    | Change in assumption                                |            | Increase in assumption |            | Decrease in assumption |            |
|                    | Year ended  |            |                        |            |                        |            |
|                    | 31-03-2022  | 31-03-2021 | 31-03-2022             | 31-03-2021 | 31-03-2022             | 31-03-2021 |
| Discount rate      | 0.50%   | 0.50%      | 82.93                  | 67.50      | 88.67                  | 71.92      |
| Salary growth rate | 0.50%   | 0.50%      | 88.71                  | 71.93      | 82.87                  | 67.47      |
| Mortality          | 5.00%   | 5.00%      | 85.68                  | 69.64      | 85.69                  | 69.63      |

### 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: 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.

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 ₹ 55.72 crores (previous year ₹ 37.81 crores) has been recognised in the Statement of Profit and Loss."



### 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 #

TVS Holdings Private Limited, Chennai \*

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 (upto 4<sup>th</sup> September 2021)

Harita ARC Services Private Limited, Chennai

TVS Micro Finance Private Limited, Chennai (upto 4<sup>th</sup> September 2021)

TVS Commodity Financial Solutions Private Limited, Chennai (upto 9<sup>th</sup> February 2022)

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

Premier Land Holding LLC, USA

The Norton Motorcycle Co. Ltd, UK

Intellicar Telematics Private Limited, Bengaluru

TVS Electric Mobility Limited, Chennai (with effect from 13<sup>th</sup> December 2021)

Intellicar (Singapore) Pte Limited, Singapore (with effect from 10<sup>th</sup> November 2021)

TVS Digital Pte Limited, Singapore (with effect from 24<sup>th</sup> May 2021)

The GO Corporation, Switzerland (with effect from 16<sup>th</sup> September 2021)

EGO Movement Stuttgart, GmbH (with effect from 16<sup>th</sup> September 2021)

Swiss E-mobility (Group) Holding AG, Switzerland (with effect from 27<sup>th</sup> January 2022)

Swiss E-Mobility Group (Schweiz) AG Switzerland, Zurich (with effect from 27<sup>th</sup> January 2022)

Colag E-Mobility GmbH, Germany, Nuremberg (with effect from 27<sup>th</sup> January 2022)

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 Lanka Private Limited, Colombo #

TVS Training and Services 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, Madurai #  
Predictronics Corporation, USA  
TVS Training and Services Limited, Chennai \*  
Tagbox PTE Ltd, Singapore  
Altizon Inc., USA  
Scienaptic Systems Inc., USA

Subsidiaries of associate / joint venture of holding / ultimate holding / 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  
Harita Techserv Limited, Chennai #  
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 (KMP):

Executive Directors:

Mr. Venu Srinivasan, Chairman Emeritus & Managing Director  
Mr. Sudarshan Venu, Managing Director  
Mr. K.N.Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. C.R.Dua  
Mr. R.Gopalan  
Mrs. Lalita D. Gupte  
Mr. T.Kannan  
Mr. Kuok Meng Xiong  
Mr. Hemant Krishan Singh  
Mr. Prince Asirvatham (upto 20<sup>th</sup> August 2021)

Non-Independent Directors:

Prof. Sir Ralf Dieter Speth, Chairman  
Mr. H.Lakshmanan  
Dr. Lakshmi Venu

Relative of KMP:

Dr. Malini Srinivasan

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai @

# upto 4<sup>th</sup> February, 2022. Hence, only transactions upto that period is reported below

\* with effect from 4<sup>th</sup> February, 2022

@ upto 20<sup>th</sup> September, 2021. Hence, only transactions upto that period is reported below

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

|   | Rupees in crores                   |                                    |
|---|------------------------------------|------------------------------------|
|   | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
| <b>39 RELATED PARTY DISCLOSURE – (continued)</b>  |                                    |                                    |
| (b) Transactions with related parties:  |                                    |                                    |
| (i) Purchase of goods   |                                    |                                    |
| - ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai) #   | –                                  | 0.38                               |
| - holding company (Sundaram-Clayton Limited, Chennai)   | 519.17                             | 305.41                             |
| - fellow subsidiaries   |                                    |                                    |
| TVS Electronics Limited, Chennai #  | –                                  | 0.01                               |
| Sundaram Industries Private Limited, Madurai #  | 0.02                               | 0.04                               |
| Lucas-TVS Limited, Chennai #  | 149.62                             | 136.37                             |
| Lucas Indian Service Limited, Chennai #   | 8.72                               | 8.34                               |
| - associate / joint venture   |                                    |                                    |
| Tagbox Solutions Private Limited  | 0.52                               | –                                  |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company                              |                                    |                                    |
| Brakes India Private Limited, Chennai #   | 28.95                              | 22.92                              |
| TVS Srichakra Limited, Madurai #  | 435.40                             | 374.06                             |
| Wheels India Limited, Chennai #   | 0.04                               | 0.20                               |
| Sundram Fasteners Limited, Chennai #  | 45.58                              | 43.15                              |
| India Nippon Electricals Limited, Chennai #   | 300.22                             | 326.25                             |
| Sundaram Brake Linings Limited, Chennai #   | 7.89                               | 8.10                               |
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company              |                                    |                                    |
| TVS Upasana Limited, Chennai #  | 10.82                              | 16.35                              |
| - enterprises over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai) @ | 0.76                               | 1.71                               |
| - enterprises in which directors are interested   |                                    |                                    |
| TVS Organics Private Limited, Chennai   | 0.53                               | 0.28                               |
| (ii) Sale of goods  |                                    |                                    |
| - ultimate holding company  |                                    |                                    |
| T V Sundram Iyengar & Sons Private Limited, Madurai #   | 375.50                             | 360.58                             |
| TVS Holdings Private Limited, Chennai *   | 79.83                              | –                                  |
| - holding company (Sundaram-Clayton Limited, Chennai)   | 0.06                               | 0.04                               |
| - associate company (Emerald Haven Realty Limited, Chennai)   | 0.08                               | –                                  |
| - fellow subsidiary company   |                                    |                                    |
| Lucas-TVS Limited, Chennai  | 0.51                               | 0.52                               |
| TVS Lanka Private Limited, Colombo #  | 40.66                              | 12.84                              |
| - associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company                              |                                    |                                    |
| TVS Auto Bangladesh Limited, Dhaka #  | 592.11                             | 540.49                             |
| (iii) Purchase of assets  |                                    |                                    |
| - fellow subsidiaries   |                                    |                                    |
| TVS Electronics Limited, Chennai #  | 0.15                               | 0.15                               |
| - associate / joint venture   |                                    |                                    |
| Tagbox Solutions Private Limited  | 0.25                               | 1.01                               |
| - Key Management personnel  | 43.06                              | –                                  |
|   |                                    | 219                                |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

|  | Rupees in crores                   |                                    |
|--|------------------------------------|------------------------------------|
|  | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
| <b>39 RELATED PARTY DISCLOSURE – (continued)</b>   |                                    |                                    |
| (iv) Sale of Land  |                                    |                                    |
| associate company (Emerald Haven Realty Limited, Chennai)  | –                                  | 0.25                               |
| (v) Rendering of services  |                                    |                                    |
| - holding company (Sundaram-Clayton Limited, Chennai)  | 10.46                              | 6.95                               |
| - fellow subsidiaries  |                                    |                                    |
| Southern Roadways Private Limited, Madurai #   | –                                  | 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                 |                                    |                                    |
| TVS Supply Chain Solutions Limited, Madurai #  | 0.24                               | –                                  |
| India Nippon Electricals Limited, Chennai #  | –                                  | 0.01                               |
| TVS Srichakra Limited, Madurai #   | –                                  | 0.01                               |
| Sundram Fasteners Limited, Chennai #   | –                                  | 0.01                               |
| Sundaram Brake Linings Limited, Chennai #  | –                                  | 0.01                               |
| Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:  |                                    |                                    |
| TVS Upasana Limited, Chennai #   | –                                  | 0.01                               |
| associate company (Emerald Haven Realty Limited, Chennai)  | 0.07                               | 0.07                               |
| (vi) Availing of services (includes sub-contract charges paid)   |                                    |                                    |
| - ultimate holding company   |                                    |                                    |
| T V Sundram Iyengar & Sons Private Limited, Madurai #  | 0.26                               | 0.25                               |
| - holding company (Sundaram-Clayton Limited, Chennai)  | 71.49                              | 62.52                              |
| - fellow subsidiaries:   |                                    |                                    |
| TVS Electronics Limited, Chennai #   | 1.97                               | 1.90                               |
| Southern Roadways Private Limited, Madurai #   | 2.15                               | 2.56                               |
| TVS Auto Assist (India) Limited, Chennai   | –                                  | –                                  |
| TVS Training and Services Limited, Chennai #   | 0.02                               | 0.11                               |
| Lucas-TVS Limited, Chennai   | 0.14                               | 0.14                               |
| - associate / joint venture  |                                    |                                    |
| Tagbox Solutions Private Limited, Bengaluru  | –                                  | 0.32                               |
| 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, Madurai #  | 78.53                              | 96.84                              |
| TVS Training and Services Limited, Chennai *   | 0.02                               | –                                  |
| Predictronics Corporation, USA   | –                                  | 0.11                               |
| - subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company |                                    |                                    |
| TVS Dynamic Global Freight Services Limited, Chennai #   | 173.87                             | 100.40                             |
| - enterprises in which directors are interested  |                                    |                                    |
| Dua Associates. Delhi, Delhi   | 1.92                               | 0.18                               |
| Dua Consulting Private Limited, Delhi  | 4.74                               | 5.30                               |
| McCann-Erickson (India) Private Limited, Delhi   | 5.68                               | 3.91                               |
| Lakshmi Energy and Environment Design Private Limited, Coimbatore  | 0.15                               | 0.07                               |
| Harita Techserv Limited, Chennai   | 4.17                               | 3.50                               |

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

|   | Rupees in crores                   |                                    |
|---|------------------------------------|------------------------------------|
|   | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
| <b>39 RELATED PARTY DISCLOSURE – (continued)</b>  |                                    |                                    |
| (vii) Investments made during the year  |                                    |                                    |
| - associate / joint venture   |                                    |                                    |
| Ultraviolette Automotive Private Limited, Bengaluru   | 75.00                              | 30.00                              |
| Altizon Inc., USA   | –                                  | 7.13                               |
| Scienaptic Systems Inc., USA  | –                                  | 14.30                              |
| (viii) Trade advance given  |                                    |                                    |
| - associate company   |                                    |                                    |
| (Ultraviolette Automotive Private Limited, Bengaluru)   | –                                  | 3.40                               |
| (ix) Remuneration to Key Management Personnel:  |                                    |                                    |
| Short-term employee benefits  | 72.58                              | 52.71                              |
| Post-employment benefits  | 0.24                               | 0.22                               |
| Remuneration to relative to Key Management Personnel<br>(Short-term employee benefits)                | –                                  | 0.29                               |
| (x) Dividend paid to Key Management Personnel   | 0.37                               | 0.55                               |
| (xi) Contributions to post employment benefit plans:  |                                    |                                    |
| TVS Motor Company Employees' Gratuity Fund  | 36.57                              | 10.84                              |
| TVS Motor Company Employees' Provident Fund<br>(Including Employee and Employer Contributions)        | 75.25                              | 47.52                              |
| (c) Balances with related parties:  |                                    |                                    |
| - ultimate holding company  |                                    |                                    |
| T V Sundram Iyengar & Sons Private Limited, Madurai #   | –                                  | 8.11                               |
| TVS Holdings Private Limited, Chennai   | 8.04                               | –                                  |
| - fellow subsidiary company   |                                    |                                    |
| TVS Lanka Private Limited, Colombo #  | –                                  | 6.91                               |
| - associate company   |                                    |                                    |
| Emerald Haven Realty Limited, Chennai   | 2.65                               | 0.76                               |
| - associate / joint venture of holding / ultimate holding / subsidiary /<br>fellow subsidiary company |                                    |                                    |
| TVS Auto Bangladesh Limited, Dhaka #  | –                                  | 190.79                             |
| (ii) Trade payables   |                                    |                                    |
| - holding company (Sundaram-Clayton Limited, Chennai)   | 67.17                              | 43.99                              |
| - fellow subsidiaries   |                                    |                                    |
| Lucas-TVS Limited, Chennai #  | –                                  | 27.53                              |
| Lucas Indian Service Limited, Chennai #   | –                                  | 1.43                               |
| Southern Roadways Private Limited, Madurai #  | –                                  | 0.02                               |
| TVS Electronics Limited, Chennai #  | –                                  | 0.03                               |
| - associate / joint venture   |                                    |                                    |
| Tagbox Solutions Private Limited, Bengaluru   | 0.32                               | 0.09                               |
| - associate / joint venture of holding / ultimate holding / subsidiary /<br>fellow subsidiary company |                                    |                                    |
| Brakes India Private Limited, Chennai #   | –                                  | 5.48                               |
| TVS Srichakra Limited, Madurai #  | –                                  | 53.31                              |
| India Nippon Electricals Limited, Chennai #   | –                                  | 57.15                              |
| Sundaram Brake Linings Limited, Chennai #   | –                                  | 1.85                               |
|   |                                    | 221                                |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

|  |  | Rupees in crores                   |                                    |
|--|--|------------------------------------|------------------------------------|
|  |  | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
| <b>39 RELATED PARTY DISCLOSURE – (continued)</b> |  |                                    |                                    |
|  | Sundram Fasteners Limited, Chennai #   | –                                  | 7.74                               |
|  | TVS Supply Chain Solutions Limited, Madurai #  | –                                  | 8.30                               |
|  | Predictronics Corporation, USA   | –                                  | 0.11                               |
|  | TVS Training and Services Limited, Chennai *   | 0.01                               | –                                  |
| -  | subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company             |                                    |                                    |
|  | TVS Dynamic Global Freight Services Limited, Chennai #   | –                                  | 7.38                               |
|  | TVS Upasana Limited, Chennai #   | –                                  | 2.42                               |
| -  | enterprises in which directors are interested  |                                    |                                    |
|  | Dua Consulting Private Limited, Delhi  | 0.26                               | 0.27                               |
|  | TVS Organics Private Limited, Chennai  | 0.01                               | 0.01                               |
|  | McCann-Erickson (India) Private Limited, Delhi   | –                                  | 0.13                               |
|  | Lakshmi Energy and Environment Design Private Limited, Coimbatore  | –                                  | 0.14                               |
|  | Harita Techserv Private Limited, Chennai   | 0.30                               | 0.42                               |
| -  | enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai) @ | –                                  | 0.17                               |

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and settlement occurs in cash.

### 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<br>31-03-2022 | For the year ended<br>31-03-2021 |
|------------|---|----------------------------------|----------------------------------|
| <b>(a)</b> | <b>Type of goods or service</b>           |                                  |                                  |
| 1.         | Automobiles                               | 18,437.66                        | 15,055.10                        |
| 2.         | Parts and accessories                     | 2,394.69                         | 1,736.87                         |
| 3.         | Automotive components                     | 349.77                           | 223.43                           |
| 4.         | Services - Technical/IT Services & Others | 130.00                           | 47.89                            |
| 5.         | Services - Royalty                        | 8.67                             | 10.25                            |
| 6.         | Interest income of financial enterprise   | 2,446.59                         | 2,041.82                         |
|            |   | 23,767.38                        | 19,115.36                        |
| <b>(b)</b> | <b>Geographical markets</b>               |                                  |                                  |
| 1.         | Domestic                                  | 16,096.62                        | 14,558.80                        |
| 2.         | Exports                                   | 7,670.76                         | 4,556.56                         |
|            |   | 23,767.38                        | 19,115.36                        |

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 46.



## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### 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<br>31-03-2022 | For the year ended<br>31-03-2021 |
|---|----------------------------------|----------------------------------|
| Contract Liabilities at the beginning of the period | 176.29                           | 136.67                           |
| Add / (Less):                                       |                                  |                                  |
| Consideration received during the year as advance   | 261.13                           | 176.29                           |
| Revenue recognized from contract liability          | (176.29)                         | (136.67)                         |
| Contract Liabilities at the end of the period       | 261.13                           | 176.29                           |

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<br>31-03-2022 | For the year ended<br>31-03-2021 |
|---------|--|----------------------------------|----------------------------------|
| (i)     | Contract price                             | 24,425.61                        | 19,830.09                        |
| (ii)    | Adjustments:                               |                                  |                                  |
|         | Incentive schemes                          | 335.25                           | 394.55                           |
|         | Transport cost                             | 322.98                           | 320.18                           |
| (iii)   | Revenue from sale of products and services | 23,767.38                        | 19,115.36                        |

As at/  
Year ended  
31-03-2022

As at/  
Year ended  
31-03-2021

#### 41 EARNINGS PER SHARE

|   |              |              |
|---|--------------|--------------|
| Profit after tax  | 756.82       | 594.26       |
| Number of equity shares   | 47,50,87,114 | 47,50,87,114 |
| Face value of the share (in ₹)  | 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 ₹)                  | 15.93        | 12.51        |
| Basic and diluted earnings per share for discontinued operations (in ₹)               | –            | –            |
| Basic and diluted earnings per share for continued and discontinued operations (in ₹) | 15.93        | 12.51        |

#### 42 WARRANTY PROVISION

|                                   |       |       |
|-----------------------------------|-------|-------|
| Opening balance                   | 48.88 | 38.04 |
| Add: Provision for the year (Net) | 41.32 | 48.88 |
|                                   | 90.20 | 86.92 |
| Less: Payments / debits (Net)     | 48.88 | 38.04 |
| Closing balance                   | 41.32 | 48.88 |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

### Notes to the Financial Statements - (continued)

|  |  | Rupees in crores                   |                                    |
|--|--|------------------------------------|------------------------------------|
|  |  | As at/<br>Year ended<br>31-03-2022 | As at/<br>Year ended<br>31-03-2021 |
| <b>43 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR</b>  |  |                                    |                                    |
| (a)  | Claims against the company not acknowledged as debts:  |                                    |                                    |
| (i)  | Excise   | 53.05                              | 53.37                              |
| (ii)   | Service tax  | 8.65                               | 9.66                               |
| (iii)  | Customs  | 41.03                              | 40.63                              |
| (iv)   | Sales tax  | 3.58                               | 2.00                               |
| (v)  | Income tax   | 56.70                              | 46.06                              |
| (vi)   | GST  | 2.82                               | 2.82                               |
| (vii)  | Legal cases filed by customers   | 1.48                               | 1.23                               |
| 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:                                      |                                    |                                    |
|  | On bills discounted with banks   | 246.24                             | 212.18                             |
| (c)  | Commitments:   |                                    |                                    |
| (i)  | Estimated amount of contracts remaining to be executed on capital account and not provided for | 251.16                             | 233.19                             |
| (ii)   | On Investments   | 3.60                               | 5.12                               |
| (iii)  | Undrawn loans sanctioned to customers by financial enterprises                                 | 48.33                              | 22.89                              |

### 44 LEASES AS A LESSEE

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 here ranges for about 5 years.

Where ever 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 is ₹ 61.33 Cr (Previous year: ₹ 51.63 Cr)

Payment made towards low value asset leases during the year is Nil (Previous year: Nil)

Payment relating to leases are disclosed in Cash flow statement

Income from sub-leasing of Right of use asset ₹ 7.08 Cr. (Previous year: ₹ 3.88 Cr.)

45 ADDITIONAL REGULATORY DISCLOSURES AS PER SCHEDULE III OF COMPANIES ACT, 2013

- (i) As per the Group's accounting policy, Property, Plant and Equipment (including Right of Use Assets) and intangible assets are carried at historical cost (less accumulated depreciation & impairment, if any), hence the revaluation related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable /do not apply
- (ii) The Group has not granted Loans or Advances in the nature of loan to any promoters, Directors, KMPs and the related parties (As per Companies Act, 2013) , which are repayable on demand or without specifying any terms or period of repayments.
- (iii) No proceedings have been initiated or pending against any Company in the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- (iv) The Group has sanctioned facilities from banks on the basis of security of current assets. The periodic returns filed by the Company with such banks are in agreement with the books of accounts of the Company.
- (v) All the Companies in the Group has adhered to debt repayment and interest service obligations on time. "wilful defaulter" related disclosures required as per Additional Regulatory Information of Schedule III (revised) to the Companies Act, is not applicable /do not apply
- (vi) There are no transactions with the Companies whose name are struck off under section 248 of The Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022.
- (vii) The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- (viii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiary
- (ix) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (x) The Group has not operated in any crypto currency or Virtual Currency transactions
- (xi) During the year no Company in the Group has not disclosed or surrendered, any income other than the income recognised in the books of accounts in the tax assessments under Income Tax Act, 1961.
- (xii) The Group has not revalued the investment property during the year.

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

Rupees in crores

### 46 SEGMENT INFORMATION

For the year ended 31-03-2022

| Particulars                                  | Business Segment            |                       |                    |        |           |
|--|-----------------------------|-----------------------|--------------------|--------|-----------|
|  | Automotive vehicles & parts | Automotive components | Financial services | Others | Total     |
| Revenue                                      |                             |                       |                    |        |           |
| External sales - domestic                    | 13,898.21                   | 356.73                | 2,739.77           | 17.16  | 17,011.87 |
| - exports                                    | 7,343.44                    | —                     | —                  | —      | 7,343.44  |
| Inter segment sales                          | 8.34                        | 302.34                | 7.35               | 0.05   | 318.08    |
| Total sales                                  | 21,249.99                   | 659.07                | 2,747.12           | 17.21  | 24,673.39 |
| Less: Inter segment sales                    | 8.34                        | 302.34                | 7.35               | 0.05   | 318.08    |
| Net revenue                                  | 21,241.65                   | 356.73                | 2,739.77           | 17.16  | 24,355.31 |
| Segment-wise results before interest and tax | 1,139.55                    | (63.24)               | 148.23             | (2.15) | 1,222.39  |
| Less: interest                               | 141.48                      | 13.26                 | 3.16               | 0.19   | 158.09    |
| Profit before tax                            | 998.07                      | (76.50)               | 145.07             | (2.34) | 1,064.30  |
| Less: Tax expenses                           | 304.46                      | 1.99                  | 29.09              | 0.37   | 335.91    |
| Profit after tax                             | 693.61                      | (78.49)               | 115.98             | (2.71) | 728.39    |
| Share of profit of Associates                | 2.49                        | —                     | —                  | —      | 2.49      |
| Profit / Loss for the period                 | 696.10                      | (78.49)               | 115.98             | (2.71) | 730.88    |
| Segment assets                               | 9,953.30                    | 1,318.19              | 15,765.03          | 35.56  | 27,072.08 |
| Segment liabilities                          | 7,791.84                    | 604.71                | 13,609.43          | 13.09  | 22,019.07 |
| Segment depreciation / amortisation          | 668.29                      | 51.36                 | 19.12              | 4.09   | 742.86    |

For the year ended 31-03-2021

| Particulars                                  | Business Segment            |                       |                    |        |           |
|--|-----------------------------|-----------------------|--------------------|--------|-----------|
|  | Automotive vehicles & parts | Automotive components | Financial services | Others | Total     |
| Revenue                                      |                             |                       |                    |        |           |
| External sales - domestic                    | 12,295.73                   | 224.06                | 2,238.59           | 2.06   | 14,760.44 |
| - exports                                    | 4,660.38                    | —                     | —                  | —      | 4,660.38  |
| Inter segment sales                          | 7.48                        | 238.79                | 0.03               | —      | 246.30    |
| Total sales                                  | 16,963.59                   | 462.85                | 2,238.62           | 2.06   | 19,667.12 |
| Less: Inter segment sales                    | 7.48                        | 238.79                | 0.03               | —      | 246.30    |
| Net revenue                                  | 16,956.11                   | 224.06                | 2,238.59           | 2.06   | 19,420.82 |
| Segment-wise results before interest and tax | 883.87                      | (7.11)                | 104.54             | 0.13   | 981.43    |
| Less: interest                               | 138.62                      | 9.73                  | 3.68               | 0.02   | 152.05    |
| Profit before tax                            | 745.25                      | (16.84)               | 100.86             | 0.11   | 829.38    |
| Less: Tax expenses                           | 213.42                      | (6.59)                | 8.27               | (0.97) | 214.13    |
| Profit after tax                             | 531.83                      | (10.25)               | 92.59              | 1.08   | 615.25    |
| Share of profit of Associates                | —                           | —                     | —                  | (7.75) | (7.75)    |
| Profit / Loss for the period                 | 531.83                      | (10.25)               | 92.59              | (6.67) | 607.50    |
| Segment assets                               | 8,258.14                    | 1,209.13              | 12,492.93          | 32.49  | 21,992.69 |
| Segment liabilities                          | 6,430.55                    | 608.30                | 10,731.43          | 7.90   | 17,778.18 |
| Segment depreciation / amortisation          | 519.70                      | 24.33                 | 19.92              | 0.87   | 564.82    |

# CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

## Notes to the Financial Statements - (continued)

### 47 ADDITIONAL INFORMATION ON NET ASSETS AND SHARE OF PROFITS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31-03-2022

| Name of the entity   | Net Assets<br>(Total Assets -<br>Total Liabilities) |                          | Share in<br>profit or (loss)              |                          | Share in other<br>comprehensive<br>income                     |                          | Share in total<br>comprehensive<br>income                     |                          |
|--|---|--------------------------|---|--------------------------|---|--------------------------|---|--------------------------|
|  | As % of<br>consolidated<br>net assets               | Amount<br>₹ in<br>crores | As % of<br>consolidated<br>profit or loss | Amount<br>₹ in<br>crores | As % of<br>consolidated<br>other comp-<br>rehensive<br>income | Amount<br>₹ in<br>crores | As % of<br>consolidated<br>total comp-<br>rehensive<br>income | Amount<br>₹ in<br>crores |
| <b>Parent</b>  |   |                          |   |                          |   |                          |   |                          |
| TVS Motor Company Limited,<br>Chennai                      | 2.38%   | 120.30                   | 122.13%                                   | 892.64                   | -2225.26%   | (64.31)                  | 112.89%   | 828.33                   |
| <b>Subsidiaries - Indian</b>                               |   |                          |   |                          |   |                          |   |                          |
| Sundaram Auto Components Limited,<br>Chennai               | 1.80%   | 91.17                    | 0.47%                                     | 3.47                     | 36.33%  | 1.05                     | 0.62%   | 4.52                     |
| TVS Credit Services Limited, Chennai                       | 30.41%  | 1,536.41                 | 14.33%                                    | 104.76                   | 851.56%   | 24.61                    | 17.63%  | 129.37                   |
| TVS Motor Services Limited, Chennai                        | 6.43%   | 325.14                   | -1.08%                                    | (7.89)                   | —   | —                        | -1.08%  | (7.89)                   |
| TVS Housing Limited, Chennai                               | 0.02%   | 0.88                     | —   | —                        | —   | —                        | —   | —                        |
| Intellicar Telematics Private Limited,<br>Bengaluru        | 0.43%   | 21.59                    | -0.37%                                    | (2.71)                   | 2.42%   | 0.07                     | -0.36%  | (2.64)                   |
| TVS Electric Mobility Ltd, Chennai                         | 0.02%   | 1.00                     | —   | —                        | —   | —                        | —   | —                        |
| <b>Subsidiaries - Foreign</b>                              |   |                          |   |                          |   |                          |   |                          |
| TVS Motor (Singapore) Pte. Limited,<br>Singapore           | 1.83%   | 92.30                    | -8.38%                                    | (61.22)                  | 686.16%   | 19.83                    | -5.64%  | (41.39)                  |
| TVS Motor Company (Europe) B.V.<br>Amsterdam               | 0.00%   | 0.01                     | -0.09%                                    | (0.63)                   | 0.00%   | -                        | -0.09%  | (0.63)                   |
| PT. TVS Motor Company Indonesia,<br>Jakarta                | 7.93%   | 400.62                   | 4.80%                                     | 35.11                    | 440.48%   | 12.73                    | 6.52%   | 47.84                    |
| Sundaram Holding USA Inc.,<br>Delaware, USA                | 6.21%   | 313.93                   | -5.57%                                    | (40.73)                  | 333.22%   | 9.63                     | -4.24%  | (31.10)                  |
| The Norton Motorcycle Co. Limited,<br>UK                   | 8.26%   | 417.38                   | -16.34%                                   | (119.43)                 | -114.19%  | (3.30)                   | -16.73%   | (122.73)                 |
| TVS Digital Pte Limited, Singapore                         | 0.06%   | 3.05                     | -3.98%                                    | (29.11)                  | -451.90%  | (13.06)                  | -5.75%  | (42.17)                  |
| The GO AG, Zurich  | 3.21%   | 162.06                   | -1.84%                                    | (13.46)                  | -43.94%   | (1.27)                   | -2.01%  | (14.73)                  |
| Swiss E-Mobility Group (Holding) AG,<br>Nuremberg          | 10.86%  | 548.79                   | -0.89%                                    | (6.47)                   | 87.89%  | 2.54                     | -0.54%  | (3.93)                   |
| Non-controlling Interest in all subsidiaries               | 12.93%  | 653.56                   | -3.55%                                    | (25.94)                  | 507.27%   | 14.66                    | -1.54%  | (11.28)                  |
| <b>Associates</b><br>(Investment as per the equity method) |   |                          |   |                          |   |                          |   |                          |
| Emerald Haven Realty Limited,<br>Chennai                   | 2.35%   | 118.78                   | 1.48%                                     | 10.80                    | -9.69%  | (0.28)                   | 1.43%   | 10.52                    |
| Ultraviolette Automotive Private<br>Limited, Bengaluru     | 2.35%   | 118.98                   | -0.08%                                    | (0.57)                   | -0.35%  | (0.01)                   | -0.08%  | (0.58)                   |
| Predictronics Corp, USA                                    | 0.40%   | 20.04                    | -0.07%                                    | (0.53)                   | —   | —                        | -0.07%  | (0.53)                   |
| Tagbox Solutions Private Limited,<br>Bengaluru             | 0.22%   | 11.36                    | -0.01%                                    | (0.05)                   | —   | —                        | -0.01%  | (0.05)                   |
| Tagbox Pte Ltd, Singapore                                  | 0.29%   | 14.41                    | -0.08%                                    | (0.60)                   | —   | —                        | -0.08%  | (0.60)                   |
| Scienaptic Systems Inc., USA                               | 1.14%   | 57.43                    | -0.72%                                    | (5.25)                   | —   | —                        | -0.72%  | (5.25)                   |
| Altizon Inc, USA   | 0.47%   | 23.82                    | -0.18%                                    | (1.31)                   | —   | —                        | -0.18%  | (1.31)                   |
| <b>Total</b>   | <b>100.00%</b>                                      | <b>5,053.01</b>          | <b>100.00%</b>                            | <b>730.88</b>            | <b>100.00%</b>  | <b>2.89</b>              | <b>100.00%</b>  | <b>733.77</b>            |

## CONSOLIDATED FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

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### 48 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year ₹ 3.71 Crores (last year- ₹ 30.65 crores)

Interest rate used for capitalisation:

- weighted average interest rate of 7.51% for borrowing cost of ₹ 1.81 crores and interest rate of ₹ 1.95% for borrowing cost of ₹ 1.90 crores.

(Previous year- 3 Month USD LIBOR plus Margin for of borrowing cost of ₹ 12.26 crores; weighted average interest rate of 7.9% for borrowing cost of ₹ 6.89 crores; interest rate of 3.75% for borrowing cost of ₹ 11.50 crores.)

49 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

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PROF. SIR RALF DIETER SPETH  
*Chairman*

SUDARSHAN VENU  
*Managing Director*

K.N.RADHAKRISHNAN  
*Director &  
Chief Executive Officer*

As per our report annexed  
For V. Sankar Aiyar & Co.  
*Chartered Accountants*  
Firm Regn. No.: 109208W

Place : Chennai  
Date : 5<sup>th</sup> May 2022

K. GOPALA DESIKAN  
*Chief Financial Officer*

K.S. SRINIVASAN  
*Company Secretary*

S. VENKATARAMAN  
*Partner*  
Membership No.: 023116



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

| Sl No. | Particulars                           | Information in respect of each subsidiary |                     |                            |                             |                                      |                            |                                     |  |                               |  | Rupees in crores |  |
|--------|---------------------------------------|---|---------------------|----------------------------|-----------------------------|--------------------------------------|----------------------------|-------------------------------------|--|-------------------------------|--|------------------|--|
|        |                                       | Indian Subsidiaries                       |                     |                            |                             |                                      |                            |                                     |  |                               |  |                  |  |
|        |                                       | Sundaram Auto Components Limited          | TVS Housing Limited | TVS Motor Services Limited | TVS Credit Services Limited | TVS Two-Wheeler Mall Private Limited | Harita ARC Private Limited | TVS Housing Finance Private Limited | Intellicar Tele-matics Private Limited | TVS Electric Mobility Limited |  |                  |  |
|        |                                       | (1)                                       | (2)                 | (3)                        | (4)                         | (5)                                  | (6)                        | (7)                                 | (8)                                    | (9)                           |  |                  |  |
| 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                 | 08-09-2017                          | 31-12-2020                             | 13-12-2021                    |  |                  |  |
| 2.     | Reporting period                      | 01-04-2021 to 31-03-2022                  |                     |                            |                             |                                      |                            |                                     |  |                               |  |                  |  |
| 3.     | Reporting currency                    | Indian Rupees                             |                     |                            |                             |                                      |                            |                                     |  |                               |  |                  |  |
|        | Closing Exchange rate                 | Not applicable                            |                     |                            |                             |                                      |                            |                                     |  |                               |  |                  |  |
| 4      | Share capital                         | 44.57                                     | 0.05                | 149.63                     | 201.20                      | 0.00                                 | 0.00                       | 12.00                               | 0.06                                   | 1.00                          |  |                  |  |
| 5      | Reserves & Surplus                    | 377.27                                    | 0.83                | 2.52                       | 1,662.44                    | (0.01)                               | (0.01)                     | 2.22                                | (2.27)                                 | -                             |  |                  |  |
| 6      | Total assets                          | 737.73                                    | 2.42                | 208.64                     | 15,460.09                   | 0.00                                 | 0.00                       | 14.39                               | 17.48                                  | 1.00                          |  |                  |  |
| 7      | Total Liabilities                     | 315.89                                    | 1.54                | 56.49                      | 13,596.45                   | 0.01                                 | 0.01                       | 0.17                                | 19.69                                  | -                             |  |                  |  |
| 8      | Investments                           | 319.59                                    | -                   | 19.49                      | 12.01                       | -                                    | -                          | -                                   | -                                      | -                             |  |                  |  |
| 9      | Turnover                              | 607.82                                    | 0.40                | 0.12                       | 2,755.42                    | -                                    | -                          | 0.67                                | 21.60                                  | -                             |  |                  |  |
| 10     | Profit before taxation                | 4.30                                      | -                   | (9.46)                     | 151.21                      | (0.00)                               | (0.00)                     | 0.67                                | 0.96                                   | -                             |  |                  |  |
| 11     | Provision for taxation                | 1.99                                      | -                   | (1.57)                     | 30.48                       | -                                    | -                          | 0.17                                | 0.37                                   | -                             |  |                  |  |
| 12     | Profit after taxation                 | 2.31                                      | -                   | (7.89)                     | 120.73                      | (0.00)                               | (0.00)                     | 0.50                                | 0.59                                   | -                             |  |                  |  |
| 13     | Proposed Dividend                     | -   | -                   | -                          | -                           | -                                    | -                          | -                                   | -                                      | -                             |  |                  |  |
| 14     | % of shareholding                     | 100                                       | 100                 | 100                        | 84.24                       | 84.24                                | 84.24                      | 84.24                               | 100                                    | 100                           |  |                  |  |

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

| Sl No. | Particulars                           | Information in respect of each subsidiary |                                |                                |                                       |                                   |                         |                       |                                    |   |  | Rupees in crores |  |
|--------|---------------------------------------|---|--------------------------------|--------------------------------|---------------------------------------|-----------------------------------|-------------------------|-----------------------|------------------------------------|---|--|------------------|--|
|        |                                       | Foreign Subsidiaries                      |                                |                                |                                       |                                   |                         |                       |                                    |   |  |                  |  |
|        |                                       | TVS Motor Company (Europe) B.V.*          | PT TVS Motor Company Indonesia | TVS Motor (Singapore) Pte. Ltd | Sundaram Holding USA Inc <sup>a</sup> | The Norton Motorcycle Co. Limited | TVS Digital Pte Limited | The GO Corporation ** | Intellicar Singapore Pte Limited * | Swiss E-Mobility Group (Holding) AG * # |  |                  |  |
| 1.     | Date on which subsidiary was acquired | (10)<br>21-07-2005                        | (11)<br>05-09-2005             | (12)<br>21-10-2005             | (13)<br>09-09-2015                    | (14)<br>03-04-2020                | (15)<br>24-05-2021      | (16)<br>16-09-2021    | (17)<br>10-11-2021                 | (18)<br>27-01-2022                      |  |                  |  |
| 2.     | Reporting period                      | 01-04-2021 to 31-03-2022                  |                                |                                |                                       |                                   |                         |                       |                                    |   |  |                  |  |
| 3.     | Reporting currency                    | USD                                       | IDR                            | SGD                            | USD                                   | GBP                               | SGD                     | CHF                   | SGD                                | CHF                                     |  |                  |  |
|        | Closing Exchange rate                 | INR 75.79/ USD                            | INR 0.53/ IDR 100              | INR 55.97/ SGD                 | INR 75.79/ USD                        | INR 99.46/ GBP                    | INR 55.97/ SGD          | INR 82.03/ CHF        | INR 55.97/ SGD                     | INR 82.03/ CHF                          |  |                  |  |
| 4      | Share capital                         | 126.52                                    | 906.08                         | 2,005.63                       | 650.74                                | 589.39                            | 138.78                  | 0.91                  | ®                                  | 1.23                                    |  |                  |  |
| 5      | Reserves & Surplus                    | (126.51)                                  | (687.25)                       | (166.69)                       | (51.06)                               | (184.18)                          | (42.25)                 | (18.74)               | -                                  | 140.75                                  |  |                  |  |
| 6      | Total assets                          | 0.08                                      | 680.76                         | 1,925.88                       | 888.54                                | 484.28                            | 139.99                  | 63.88                 | -                                  | 523.07                                  |  |                  |  |
| 7      | Total Liabilities                     | 0.07                                      | 461.93                         | 86.94                          | 288.86                                | 79.07                             | 43.46                   | 81.71                 | -                                  | 381.09                                  |  |                  |  |
| 8      | Investments                           | -   | -                              | 1,616.20                       | -                                     | -                                 | 127.93                  | -                     | -                                  | -                                       |  |                  |  |
| 9      | Turnover                              | -   | 606.95                         | 52.74                          | 52.79                                 | 1.05                              | 0.38                    | 16.56                 | -                                  | 98.50                                   |  |                  |  |
| 10     | Profit before taxation                | (0.63)                                    | 21.36                          | (54.85)                        | (83.04)                               | (120.58)                          | (29.11)                 | (10.35)               | -                                  | (7.00)                                  |  |                  |  |
| 11     | Provision for taxation                | -   | (13.75)                        | -                              | -                                     | (1.15)                            | -                       | -                     | -                                  | -                                       |  |                  |  |
| 12     | Profit after taxation                 | (0.63)                                    | 35.11                          | (54.85)                        | (83.04)                               | (119.43)                          | (29.11)                 | (10.35)               | -                                  | (7.00)                                  |  |                  |  |
| 13     | Proposed Dividend                     | -   | -                              | -                              | -                                     | -                                 | -                       | -                     | -                                  | -                                       |  |                  |  |
| 14     | % of shareholding                     | 100                                       | 100                            | 100                            | 50.35                                 | 100                               | 100                     | 80                    | 100                                | 75                                      |  |                  |  |

\* Unaudited financial statement. ® Share capital of SGD 1.

# 1) Sundaram Holding USA Inc. include the consolidation of its subsidiaries viz, Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram-Clayton USA LLC and Premier Land Holding LLC, all located at South Carolina, USA. 2) The GO AG, Switzerland include the consolidation of its subsidiary viz, EGO Movement Stuttgart, GmbH, Germany. 3) Swiss E-Mobility Group (Holding) AG include the consolidation of its subsidiaries viz, Swiss E-Mobility Group (Schweiz) AG, Zurich, Switzerland and Colag E-Mobility GmbH, Nuremberg, Germany.

Notes:

- Subsidiaries which are yet to commence operations: (1) TVS Two Wheeler Mall Private Ltd, (2) Harita ARC Private Ltd, (3) TVS Housing Finance Private Ltd (4) The Norton Motorcycle Co. Limited (5) Intellicar Singapore Pte Limited (6) TVS Electric Mobility Ltd
- Subsidiaries which have been liquidated or sold during the year : (1) TVS Micro Finance Private Ltd (2) Harita Collection Services Private Ltd and (3) TVS Commodity Financial Solutions Private Ltd

**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**

| Sl.No. | Particulars  | Emerald Haven Realty Limited           | Ultraviolette Automotive Private Limited | Tagbox Solutions Private Limited * | Predictronics Corp * | Tagbox Pte Limited * | Sciaptic Systems Inc. * | Alizon Inc* |
|--------|--|--|--|------------------------------------|----------------------|----------------------|-------------------------|-------------|
| 1.     | Latest audited Balance Sheet Date  | 31-03-2022                             | 09-08-2018                               | 31-03-2021                         | 31-03-2020           | 31-03-2021           | **                      | **          |
| 2.     | Date on which the Associate was acquired                                   | 26-03-2012                             |  | 08-05-2019                         | 17-08-2019           | 08-05-2019           | 28-09-2020              | 01-02-2021  |
| 3.     | Shares of Associate held by the company on the year end                    |  |  |                                    |                      |                      |                         |             |
| (i)    | No. of shares  | 11,12,19,512                           | 27,166                                   | 4,29,693                           | 24,827               | 2,43,243             | 28,05,357               | 8,06,429    |
| (ii)   | Amount of investment in Associates/Joint Venture                           | 111.22                                 | 121.00                                   | 11.18                              | 22.36                | 15.42                | 64.81                   | 25.34       |
| (iii)  | Extent of holding %  | 48.80                                  | 31.33                                    | 23.50                              | 23.49                | 24.32                | 21.72                   | 20.00       |
| 4.     | Description of how there is significant influence                          | Holding more than 20% of share capital |  |                                    |                      |                      |                         |             |
| 5.     | Reason why the associate/joint venture is not consolidated                 | Not applicable                         |  |                                    |                      |                      |                         |             |
| 6.     | Net worth attributable to Shareholding as per latest audited Balance Sheet | 118.78                                 | 118.98                                   | 11.36                              | 20.04                | 14.41                | 57.43                   | 23.82       |
| 7.     | Profit / Loss for the year:  |  |  |                                    |                      |                      |                         |             |
| (i)    | Considered in consolidation  | 10.80                                  | (0.57)                                   | (0.05)                             | (0.53)               | (0.60)               | (5.25)                  | (1.31)      |
| (ii)   | Not considered in consolidation  | Not Applicable                         |  |                                    |                      |                      |                         |             |

\* Unaudited financial statements upto 31.03.2022 has been consolidated.

\*\* Audit of financial statements are not mandated by the regulations of the respective country in which the Company is incorporated.

**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.

**PROF. SIR RALF DIETER SPETH**  
*Chairman*

**SUDARSHAN VENU**  
*Managing Director*

**K.N.RADHAKRISHNAN**  
*Director &  
Chief Executive Officer*

As per our report annexed  
For V. Sankar Aiyar & Co.  
Chartered Accountants  
Firm Regn. No.: 109208W

Place : Chennai  
Date : 5<sup>th</sup> May 2022

**K. GOPALA DESIKAN**  
*Chief Financial Officer*

**K.S. SRINIVASAN**  
*Company Secretary*

**S. VENKATARAMAN**  
*Partner*  
Membership No.: 023116

## SUNDARAM AUTO COMPONENTS LIMITED

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### Board of Directors

VENU SRINIVASAN, Chairman

Dr. LAKSHMI VENU

S. G. MURALI

RAJESH OOMMEN, Director & Chief Executive Officer

### Chief Financial Officer

J. ASHOK CHAKRAVARTHI

### Company Secretary

G. SATHYAN

### Auditors

V. SANKAR AIYAR & CO.,  
Chartered Accountants,  
2 C, Court Chambers,  
35, New Marine Lines, Mumbai - 400 020

### 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

### 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

DBS BANK  
Chennai Main Branch  
806, Anna Salai, Chennai 600 002

AXIS BANK LIMITED  
Corporate Banking Branch  
No.3, Club House Road, Ground Floor,  
Anna Salai, Chennai 600 002

ICICI BANK LTD  
Cenotaph road,  
Teynampet, Chennai 600 018

### 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.

# SUNDARAM AUTO COMPONENTS LIMITED

## Directors' Report to the Shareholders

The Directors present the 30<sup>th</sup> annual report together with the audited financial statements for the year ended 31<sup>st</sup> March 2022.

### 1. Financial Highlights

| (Rs.in crores)  |                          |                          |
|---|--------------------------|--------------------------|
| Details   | Year ended<br>31.03.2022 | Year ended<br>31.03.2021 |
| <b>Sales and other income (A)</b>   | <b>607.95</b>            | <b>462.69</b>            |
| <b>Expenses</b>   |                          |                          |
| Cost of material consumed   | 431.57                   | 307.48                   |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | (8.27)                   | 3.75                     |
| Employee benefit expenses   | 71.89                    | 69.22                    |
| Finance costs   | 12.69                    | 16.01                    |
| Depreciation and amortisation expense   | 20.88                    | 19.85                    |
| Other expenses  | 68.89                    | 56.10                    |
| <b>Total expenses (B)</b>   | <b>597.65</b>            | <b>472.41</b>            |
| <b>Profit before tax (A) – (B)</b>  | <b>10.30</b>             | <b>(9.72)</b>            |
| <b>Exceptional items (Gain / Loss)</b>  | <b>(6.00)</b>            | <b>(9.36)</b>            |
| Less: Income tax expense:   |                          |                          |
| Current Tax   | 0.56                     | (0.36)                   |
| Deferred Tax  | 1.43                     | (6.23)                   |
| <b>Profit for the period</b>  | <b>2.31</b>              | <b>(12.49)</b>           |
| Other Comprehensive income/ (loss)  | 1.38                     | 3.23                     |
| <b>Total comprehensive income</b>   | <b>3.69</b>              | <b>(9.26)</b>            |

### Share Capital

The Company's paid-up Equity Share Capital as on 31<sup>st</sup> March 2022 is Rs. 44.57 Cr. During the year, there is no change in the Share Capital of the Company.

### Dividend

In order to conserve the resources for its future business activities, the directors do not propose any dividend for the year under review.

### Industry Performance

The domestic two-wheeler industry recorded a sale of 13.4 Mn units in 2021-22, a decline of 11% from 15.1 Mn units in 2020-21. It witnessed a growth of 85% in Q1 due to the low base factor in the previous year. However, for the rest of the year, the industry declined and did not recover. This decline was due to weakened demand in both urban and rural markets, however, it was the rural markets that was more severely impacted. While the monsoon remained favourable, the non-agri rural services sector underperformed significantly. This manifested itself in lower demand in the entry and mid-level segments of commuter motorcycles and moped. The rural markets felt the combined effect of savings depletion, income erosion, broad inflation, fuel inflation and rising vehicle prices due to commodity cost increases.

The overall three-wheeler small passenger industry (3 plus 1 segment) grew by 34% in 2021-22 (from 4.36 lakh units in 2020-21 to 5.82 lakh units in 2021-22). The domestic industry grew by 65% and exports market grew by 26% in 2021-22 over last year.

### Production

The Auto Industry produced a total of 22.93 Million vehicles including Passenger Vehicles (PVs), Commercial Vehicles (CVs), Three-Wheelers, Two-Wheelers and Quadricycle during the year under review as against 22.65 Million in the previous year, thereby registering a growth of 1.2 % as compared to previous year.

### Domestic Sales

On VAHAAN electric 2W today accounts for 4.5% of the total 2W registrations. However, this under-represents the consumer mindspace that it enjoys. The last year has seen the consumer perspective

of the transition to EV move from "IF" to "WHEN". Large numbers of consumers today are actively considering EVs for their respective needs.

The industry saw robust growth of 5.6X. The growing sensitivity to climate impact and the improved Total Cost to Operation (TCO) proposition considering rising fuel prices saw accelerated consumer interest in the category. The FAME II enhancement, PLI, state subsidy and other EV related infrastructure initiatives of the government reinforced consumer faith in the segment.

### Exports

In the financial year 2021-22, overall automobile exports have grown by 35.9%. Two wheelers, Commercial Vehicles (CVs), Three wheelers and Passenger Vehicles (PVs) segments have grown by 35.3%, 83.4%, 27.2% and 42.9% respectively in the financial year 2021-22 over the corresponding previous year.

| S. No                      | Segment        | Production |            |           | Domestic sales |            |            | Export sales |           |            |
|----------------------------|----------------|------------|------------|-----------|----------------|------------|------------|--------------|-----------|------------|
|                            |                | 2020-21    | 2021-22    | GOLY %    | 2020-21        | 2021-22    | GOLY %     | 2020-21      | 2021-22   | GOLY %     |
| 1                          | PVs            | 31         | 37         | 19%       | 27             | 31         | 13%        | 4            | 6         | 43%        |
| 2                          | CVs            | 6          | 8          | 29%       | 6              | 7          | 26%        | 1            | 1         | 83%        |
| 3                          | Three-Wheelers | 6          | 8          | 23%       | 2              | 3          | 19%        | 4            | 5         | 27%        |
| 4                          | Two-wheelers   | 183        | 177        | -3%       | 151            | 135        | -11%       | 33           | 44        | 35%        |
| <b>Total</b>               |                | <b>263</b> | <b>227</b> | <b>1%</b> | <b>186</b>     | <b>175</b> | <b>-6%</b> | <b>41</b>    | <b>56</b> | <b>36%</b> |
| UOM : No of units in Lakhs |                |            |            |           |                |            |            |              |           |            |

### Company Performance

Sales of the auto components division of the Company increased from Rs.454.7 Cr in the previous year to Rs.595.3 Cr in the year under review. Due to second wave of Covid-19 pandemic during May'21, there was a slight decrease in sales during Q1 FY21-22. The dependence of the company's sales on TVS Motor Company Limited (the holding company) has reduced from 58% of total sales during FY20-21 to 55% of total sales during FY21-22. During the year, the Company has entered into business with new EV OEM Ultraviolette.

| SACL vs Industry growth - FY21-22 |                 |             |
|-----------------------------------|-----------------|-------------|
| Segment                           | Industry growth | SACL growth |
| Passenger vehicles                | 19%             | 28%         |
| Commercial vehicles               | 29%             | 63%         |
| Two wheelers                      | -3%             | 31%         |

There is a significant increase in sales to EV OEM Ather energy of Rs. 11.9 Crs during FY21-22 compared to Rs. 3.2 Crs during the corresponding previous financial year. The Company has also obtained tool-transfer businesses to our Bhiwadi facility, which helped to increase the sales of Bhiwadi facility by three-fold from Rs. 6 Crs during FY20-21 to Rs.18.3 Crs in FY21-22.

The Company is currently undergoing the process of rationalizing the tail-end customers with low sales growth potential. Out of 12 customers identified, so far we have discontinued our sales to 7 customers. This helps the company to focus our efforts to accelerate further growth.

The Research and Development(R&D) team at the Company has been involved in implementing 220 new parts bringing in the NPD sales of Rs. 75 Crs from customers like Royal Enfield (45 parts), Tork motors (27 styling parts), Continental (12 cluster parts), Mando (8 fluid reservoir tanks). They have also designed parts like Air filter, Mud flap, Spoiler & Rain deflector.

The Company had an operational profit of Rs. 17.5 Crs during the year 2021-22.

### Business outlook

Overall, India GDP growth forecasts range between 6%-7% for 2022-23, which builds in the possible adverse impact from the war, supply disruptions and economic sanctions. The service sector is likely to grow by 7%-8 % in FY23 supported by growth in tourism and travel which has been laggard for the last two years. The industry is expected to grow by 5% - 6% pushed by 35% increase in Capex. Estimates have taken on a moderated impact due to supply-chain disruptions leading to higher input cost.

The outlook is decidedly optimistic but with a note of caution. Due to the strong product line-up, unwavering focus on consumer, quality, cost, and the strong new launches the company is confident about outperforming the industry, inspite of the global challenges and tough business environment.

On the rural front, 2022-23 is likely to witness a normal monsoon, this would be the 4<sup>th</sup> year of favourable monsoons for India. Agriculture is expected to grow by 3%-3.5%. While the price of fertilizers is likely to go up due to various factors including global supply chain disruptions. It is also expected that food inflation will occur globally, especially in grains and wheat, as the affected regions (especially Ukraine) is one of the largest suppliers of food grains.

Due to raise in crude oil prices, most of the primary polymer producers including company's key

# SUNDARAM AUTO COMPONENTS LIMITED

suppliers in China and South Korea region are planning to operate at 80% capacity till Apr'22 to reduce their losses. The geo-political factors will also cause shortage of rare metals like Neon & Palladium (key ingredients in semi-conductor chip manufacturing), since Ukraine is the key producer of these metals (45% of global production).

By the end of FY21-22, Covid pandemic has re-started in China & Europe. Several cities in China has gone under lockdown. If not controlled by proper measures, the economy will remain pessimistic in FY22-23, as the events of FY20-21 may repeat again.

Passenger vehicle segment has always seen a positive growth since the beginning of the Covid-19 pandemic, due to need of personal mobility, crisis effect and improvement in availability of finance. There is a visible shift between the sub-segments (Passenger Cars & Utility Vehicles) with increase in demand for Utility vehicles. During 2022-23, the above drivers will continue and passenger vehicle segment is expected to grow.

During FY21-22, Commercial vehicle industry has bounced back from the hit due to Covid-19 pandemic. The growth outlook for FY22-23 is around 11%. LCV segment is expected to grow by 6% in FY22-23 due to last mile connectivity of e-commerce goods and migration of workforce. M&HCV segment is expected to grow by 20% due to infrastructure improvement and increase in industrial output.

The Company has planned to start the process of manufacturing from its Sanand facility for supplying to customers in Gujarat & Maharashtra states like Hanon, Toyota Gosei, Sanko Gosei, Tork motors & KEMET.

With the overall growth of the automotive industry coupled with new products planned by the Company for its customers, the Company's overall sales during 2022-23 is expected to grow by approximately 24%.

## RISKS AND CONCERNS

### Environmental & Geopolitical Factors:

COVID remains a potential risk with any resurgence from a new variant leading to hospitalisation, lockdowns could cause hardship for the populace and disruption to the progress of the build back

The Geopolitical strife while currently localized remains volatile, economic sanctions and other disruptions to global supply chains or escalation of scale could adversely impact the economic resurgence across the world.

Country specific risk factors may also impact like socio economic & political factors in Sri Lanka, Afghanistan, Myanmar and regulatory framework & duty structure risks in Egypt and Iraq.,

### Audits / awards

The Company's Mysuru plant has received "TPM Excellence – Category A" award from CII & JIPM. This is the result of 4.5 years long TPM excellence journey under the guidance of external TPM consultant.

The Company has also received multiple awards from customers during financial year 2021-22

|                                   |   |
|-----------------------------------|---|
| Daimler India Commercial Vehicles | : Zero defect achiever award, Chennai plant, Nov'21               |
| Denso Kirloskar                   | : Zero ppm & OTIF delivery performance award, Hosur plant, Dec'21 |
| TVS Motor                         | : Platinum award for quality rating, Mysuru plant                 |

During the financial year 2021-22 upcoming EV OEM Ultraviolette has conducted audit in SACL

|               |   |
|---------------|---|
| Ultraviolette | : Customer conducted audit in Hosur plant (Score : 85%) |
|---------------|---|

### 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 93.35 Mn USD in SHUI a Company established under the applicable provisions of Laws of 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 2021-22, the Company has not made any further investment in SHUI and presently holds 50.35% of the total capital of SHUI as on 31<sup>st</sup> March 2022.

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 II 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 Companies Act, 2013 (the Act):

- (a) that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2022, 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 31<sup>st</sup> March 2022 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

Mr. Venu Srinivasan, was appointed as Director and also Chairman of the Board of the Company at the Board meeting held on 28<sup>th</sup> March 2022. The approval of the shareholders for his appointment as Director was received at the Extra Ordinary General Meeting held on 29<sup>th</sup> March 2022.

Mr. Rajesh Oommen, Chief Executive Officer was elevated as Director & CEO in the rank of Whole-time Director for a period of 5 years, effective 28<sup>th</sup> March 2022 at the Board meeting held on 28<sup>th</sup> March 2022. His appointment was subsequently approved by the shareholders at the Extra Ordinary General Meeting held on 29<sup>th</sup> March 2022.

Mr H Lakshmanan and Mr C N Prasad, Directors, resigned as directors effective 28<sup>th</sup> March 2022.

The Board placed on record their sincere appreciation and thanks to both Mr H Lakshmanan and Mr C N Prasad for their contribution to the growth of the Company during their tenure as Directors.

### 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.

Dr. Lakshmi Venu and Mr S G Murali, non-executive and non-independent Directors, who have been the longest in office are liable to retire by rotation and are proposed to be re-appointed at the ensuing Annual General Meeting (AGM).

Both the directors, being eligible, offer their candidature for re-appointment.

### Policy on Directors appointment and remuneration of Directors and Key Managerial Personnel

In accordance with Section 178 of the Act 2013, the Company 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.



# SUNDARAM AUTO COMPONENTS LIMITED

## 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/ 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 Commen, Director and Chief Executive Officer, J Ashok Chakravarthi, Chief Financial Officer and G Sathyan, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

Hence, the Company is fully complied with the provisions of Section 203 of the Companies Act, 2013.

## **Corporate Governance**

### Board Meetings:

During the year under review, the Board met five times on 22<sup>nd</sup> April 2021, 23<sup>rd</sup> July 2021, 18<sup>th</sup> October 2021, 1<sup>st</sup> February 2022 and 28<sup>th</sup> March 2022 and the gap between two meetings did not exceed one hundred and twenty days.

### Extra- Ordinary General Meetings:

During the year under review, 1 (One) Extra-Ordinary General Meeting was held on 29<sup>th</sup> March 2022.

### Committees of the board:

In terms of the provisions of Section 149 (4), 177 and 178 of the Companies Act, 2013 read with MCA notification dated 5<sup>th</sup> July 2017 and 13<sup>th</sup> July 2017, the company being a wholly owned subsidiary of TVS Motor Company Limited, is exempt from constitution of Audit Committee and Nomination and Remuneration Committee.

Further, companies with CSR spending of less than Rs. 50 Lakhs per year are exempt from the constitution of Corporate Social Responsibility Committee.

In view of the above, the board at its meeting held on 3<sup>rd</sup> May 2022 approved the dismantling all the committees of the board viz. Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee for operational convenience.

### Corporate Social Responsibility:

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. 10 lakhs for the financial year 2021-22, towards CSR spending.

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 26 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 work with communities and governments to empower India's rural poor through awareness, skills and training programs. SST also do this by helping them find solutions that are sustainable, in areas ranging from economic development, and infrastructure to healthcare and education. SST encourage them to alter their attitudes and take ownership of changes that bring about lasting development

SST is working in thousands of villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh, and Andhra Pradesh. SST has focused on the areas of economic development, health care, education, environment, social, infrastructure and water conservation actively in many villages. So far in the last 26 years, across SST, more than 60000 women have been organized into Self-Help

Group (SHGs), 2500 village government infrastructures have been repaired and renovated, more than 290 water bodies have been desilted, to name a few of the activities.

The Company has also ensured that none of the projects undertaken through SST, for its CSR obligations, requires impact assessment, as these projects are within the limit of Rs. 1 Cr.

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 by the Board for the financial year 2021-22 are given by way of Annexure IV attached to this Report.

It may also be noted that the board has approved the projects or programmes to be undertaken by the SST and other eligible trusts for the year 2022-23, preferably in local areas including the manner of execution, modalities of utilisation of funds and implementation schedules and also monitoring and reporting mechanism for the projects or programmes, as required under the Companies Amendment Act, 2020.

## **Auditors**

### Statutory Auditors:

The Company at its twenty-fifth AGM held on 31<sup>st</sup> 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 till the conclusion of 30<sup>th</sup> AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, traveling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

Pursuant to provisions of Section 139(2) of the Companies Act, 2013, M/s V Sankar Aiyar & Co., Chartered Accountants, will be eligible to be re-appointed as Statutory Auditors of the Company for the second term of five years till the conclusion of 35<sup>th</sup> AGM of the Company.

The Board of Directors in their meeting held on 3<sup>rd</sup> May 2022, have approved and recommended the re-appointment of M/s V Sankar Aiyar & Co., Chartered Accountants for the second term of five years.

They will hold office as statutory auditors for the second term of five years from the conclusion of the 30<sup>th</sup> Annual General Meeting till the conclusion of 35<sup>th</sup> Annual General Meeting of the Company.

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 2022-23.

### 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 2021-22.

The Board has re-appointed them as Secretarial Auditor for carrying out the secretarial audit for the financial year 2022-23.

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 31<sup>st</sup> March 2022.

### 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, if any, affecting the financial position of the company, having occurred since the end of the Year and till the date of the Report:

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.

## SUNDARAM AUTO COMPONENTS LIMITED

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### 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 V 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 2021-22, the Company has not extended any guarantee or loans to other companies during the year under review.

However, please refer note no.5 to Notes on accounts for the financial year 2021-22, for details of investments made by the Company.

### Annual Return:

In terms of the requirements of Section 134(3)(a) of the Act, 2013 read with the Companies (Accounts) Rules, 2014, the Annual Return for the year 2021-22 in prescribed form is available in the Company's website in the following link <https://www.sundaramautocomponents.com/Investor.html>

### 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.

### Insolvency and Bankruptcy Code

There are no applications made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

### Onetime settlement with any Bank or Financial Institution

No disclosure or reporting is required in respect of the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions.

### **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 TVS Motor Company 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: 3<sup>rd</sup> May 2022

Venu Srinivasan  
Chairman

# SUNDARAM AUTO COMPONENTS LIMITED

## 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 2021-22

- Initiatives for alternate sourcing of power.
  - o Conversion of diesel to LPG in boiler at Chennai plant for cost effectiveness.
- Projects undertaken to reduce energy consumption:
  - o Implemented Energy Management System (EMS) at Hosur plant for effective monitoring and control of power consumption
  - o Implementation of Variable Frequency Drives for injection moulding machines & Chiller lines for energy conservation at Hosur plant.
  - o Energy consumption reduction through cycle time reduction projects, MTTR & MTBF improvement projects, etc

The above measures along with other small projects resulted in an annual savings of Rs. 1.1 Crore.

##### 1.2 Proposed measures for the year 2022-23:

- o Implementing the additional roof top solar power projects within the plant to maximize the power savings.
- o Acquiring additional power capacity from green energy providers through solar farms/windmills
- o Reducing fixed power consumption through identified projects
- o Implementation of Variable frequency drives for IMMs - 6 nos.

The above measures are expected to result in improving the effectiveness energy management and power cost.

#### 2. Steps taken for utilizing alternate sources of energy during the year 2021-22

The Company continued the utilization of the wind energy and solar energy to an extent of 16.9 MW, also balancing the power sourcing with IEX traded power.

#### 3. Capital investment- Energy conservation Equipment:

Nil

#### B. TECHNOLOGY ABSORPTION

- o Developed 3D printed plastic-metal hybrid frame prototype for TVS Motors (Model : Scooty pep)
- o Engaging with global industry experts for developing Mould design and development competency
- o Developed custom material (PP Talc filled material replacing existing ABS) for Herman miller
- o Designed and developed parts – Air filter, Mud flap, Spoiler & Rain deflector.

#### C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

| Total foreign exchange earnings and out go | (Rs. In Cr) |
|--|-------------|
| (a) Earnings                               | 1.01        |
| (b) Out go                                 | 43.05       |

For and on behalf of the Board

Place : Chennai  
Date: 3<sup>rd</sup> May 2022

Venu Srinivasan  
Chairman

## SUNDARAM AUTO COMPONENTS LIMITED

### Annexure - II

#### 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.,                                |
|--|---------------------------------------|---|
|  | Date on which subsidiary was acquired | 9 <sup>th</sup> September 2015                            |
|  | Reporting period                      | 1 <sup>st</sup> April 2021 to 31 <sup>st</sup> March 2022 |
|  | Reporting currency                    | USD   |
|  | Closing Exchange rate                 | INR 75.79/USD   |
|  | Share capital                         | 650.74  |
|  | Reserves & Surplus                    | (51.06)   |
|  | Total assets                          | 888.54  |
|  | Total Liabilities                     | 288.86  |
|  | Investments                           | -   |
|  | Turnover                              | 52.79   |
|  | Profit before taxation                | (83.04)   |
|  | Provision for taxation                | -   |
|  | Profit after taxation                 | (83.04)   |
|  | Proposed Dividend                     | -   |
|  | % of shareholding                     | 50.35%  |
| <b>Note:</b><br>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.<br>2. Subsidiaries which are yet to commence operations - Premier Land Holding LLC<br>3. Subsidiaries which have been liquidated or sold during the year – Nil. |                                       |   |

Venu Srinivasan  
Chairman

Rajesh Oommen  
Director & Chief Executive Officer

As per our report annexed  
For V .Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No. 109208W

Place: Chennai  
Date: 03-05-2022

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

# SUNDARAM AUTO COMPONENTS LIMITED

## Annexure - IV

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

#### 1. Brief outline on CSR Policy of the Company

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. Composition of CSR Committee as on the date of this report : Not applicable

|                |   |   |                |   |   |
|----------------|---|---|----------------|---|---|
| 3.             | Web-link where Composition of CSR committee, Policy and Projects approved by the board are disclosed on the website of the company  | <a href="https://www.sundaramautocomponents.com/Investor.html">https://www.sundaramautocomponents.com/Investor.html</a> |                |   |   |
| 4.             | Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).               | Not Applicable  |                |   |   |
| 5              | Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any | Sl. No.   | Financial Year | Amount available for set-off from preceding financial years (in Rs) | Amount required to be setoff for the financial year, if any (in Rs) |
| Not applicable |   |   |                |   |   |
| 6              | Average net profit of the company as per section 135(5).  | Rs. 469.67 lakhs  |                |   |   |
| 7              | (a) Two percent of average net profit of the company as per section 135(5)  | Rs. 9.40 lakhs  |                |   |   |
|                | (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.  | NIL   |                |   |   |
|                | (c) Amount required to be set off for the financial year, if any  | NIL   |                |   |   |
|                | (d) Total CSR obligation for the financial year (7a+7b- 7c).  | Rs. 9.40 lakhs  |                |   |   |
| 8 (a)          | CSR amount spent or unspent for the financial year: 10 Lakhs  |   |                |   |   |

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.)  |                   |  |         |                   |
|---|--|-------------------|--|---------|-------------------|
|   | Total Amount transferred to Unspent CSR Account as per section 135(6). |                   | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). |         |                   |
|   | Amount.  | Date of transfer. | Name of the Fund   | Amount. | Date of transfer. |
| 10 lakhs  | NA   | NA                | NA   | NA      | NA                |

|       |  |
|-------|--|
| 8 (b) | Details of CSR amount <b>spent against ongoing projects</b> for the financial year: - Not Applicable |
|-------|--|

|       |  |  |
|-------|--|--|
| 8 (c) | Details of CSR amount <b>spent against other than ongoing projects</b> for the financial year: |  |
|       | Name of the Project.   | Health   |
|       | Activities Undertaken  | <ul style="list-style-type: none"> <li>Awareness program for Women &amp; Children</li> <li>Supply of Nutritious food to tribal people and providing medicines free of cost</li> <li>Conducting general health camp including anemia awareness program</li> </ul> |
|       | Item from the list of activities in Schedule VII to the Act.                                   | <ul style="list-style-type: none"> <li>Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water;</li> </ul>  |
|       | Local area (Yes / No).   | Yes  |
|       | Location of the project (State / District)   | - Tamil Nadu : Dharmapuri district   |
|       | Amount spent for the project (in Rs.).   | Rs. 2308 Lakhs includes Rs. 10 Lakhs   |
|       | Mode of Implementation – Direct (Yes / No)   | No   |
|       | Name of the Implementing Agency  | <b>Srinivasan Services Trust</b><br>Jayalakshmi Estates,<br>No. 29, Haddows Road<br>Chennai - 600 006<br>Tamil Nadu<br>Phone No: 044-28332115<br>Mail ID: <a href="mailto:swaran@tvssst.org">swaran@tvssst.org</a>   |
|       | CSR Registration No.   | CSR00001508.   |

|       |   |                |
|-------|---|----------------|
| 8 (d) | Amount spent on Impact Assessment, if applicable        | Not Applicable |
| 8 (e) | Total amount spent for the Financial Year (8b+8c+8d+8e) |                |

|       |                                   |
|-------|-----------------------------------|
| 8 (f) | Excess amount for set off, if any |
|-------|-----------------------------------|

| Sl. No. | Particulars   | Amount (in Rs.) |
|---------|---|-----------------|
| (i)     | Two percent of average net profit of the company as per section 135(5)                                      | Rs. 9.40 lakhs  |
| (ii)    | Total amount spent for the Financial Year   | Rs. 10 lakhs    |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]   | Rs. 0.60 lakhs  |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL             |
| (v)     | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | Rs. 0.60 lakhs  |

# SUNDARAM AUTO COMPONENTS LIMITED

## Annexure - V

### 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 2021-22  
 (d) Date (s) of approval by the Board, if any: 25<sup>th</sup> January 2021

| 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           | 302.40  |
| Availing of Services                            | Sharing of Common exps etc. & Canteen recovery and Rent on Mysore Plant | At cost  | 0.86  |

For and on behalf of the Board

Place : Chennai  
 Date : 3<sup>rd</sup> May 2022

Venu Srinivasan  
 Chairman

| 9(a)           | Details of Unspent CSR amount for the preceding three financial years: (In Rs.) |   |  |  |   |
|----------------|---|---|--|--|---|
| Sl. No.        | Preceding Financial Year.   | Amount transferred to Unspent CSR Account under section 135 (6) | Amount spent in the reporting Financial Year | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | Amount remaining to be spent in succeeding financial years. |
|                |   |   |  | Name of the Fund   | Amount  |
| Not Applicable |   |   |  |  |   |

|       |   |
|-------|---|
| 9 (b) | Details of CSR amount spent in the financial year for <b>ongoing projects</b> of the preceding financial year(s):<br>- Not Applicable |
|-------|---|

|    |  |   |                |  |  |
|----|--|---|----------------|--|--|
| 10 | In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year; <b>(asset-wise details)</b> . |   |                |  |  |
|    | (a)  | Date of creation or acquisition of the capital asset(s).  | Not Applicable |  |  |
|    | (b)  | Amount of CSR spent for creation or acquisition of capital asset  |                |  |  |
|    | (c)  | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc |                |  |  |
|    | (d)  | Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc |                |  |  |
| 11 | Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).  |   | Not Applicable |  |  |

For and on behalf of the Board

Place : Chennai  
 Date : 3<sup>rd</sup> May 2022

Venu Srinivasan  
 Chairman



**Form No. MR-3****Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2022**

[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 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 ('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 for our verification, forms and returns filed, and compliance related action taken by the Company during the year as well as after 31<sup>st</sup> March 2022 but before the issue of this report;
- (ii) Compliance certificate confirming compliance with all laws applicable to the Company given by the Chief Executive Officer of the Company 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 31<sup>st</sup> March 2022, 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 TVS Motor Company Limited;
  - (iii) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder (FEMA), to the extent of Overseas Direct Investment and External Commercial Borrowings;
  - (iv) Mandatorily applicable Secretarial Standards, namely Secretarial Standards (SS-1) on "Meetings of the Board of Directors", and Secretarial Standards (SS-2) on "General Meetings", 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 31<sup>st</sup> March 2022 but before the issue of this report, the Company, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us, has generally complied with:
- (i) The applicable provisions of the Act and the Rules, mentioned in paragraph 1.1 (i) above;
  - (ii) Regulation 24A of LODR, mentioned in paragraph 1.1 (ii) above;
  - (iii) The applicable rules and regulations under FEMA mentioned in paragraph 1.1 (iii) above, with respect to Overseas Direct Investment (ODI) and External Commercial Borrowings (ECB); and
  - (iv) The mandatorily applicable Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) referred to in paragraph 1.1 (iv) above.
- 1.3 We are informed that, during / in respect of the year:
- (i) The Company, 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 thereunder, with respect to Foreign Direct Investment;
  - (b) Securities Contracts (Regulation) Act, 1956, and the rules made thereunder;
  - (c) Depositories Act, 1996, and the Regulations and bye-laws framed thereunder;
  - (d) Regulations prescribed under the Securities and Exchange Board of India Act, 1992, except Regulation 24A of LODR; and 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.
- (iii) Since the Company is not a material subsidiary of TVS Motor Company Limited in terms of Regulation 24(1) of LODR, it was not required to appoint an Independent Director of the holding company as a Director.
- (iv) Since the Company is a wholly-owned Indian subsidiary of TVS Motor Company Limited, it is not required, under the Act, to:
- (a) Constitute an Audit Committee of the Board of Directors;
  - (b) Constitute a Nomination and Remuneration Committee of the Board of Directors; and
  - (c) Appoint Independent Directors on the Board of Directors.

**2. Board processes**

We further report that:

**2.1. Board constitution and balance**

- (i) As on 31<sup>st</sup> March 2022, the Board of Directors of the Company is duly constituted and consists of 1 (one) Executive Director and 3 (three) Non-Executive Directors including 1 (one) Woman Director.
- (ii) The following changes which took place in the Board of Directors during the year were carried out in compliance with the applicable provisions of the Act and the Rules made thereunder:
  - (a) Re-appointment of Mr C N Prasad (DIN: 01950656) and Mr S G Murali (DIN: 00348902), Directors who retired by rotation at the 29<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> July 2021.
  - (b) Appointment of Mr Venu Srinivasan (DIN: 00051523) as an Additional Director (Non- Executive) with effect from 28<sup>th</sup> March 2022, and his appointment as a Non-Executive Director liable to retire by rotation, at the Extra-ordinary General Meeting held on 29<sup>th</sup> March 2022.
  - (c) Appointment of Mr Venu Srinivasan (DIN: 00051523) as the Chairman of the Board, with effect from 28<sup>th</sup> March 2022.
  - (d) Cessation of Mr H Lakshmanan (DIN: 00057973) and Mr C N Prasad (DIN: 01950656) as Directors, effective from closure of working hours on 28<sup>th</sup> March 2022.
  - (e) Appointment of Mr Rajesh Oommen (DIN: 08588098), Chief Executive Officer, as an Additional Director (Executive), with effect from 28<sup>th</sup> March 2022, and his appointment as a Director (Executive) liable to retire by rotation, at the Extra-ordinary General Meeting held on 29<sup>th</sup> March 2022.
  - (f) Appointment of Mr Rajesh Oommen (DIN: 08588098), Chief Executive Officer, as a Whole- time Director, for a term of 5 (five) consecutive years from 28<sup>th</sup> March 2022, and approval of such appointment at the Extra-ordinary General Meeting held on 29<sup>th</sup> March 2022.
- (iii) Since the Company is a wholly-owned Indian subsidiary of M/s. TVS Motor Company Limited, it is not required under the Act to constitute an Audit Committee or a Nomination and Remuneration Committee. These Committees have hence been dissolved with effect from 3<sup>rd</sup> May 2022.

**2.2. Board meetings**

- (i) Adequate notice was given to all the directors to plan their schedule for the Board Meetings. Notices of Board meetings were sent atleast 7 (seven) days in advance, except in respect of the meetings convened at a shorter notice, in accordance with Section 173(3) of the Act.

## SUNDARAM AUTO COMPONENTS LIMITED

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- (ii) Agenda and detailed notes on agenda were sent atleast 7 (seven) days before the Board meetings, except in respect of the meetings convened at a shorter notice. Agenda notes in respect of additional subjects and supplementary agenda notes and annexures in respect of some 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.
- 2.4. 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:

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:

During the audit period, no specific events or actions having a major bearing on the Company's affairs took place in pursuance of the above referred laws, rules, regulations and standards.

- (i) Further Overseas Direct Investment in Sundaram Holding USA Inc., an overseas subsidiary company, as disclosed in the Audited Financial Statements for the year.

For S. Krishnamurthy & Co  
Company Secretaries  
(Peer Review Certificate No.739/2020)

SHARANYA SRIRAM,  
Partner  
Membership No.F10252  
Certificate of Practice No: 12731  
UDIN: F010252D000262779

Date : 03<sup>rd</sup> May 2022  
Place : Chennai

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### 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 2022 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 2022 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, wherever there was scope for multiple interpretations.
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 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.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. 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  
(Peer Review Certificate No.739/2020)

SHARANYA SRIRAM,  
Partner  
Membership No.F10252  
Certificate of Practice No: 12731  
UDIN: F010252D000262779

Date : 03<sup>rd</sup> May 2022  
Place : Chennai

# SUNDARAM AUTO COMPONENTS LIMITED

## Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31<sup>st</sup> March 2022

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 31<sup>st</sup> March 2022 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 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 March 31, 2022, 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 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.

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.

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 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 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.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 and with the returns received from the branches not visited by us;
  - (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 31<sup>st</sup> March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2022 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), 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note No. 37(i) to the standalone financial statements;
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d.
    - i. Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts (refer note no 38(xiv)), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(is), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - ii. Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts (refer note no 38(xv)), no funds have been received by the company from any

person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, and

- iii. Based on the audit procedures adopted by us, nothing has come to our notice that has caused us to believe that the representations made by the management under sub clause (i) and (ii) above, contain any material misstatement.
- e. No Dividend declared or paid during the year 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 remuneration to its directors during the current year and hence, applicability of the provisions of Sec 197 of the Act does not arise. The Ministry of Corporate Affairs has not prescribed other details under Sec 197(6) which are required to be commented upon by us.

For V.SANKAR AIYAR & CO.  
Chartered Accountants  
ICAI Regn. No.109208W

UDIN 22023116AIXJOK2120

Place: Chennai  
Date: 03<sup>rd</sup> May 2022

S. VENKATARAMAN  
PARTNER  
Membership No.023116

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT – 31<sup>st</sup> March 2022 (Referred to in our report of even date)**

|       |      |    |   |
|-------|------|----|---|
| (i)   | a)   | A) | According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.   |
|       |      | B) | According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has maintained proper records showing full particulars of Intangible assets.   |
|       | b)   |    | The company has a regular program of physically verifying all the Property, Plant and Equipment 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 the records of the Company examined by us, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.  |
|       | d)   |    | The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.   |
|       | e)   |    | According to the information and explanation given to us and the records of the Company examined by us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.  |
| (ii)  | a)   |    | As informed to us, the management has conducted physical verification of inventory [including inventory lying with third parties] at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies noticed on such physical verification, were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of account.   |
|       | b)   |    | According to the information and explanation given to us and the records of the Company examined by us, the Company has been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. The quarterly returns filed by the Company with such banks are in agreement with the books of accounts of the Company.   |
| (iii) | a)   |    | According to the information and explanation given to us and the records of the Company examined by us, during the year the Company: <ul style="list-style-type: none"> <li>i. Has not made investments in companies, firms, Limited Liability Partnerships or any other parties.</li> <li>ii. Has not provided loans, advances in the nature of loans, guarantee and security to companies, firms, Limited Liability Partnerships or any other parties. Therefore, the requirement to report under clauses (iii) (b) to (f) of para 3 of the Order are not applicable to the Company.</li> </ul> |
|       | (iv) |    | Investments made, in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company. The Company has not granted any loan or provided any guarantee/securities during the year.   |
|       | (v)  |    | According to the information and explanation given to us and the records of the Company examined by us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.   |
|       | (vi) |    | In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act in respect of certain products manufactured by the Company. Therefore, the provisions of clause(vi) of the order not applicable to the company.   |

|        |   |  |                             |        |   |  |
|--------|---|--|-----------------------------|--------|---|--|
| (vii)  | a)  | According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services 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 Services Tax, Customs duty and Cess were in arrears as at 31st March 2022 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 Services Tax, Value Added Tax, Excise Duty and Cess which have not been deposited on account of any dispute as at 31st March 2022 other than the following on account of dispute, as given below.   |                             |        |   |  |
|        |   | Name of the statute/(Nature of dues)   | Period of Due               | Demand | Amount paid under protest/ Deposit against appeal | Forum where dispute is pending   |
|        |   | Income Tax Act 1961  | FY 2008-09 to FY 2018-19    | 3.46   | -   | Assessing Officer and Commissioner of Income Tax (Appeals)(CIT(A)), Chennai. |
|        |   | Goods and Service Tax 2017   | July 2017 to September 2018 | 2.82   | -   | Writ petition filed in High court of Andhra Pradesh                          |
|        |   | Central Sales Tax Act 1956   | FY 2006-07                  | 0.78   | 0.25  | Assistant Commissioner (CT), Chennai   |
|        |   |  | FY 2008-09                  | 0.05   | 0.01  | Hon'ble High Court, Madras   |
|        |   |  | FY 2013-14                  | 0.01   | -   | Appellate Joint Commissioner, CT at Salem                                    |
|        |   |  | FY 2014-15                  | 0.74   | 0.18  | Division bench of High Court, Madras   |
|        |   | Customs Act 1962   | FY 2003-04                  | 0.40   | 0.03  | Joint Commissioner of Customs (EODC-EPCG), Chennai                           |
| (viii) | According to the information and explanations given to us and based on the records, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company. |  |                             |        |   |  |
| (ix)   | a)  | On the basis of verification of records, the procedures performed by us, on an overall examination of the financial statements of the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.  |                             |        |   |  |
|        | b)  | the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.  |                             |        |   |  |
|        | c)  | the Term loans were applied for the purpose for which the loans were obtained.   |                             |        |   |  |
|        | d)  | According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not utilized funds raised on short-term basis for long-term purposes.   |                             |        |   |  |

# SUNDARAM AUTO COMPONENTS LIMITED

|        |    |  |
|--------|----|--|
|        | e) | According to the information and explanation given to us and on overall examination of the financial statements of the Company, the Company has not taken funds from any entities and persons on account of or to meet the obligations of its subsidiaries, associates or joint ventures.  |
|        | f) | The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause 3 (ix)(f) of the Order is not applicable to the Company.  |
| (x)    | a) | According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.  |
|        | b) | According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.  |
| (xi)   | a) | During the course of our examination of the books and records of the Company, carried out based upon the generally accepted 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 on the company have been noticed or reported during the year.  |
|        | b) | During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. According to the information and explanations given to us and based on the information given to us and records verified by us, Secretarial Auditor has not filed report in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. The Company does not have a cost Auditor. |
|        | c) | According to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the Company during the year.  |
| (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)  | a) | In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.   |
|        | b) | The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.   |
| (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)   | a) | According to the information and explanations given to us and based on the information given to us and records verified by us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.   |
|         | b) | The Company has not conducted any Non-Banking Financial or Housing Finance activities.   |
|         | c) | The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.   |
|         | d) | There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.   |
| (xvii)  |    | The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.   |
| (xviii) |    | There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.  |
| (xix)   |    | According to the information and explanations given to us and on the basis of the financial ratios disclosed in note no. 38(i) to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due. |
| (xx)    | a) | According to the information and explanations given to us,<br>In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note no. 37(iii) to the financial statements.  |
|         | b) | There are no unspent amounts in respect of ongoing projects that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note no. 37(iii) to the financial statements.  |
| (xxi)   |    | The Company is not required to prepare consolidated financial statement. Therefore, clause (xxi) of para 3 of the order is not applicable to the Company.  |

For V.SANKAR AIYAR & CO.  
Chartered Accountants  
ICAI Regn. No.109208W

UDIN 22023116AIXJOK2120

Place: Chennai  
Date: 03<sup>rd</sup> May 2022

S. VENKATARAMAN  
PARTNER  
Membership No.023116



## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT – 31<sup>st</sup> March 2022 (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, 2022 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.

### 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 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, 2022, 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  
ICAI Regn. No.109208W

|      |                    |
|------|--------------------|
| UDIN | 22023116AIXJOK2120 |
|------|--------------------|

Place: Chennai  
Date: 03<sup>rd</sup> May 2022

S. VENKATARAMAN  
PARTNER  
Membership No.023116

# SUNDARAM AUTO COMPONENTS LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2022

|   |       | Rupees in crores     |                      |
|---|-------|----------------------|----------------------|
|   | Notes | As at March 31, 2022 | As at March 31, 2021 |
| <b>Assets</b>   |       |                      |                      |
| <b>Non-current assets</b>   |       |                      |                      |
| Property, Plant and Equipment   | 2 (a) | 203.51               | 216.01               |
| Right of use of Assets  | 2 (b) | 10.73                | 12.27                |
| Capital work in progress  | 3     | 12.66                | 10.10                |
| Goodwill  | 4     | 2.20                 | 2.20                 |
| Financial assets  |       |                      |                      |
| i. Investments  | 5     | 319.59               | 320.52               |
| ii. Other financial assets  | 6     | 0.16                 | 0.31                 |
| Other non-current assets  | 7     | 5.99                 | 13.79                |
| <b>Total non-current assets</b>   |       | <b>554.84</b>        | <b>575.20</b>        |
| <b>Current assets</b>   |       |                      |                      |
| Inventories   | 8     | 51.35                | 32.94                |
| Financial assets  |       |                      |                      |
| i. Trade receivables  | 9     | 93.28                | 83.36                |
| ii. Cash and cash equivalents   | 10    | 0.70                 | 1.90                 |
| iii. Other financial assets   | 11    | 0.59                 | -                    |
| Other current assets  | 12    | 36.97                | 35.89                |
| <b>Total current assets</b>   |       | <b>182.89</b>        | <b>154.09</b>        |
| <b>Total Assets</b>   |       | <b>737.73</b>        | <b>729.29</b>        |
| <b>Equity and liabilities</b>   |       |                      |                      |
| <b>Equity</b>   |       |                      |                      |
| Equity share capital  | 13    | 44.57                | 44.57                |
| Other equity  | 14    | 377.60               | 374.24               |
| <b>Total equity</b>   |       | <b>422.17</b>        | <b>418.81</b>        |
| <b>Liabilities</b>  |       |                      |                      |
| <b>Non-current liabilities</b>  |       |                      |                      |
| Financial liabilities   |       |                      |                      |
| i. Borrowings   | 15a   | 17.96                | 69.54                |
| ia. Lease liabilities   | 15b   | 1.90                 | 1.45                 |
| Provision - Employee benefit obligations  | 16    | 5.80                 | 3.03                 |
| Deferred tax liabilities (Net)  | 17    | 11.51                | 10.74                |
| <b>Total non-current liabilities</b>  |       | <b>37.17</b>         | <b>84.76</b>         |
| <b>Current liabilities</b>  |       |                      |                      |
| Financial liabilities   |       |                      |                      |
| i. Borrowings   | 18    | 122.59               | 97.02                |
| ia. Lease liabilities   | 15b   | 0.10                 | 0.15                 |
| ii. Trade payables  | 19    |                      |                      |
| a.Total outstanding dues of Micro and Small enterprises                                     |       | 8.82                 | 5.25                 |
| b.Total outstanding dues of other than (ii) a above   |       | 89.24                | 67.46                |
| iii. Other financial liabilities  | 20    | 0.48                 | 1.10                 |
| Other current liabilities   | 21    | 55.94                | 53.54                |
| Provision - Employee benefit obligations  | 16    | 1.22                 | 1.20                 |
| <b>Total current liabilities</b>  |       | <b>278.39</b>        | <b>225.72</b>        |
| <b>Total liabilities</b>  |       | <b>315.56</b>        | <b>310.48</b>        |
| <b>Total equity and liabilities</b>   |       | <b>737.73</b>        | <b>729.29</b>        |
| <b>Significant Accounting Policies (See accompanying notes to the financial statements)</b> | 1     | -                    | -                    |

Venu Srinivasan  
Chairman

Rajesh Oommen  
Director & Chief Executive Officer

As per our report annexed  
For V .Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No. 109208W

Place: Chennai  
Date: 03-05-2022

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

# SUNDARAM AUTO COMPONENTS LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2022

|  |       |                           | Rupees in crores          |
|--|-------|---------------------------|---------------------------|
|  | Notes | Year ended March 31, 2022 | Year ended March 31, 2021 |
| <b>Income</b>  |       |                           |                           |
| Revenue from operations  | 22    | 606.34                    | 459.53                    |
| Other income   | 23    | 1.61                      | 3.16                      |
| <b>Total income</b>  |       | <b>607.95</b>             | <b>462.69</b>             |
| <b>Expenses</b>  |       |                           |                           |
| Cost of materials consumed   | 24    | 431.57                    | 307.48                    |
| Changes in inventories of finished goods, Stock-in -Trade and work-in-progress                 | 24    | (8.27)                    | 3.75                      |
| Employee benefits expense  | 25    | 71.89                     | 69.22                     |
| Finance costs  | 26    | 12.69                     | 16.01                     |
| Depreciation and amortisation expense  | 2 & 4 | 20.88                     | 19.85                     |
| Other expenses   | 27    | 68.89                     | 56.10                     |
| <b>Total expenses</b>  |       | <b>597.65</b>             | <b>472.41</b>             |
| <b>Profit/ (Loss) before exceptional items</b>   |       | <b>10.30</b>              | <b>(9.72)</b>             |
| Exceptional items - Gain / (Loss)  |       | (6.00)                    | (9.36)                    |
| <b>Profit/(Loss) before tax</b>  |       | <b>4.30</b>               | <b>(19.08)</b>            |
| Tax expense  |       |                           |                           |
| Current tax  | 28    | 0.56                      | (0.36)                    |
| Deferred tax   | 28    | 1.43                      | (6.23)                    |
| <b>Profit/(Loss) for the year</b>  |       | <b>2.31</b>               | <b>(12.49)</b>            |
| <b>Other comprehensive income</b>  |       |                           |                           |
| <i>A. Items that will not be reclassified to profit or loss</i>                                |       |                           |                           |
| Remeasurement of post employment benefit obligations arising on account of actuarial losses    |       | (1.72)                    | 1.25                      |
| Change in fair value of equity instruments   |       | 2.60                      | 0.23                      |
| Income tax relating to these items   |       | 0.61                      | 0.42                      |
| <i>B. Items that will be reclassified to profit or loss</i>                                    |       |                           |                           |
| Fair value changes on cash flow hedges   |       | (0.16)                    | 1.94                      |
| Income tax relating to these items   |       | 0.06                      | (0.61)                    |
| <b>Other comprehensive income for the year, net of tax</b>                                     |       | <b>1.38</b>               | <b>3.23</b>               |
| <b>Total comprehensive income for the period</b>   |       | <b>3.69</b>               | <b>(9.26)</b>             |
| <b>Earnings per equity share of Rs. 10 each fully paid up</b>                                  | 34    |                           |                           |
| Basic and Diluted earnings per share (in Rupees)   |       | 0.52                      | (2.84)                    |
| <b>Significant Accounting Policies</b><br>(See accompanying notes to the financial statements) | 1     |                           |                           |

Venu Srinivasan  
Chairman

Rajesh Oommen  
Director & Chief Executive Officer

As per our report annexed  
For V .Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No. 109208W

Place: Chennai  
Date: 03-05-2022

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

# SUNDARAM AUTO COMPONENTS LIMITED

## Cash Flow Statement

| Details  | Rupees in crores         |                          |
|--|--------------------------|--------------------------|
|  | Year Ended March 31,2022 | Year Ended March 31,2021 |
| <b>Profit/(loss) before tax</b>                        | 4.30                     | (19.08)                  |
| <b>Adjustments for</b>                                 |                          |                          |
| Depreciation and amortisation expense                  | 20.88                    | 19.85                    |
| Prov. for doubtful debt                                | (0.01)                   | 0.15                     |
| Loss on cancellation of land lease                     | 1.04                     | 3.17                     |
| Unrealized exchange (gain) / loss                      | 0.01                     | -                        |
| Loss on sale of fixed assets                           | 0.13                     | 0.01                     |
| Employee provisions                                    | 1.08                     | 0.99                     |
| Interest income  | (0.29)                   | (0.37)                   |
| Share of profit from LLP                               | (0.28)                   | (2.71)                   |
| Impact of fair valuation of financial liability        | 0.30                     | 0.16                     |
| Finance costs  | 12.69                    | 16.01                    |
|  | <u>35.55</u>             | <u>37.26</u>             |
| <b>Operating profit before working capital changes</b> | <b>39.85</b>             | <b>18.18</b>             |
| <b>Change in operating assets and liabilities</b>      |                          |                          |
| (Increase) / Decrease in trade receivables             | (9.91)                   | (22.59)                  |
| (Increase) / Decrease in Inventories                   | (18.41)                  | (3.80)                   |
| (Increase) / Decrease in other financial assets        | 0.15                     | 0.21                     |
| (Increase) / Decrease in other non-current assets      | (0.29)                   | 1.45                     |
| (Increase) / Decrease in other current assets          | (1.33)                   | (3.92)                   |
| Increase / (Decrease) in trade payables                | 25.60                    | 19.30                    |
| Increase / (Decrease) in other current liabilities     | 2.40                     | (1.93)                   |
|  | <u>38.06</u>             | <u>16.25</u>             |
| <b>Cash generated from operations</b>                  | <b>38.06</b>             | <b>16.25</b>             |
| Less: Direct taxes paid (net of Refund)                | 1.20                     | -                        |
|  | <u>36.86</u>             | <u>16.25</u>             |
| <b>Net cash inflow from operating activities</b>       | <b>36.86</b>             | <b>16.25</b>             |
| <b>Cash flows from investing activities</b>            |                          |                          |
| Payments for property, plant and equipment             | (8.34)                   | (5.19)                   |
| Payments for property, plant and equipment - Cwip      | (2.56)                   | (0.23)                   |
| Capital Advances                                       | 0.91                     | 0.53                     |
| Proceeds from cancellation of land lease               | 8.20                     | 24.60                    |
| Proceeds from sale of property, plant and equipment    | 0.08                     | -                        |
| Proceeds from sale of Investment                       | 3.51                     | 0.01                     |
| Share of profit from LLP                               | 0.28                     | 2.71                     |
| Interest received                                      | 0.29                     | 0.37                     |
| <b>Net cash outflow from investing activities</b>      | <b>2.37</b>              | <b>(0.13)</b>            |

# SUNDARAM AUTO COMPONENTS LIMITED

Rupees in crores

| Details  | Year Ended March 31,2022 | Year Ended March 31,2021 |
|--|--------------------------|--------------------------|
| <b>Cash flows from financing activities</b>                      |                          |                          |
| Interest paid  | (12.63)                  | (15.83)                  |
| Lease liability paid   | (0.18)                   | (0.36)                   |
| Interest on Lease liability                                      | (0.15)                   | (0.15)                   |
| Proceeds from issue of share capital                             | -                        | 23.00                    |
| Receipt / (repayment) of Short term loan                         | 20.52                    | 29.09                    |
| Receipt / (repayment) of Long term loan                          | (52.64)                  | (23.69)                  |
| <b>Net cash inflow (outflow) from financing activities</b>       | <b>(45.08)</b>           | <b>12.06</b>             |
| <b>Net increase (decrease) in cash and cash equivalents</b>      | <b>(5.85)</b>            | <b>28.18</b>             |
| Cash and cash equivalents at the beginning of the financial year |                          |                          |
| Cash and cash equivalents  | 1.90                     | 1.27                     |
| Overdraft utilised   | (10.80)                  | (38.35)                  |
| Cash and cash equivalents at end of the year                     |                          |                          |
| Cash and cash equivalents  | 0.70                     | 1.90                     |
| Overdraft utilised   | (15.45)                  | (10.80)                  |

Note: The above statement of cash flow is prepared using indirect method

| Particulars   | As at 01-04-2021 | Cash flow | Amortization | Foreign exchange movement | As at 31-03-2022 |
|---|------------------|-----------|--------------|---------------------------|------------------|
| Non current borrowings (including current maturities) | 116.68           | (52.64)   | 0.14         | 1.32                      | 65.49            |
| Current borrowings                                    | 39.09            | 20.52     | -            | -                         | 59.61            |

Venu Srinivasan  
Chairman

Rajesh Oommen  
Director & Chief Executive Officer

As per our report annexed  
For V .Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No. 109208W

Place: Chennai  
Date: 03-05-2022

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

# SUNDARAM AUTO COMPONENTS LIMITED

## Statement of Changes in Equity

Rupees in crores

| A. EQUITY SHARE CAPITAL                                   | Total |
|---|-------|
| Balance as at 01-04-2020                                  | 42.17 |
| Changes in equity share capital due to prior period items | -     |
| Restated balance as at 01.04.2020                         | 42.17 |
| Changes in equity share capital                           | 2.40  |
| Balance as at 31-03-2021                                  | 44.57 |
| Changes in equity share capital due to prior period items | -     |
| Restated balance as at 01.04.2021                         | 44.57 |
| Changes in equity share capital                           | -     |
| As at 31-03-2022  | 44.57 |

## B. OTHER EQUITY

|   | Reserves and Surplus |                            |                   | Equity Instruments Fair Value through Other Comprehensive Income | Hedging Reserve | Total   |
|---|----------------------|----------------------------|-------------------|--|-----------------|---------|
|   | General Reserve      | Securities Premium Reserve | Retained Earnings |  |                 |         |
| Balance as at April 1, 2020                         | 8.05                 | 273.72                     | 88.98             | (2.69)   | (5.16)          | 362.90  |
| Issue of equity shares                              | -                    | 20.60                      | -                 | -  | -               | 20.60   |
| Profit for the period 2020-21                       | -                    | -                          | (12.49)           | -  | -               | (12.49) |
| Other comprehensive income for the year 2020-21     | -                    | -                          | 1.69              | 0.23   | 1.31            | 3.23    |
| Sub-total (A)                                       | 8.05                 | 294.32                     | 78.18             | (2.46)   | (3.85)          | 374.24  |
| Less : Distribution to shareholders                 |                      |                            |                   |  |                 |         |
| 2020-21 first and final dividend paid               | -                    | -                          | -                 | -  | -               | -       |
| Dividend distribution tax paid                      | -                    | -                          | -                 | -  | -               | -       |
| Sub-total (B)                                       | -                    | -                          | -                 | -  | -               | -       |
| Balance as at March 31, 2021 C = (A - B)            | 8.05                 | 294.32                     | 78.18             | (2.46)   | (3.85)          | 374.24  |
| Adjustment towards Equity Instrument FV through OCI |                      |                            | (0.33)            |  |                 | (0.33)  |
| Issue of equity shares                              | -                    | -                          | -                 | -  | -               | -       |
| Profit for the period 2021-22                       | -                    | -                          | 2.31              | -  | -               | 2.31    |
| Other comprehensive income for the year 2021-22     | -                    | -                          | (1.11)            | 2.60   | (0.11)          | 1.38    |
| Sub-total (D)                                       | 8.05                 | 294.32                     | 79.05             | 0.14   | (3.96)          | 377.60  |
| Less : Distribution to shareholders                 |                      |                            |                   |  |                 |         |
| 2021-22 first and final dividend paid               | -                    | -                          | -                 | -  | -               | -       |
| Dividend distribution tax paid                      | -                    | -                          | -                 | -  | -               | -       |
| Sub-total (E)                                       | -                    | -                          | -                 | -  | -               | -       |
| Balance as at March 31, 2022 F = (D - E)            | 8.05                 | 294.32                     | 79.05             | 0.14   | (3.96)          | 377.60  |

### 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.

Venu Srinivasan  
Chairman

Rajesh Oommen  
Director & Chief Executive Officer

As per our report annexed  
For V .Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No. 109208W

Place: Chennai  
Date: 03-05-2022

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116



# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements

### 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 Rajasthan 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.

These financial statements for the year ended 31st March 2022 have been approved and authorized for issue by Board of Directors at its meeting held 3rd May 2022.

#### 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

- Estimation of fair value of unlisted securities- Refer Note 32
- Defined benefit obligation - Refer Note 16
- Estimation of useful life of Property, Plant and Equipment - Refer Note 1(f) and 1(g)
- Estimation and evaluation of provisions and contingencies relating to tax litigations - Refer Note 37.

#### 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 (Furniture's, fixtures, vehicles and buildings etc.) are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Such assets are classified to the appropriate categories of

Property, Plant and Equipment when completed and ready for intended use. 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 Goods and Services Tax to the extent of credit of 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

- Depreciation on Property, Plant and Equipment 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.
- 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        |

- 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.
- 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)
- 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.
- 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.
- Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- 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.
- 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 substantively 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 Company is entitled to claim special tax deductions for investments in qualifying assets or

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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

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.

#### Debt Instruments:

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.

#### 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 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 de-recognised 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 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 34)

#### (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.

**aa)** The Ministry of Corporate Affairs has vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends certain accounting standards, and are effective 1 April 2022. Below is a summary of such amendments and requirements. No significant impact is expected on adoption of these standards.

#### (i) Ind AS 16, Property, Plant and Equipment (PPE)

The amendment clarified that an entity shall deduct from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use.

#### (ii) Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts – Cost of fulfilling a contract

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

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## Notes to Financial Statements - (continued)

### 2.a. Property, Plant & Equipment

Rupees in crores

| Description                                 | Property, Plant & Equipment |              |                   |                      |                  |             |             | Total         |
|---|-----------------------------|--------------|-------------------|----------------------|------------------|-------------|-------------|---------------|
|   | Free hold Land              | Buildings    | Plant & equipment | Furniture & fixtures | Office equipment | Computers   | Vehicles    |               |
| <b>Gross Carrying Amount</b>                |                             |              |                   |                      |                  |             |             |               |
| As at 01-04-2021                            | 5.15                        | 73.23        | 221.46            | 9.37                 | 2.55             | 2.77        | 0.82        | 315.35        |
| Additions                                   | -                           | -            | 7.92              | 0.23                 | 0.01             | 0.18        | -           | 8.34          |
| <b>Sub-total</b>                            | <b>5.15</b>                 | <b>73.23</b> | <b>229.38</b>     | <b>9.60</b>          | <b>2.56</b>      | <b>2.95</b> | <b>0.82</b> | <b>323.69</b> |
| Sales / Deletion                            | -                           | -            | 0.49              | 0.14                 | 0.01             | -           | -           | 0.64          |
| <b>Closing Gross Carrying Amount</b>        | <b>5.15</b>                 | <b>73.23</b> | <b>228.89</b>     | <b>9.46</b>          | <b>2.55</b>      | <b>2.95</b> | <b>0.82</b> | <b>323.05</b> |
| <b>Accumulated Depreciation</b>             |                             |              |                   |                      |                  |             |             |               |
| Upto 31-03-2021                             | -                           | 11.99        | 80.64             | 2.74                 | 1.19             | 2.29        | 0.49        | 99.34         |
| For the year                                | -                           | 2.74         | 16.22             | 0.93                 | 0.32             | 0.23        | 0.15        | 20.59         |
| <b>Sub-total</b>                            | <b>-</b>                    | <b>14.73</b> | <b>96.86</b>      | <b>3.67</b>          | <b>1.51</b>      | <b>2.52</b> | <b>0.64</b> | <b>119.93</b> |
| Withdrawn on assets sold/deleted            | -                           | -            | 0.36              | 0.01                 | 0.01             | -           | -           | 0.38          |
| <b>Closing accumulated depreciation</b>     | <b>-</b>                    | <b>14.73</b> | <b>96.50</b>      | <b>3.66</b>          | <b>1.50</b>      | <b>2.52</b> | <b>0.64</b> | <b>119.55</b> |
| <b>Net Carrying Amount</b>                  |                             |              |                   |                      |                  |             |             |               |
| <b>As at 31-03-2022</b>                     | <b>5.15</b>                 | <b>58.50</b> | <b>132.39</b>     | <b>5.80</b>          | <b>1.05</b>      | <b>0.43</b> | <b>0.18</b> | <b>203.51</b> |
| <b>Gross Carrying Amount</b>                |                             |              |                   |                      |                  |             |             |               |
| As at 01-04-2020                            | 5.15                        | 73.23        | 217.45            | 8.43                 | 2.56             | 2.94        | 0.66        | 310.42        |
| Additions                                   | -                           | -            | 4.05              | 0.94                 | -                | 0.04        | 0.16        | 5.19          |
| <b>Sub-total</b>                            | <b>5.15</b>                 | <b>73.23</b> | <b>221.50</b>     | <b>9.37</b>          | <b>2.56</b>      | <b>2.98</b> | <b>0.82</b> | <b>315.61</b> |
| Sales / deletion                            | -                           | -            | 0.04              | -                    | 0.01             | 0.21        | -           | 0.26          |
| IND AS 116 Transition                       | -                           | -            | -                 | -                    | -                | -           | -           | -             |
| <b>Closing Gross Carrying Amount</b>        | <b>5.15</b>                 | <b>73.23</b> | <b>221.46</b>     | <b>9.37</b>          | <b>2.55</b>      | <b>2.77</b> | <b>0.82</b> | <b>315.35</b> |
| <b>Accumulated Depreciation</b>             |                             |              |                   |                      |                  |             |             |               |
| Upto 31-03-2020                             | -                           | 9.25         | 65.91             | 1.87                 | 0.83             | 2.19        | 0.32        | 80.37         |
| For the year                                | -                           | 2.74         | 14.77             | 0.87                 | 0.37             | 0.30        | 0.17        | 19.22         |
| <b>Sub-total</b>                            | <b>-</b>                    | <b>11.99</b> | <b>80.68</b>      | <b>2.74</b>          | <b>1.20</b>      | <b>2.49</b> | <b>0.49</b> | <b>99.59</b>  |
| Withdrawn on assets sold/deleted            | -                           | -            | 0.04              | -                    | 0.01             | 0.20        | -           | 0.25          |
| <b>Closing accumulated depreciation</b>     | <b>-</b>                    | <b>11.99</b> | <b>80.64</b>      | <b>2.74</b>          | <b>1.19</b>      | <b>2.29</b> | <b>0.49</b> | <b>99.34</b>  |
| <b>Net Carrying Amount as at 31-03-2021</b> | <b>5.15</b>                 | <b>61.24</b> | <b>140.82</b>     | <b>6.63</b>          | <b>1.36</b>      | <b>0.48</b> | <b>0.33</b> | <b>216.01</b> |

### 2.b Right of use of assets

| Particulars                                      | Land         | Building    | Plant and Machinery | Car         | Total        |
|--|--------------|-------------|---------------------|-------------|--------------|
| <b>Gross Block- As at 01-04-2021</b>             |              |             |                     |             |              |
| Opening/(On transition to Ind AS 116)            | 12.56        | 0.90        | 0.15                | -           | 13.61        |
| Additions during the year                        | -            | -           | -                   | 0.40        | 0.40         |
| Deletions during the year                        | 1.72         | -           | -                   | -           | 1.72         |
| <b>Closing Gross balance as on 31-03-2022</b>    | <b>10.84</b> | <b>0.90</b> | <b>0.15</b>         | <b>0.40</b> | <b>12.29</b> |
| <b>Accumulated amortisation</b>                  |              |             |                     |             |              |
| Up to 31.03.2021                                 | 0.37         | 0.81        | 0.15                | -           | 1.34         |
| Amortisation for the year FY 2021-22             | 0.16         | 0.09        | -                   | 0.04        | 0.29         |
| <b>Sub-total</b>                                 | <b>0.53</b>  | <b>0.90</b> | <b>0.15</b>         | <b>0.04</b> | <b>1.63</b>  |
| Withdrawn on assets sold/deleted                 | 0.06         | -           | -                   | -           | 0.06         |
| <b>Closing accumulated depreciation</b>          | <b>0.47</b>  | <b>0.90</b> | <b>0.15</b>         | <b>0.04</b> | <b>1.56</b>  |
| <b>Closing Net Balance as on 31st March 2022</b> | <b>10.37</b> | <b>0.00</b> | <b>-</b>            | <b>0.36</b> | <b>10.73</b> |
| <b>Gross Block- As at 01-04-2020</b>             |              |             |                     |             |              |
| Opening/(On transition to Ind AS 116)            | 17.73        | 0.90        | 0.15                | -           | 18.78        |
| Additions during the year                        | -            | -           | -                   | -           | -            |
| Deletions during the year                        | 5.17         | -           | -                   | -           | 5.17         |
| <b>Closing Gross balance as on 31-03-2021</b>    | <b>12.56</b> | <b>0.90</b> | <b>0.15</b>         | <b>-</b>    | <b>13.61</b> |

|  |              |             |             |          |              |
|--|--------------|-------------|-------------|----------|--------------|
| <b>Accumulated amortisation</b>                  | -            | -           | -           | -        | -            |
| Up to 31.03.2020                                 | 0.30         | 0.51        | 0.14        | -        | 0.96         |
| Amortisation for the year FY 2020-21             | 0.23         | 0.30        | 0.01        | -        | 0.54         |
| <b>Sub-total</b>                                 | <b>0.53</b>  | <b>0.81</b> | <b>0.15</b> | <b>-</b> | <b>1.50</b>  |
| Withdrawn on assets sold/deleted                 | 0.16         | -           | -           | -        | 0.16         |
| <b>Closing accumulated depreciation</b>          | <b>0.37</b>  | <b>0.81</b> | <b>0.15</b> | <b>-</b> | <b>1.34</b>  |
| <b>Closing Net Balance as on 31st March 2021</b> | <b>12.18</b> | <b>0.09</b> | <b>-</b>    | <b>-</b> | <b>12.27</b> |

The company has generally leased Land, warehouses, equipments vehicles 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 exercised 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

Short term lease payments- Rs. 0.72 crores (PY Rs. 0.63 crores)

Payment towards low value asset leases - Nil

Loss on surrender of lease asset - Rs. 1.04 crores (PY Rs. 3.19 crores)

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

### 3. Capital Work-In-Progress

| Description                        | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|------------------------------------|-------------------------|-------------------------|
| Capital work in progress (At cost) |                         |                         |
| (a) Building                       | 8.17                    | 7.31                    |
| (b) Plant & equipment              | 3.13                    | 1.04                    |
| (c) Pre-operative expense          | 1.36                    | 1.76                    |
| <b>Total</b>                       | <b>12.66</b>            | <b>10.10</b>            |

Borrowing cost capitalised during the year is Rs.0.54 Crores (last year Rs.0.54 Crores)

Ageing for capital work-in-progress as at March 31, 2022 is as follows

| Particulars          | Amount in CWIP for a year ended on 31 March 2022 |           |           |                   |       |
|----------------------|--|-----------|-----------|-------------------|-------|
|                      | <1 Yr.   | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 4.54   | 3.09      | 5.03      | -                 | 12.66 |

Ageing for capital work-in-progress as at March 31, 2021 is as follows

| Particulars          | Amount in CWIP for a year ended on 31 March 2021 |           |           |                   |       |
|----------------------|--|-----------|-----------|-------------------|-------|
|                      | <1 Yr.   | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in progress | 4.16   | 5.94      | -         | -                 | 10.10 |

### 4. Goodwill & Other Intangible Assets

Rupees in crores

| Description                             | Intangible Assets |             |                         |
|---|-------------------|-------------|-------------------------|
|   | Goodwill          | Software    | Total intangible assets |
| <b>Gross Carrying Amount</b>            |                   |             |                         |
| As at 01-04-2021                        | 2.20              | 1.47        | 3.67                    |
| Additions                               | -                 | -           | -                       |
| <b>Sub-total</b>                        | <b>2.20</b>       | <b>1.47</b> | <b>3.67</b>             |
| Sales / deletion                        | -                 | -           | -                       |
| <b>Closing Gross Carrying Amount</b>    | <b>2.20</b>       | <b>1.47</b> | <b>3.67</b>             |
| <b>Accumulated amortisation</b>         |                   |             |                         |
| Upto 31-03-2021                         | -                 | 1.47        | 1.47                    |
| For the year                            | -                 | -           | -                       |
| <b>Sub-total</b>                        | <b>-</b>          | <b>1.47</b> | <b>1.47</b>             |
| Withdrawn on assets sold/deleted        | -                 | -           | -                       |
| <b>Closing accumulated amortization</b> | <b>-</b>          | <b>1.47</b> | <b>1.47</b>             |
| <b>Net Carrying Amount</b>              |                   |             |                         |
| <b>As at 31-03-2022</b>                 | <b>2.20</b>       | <b>-</b>    | <b>2.20</b>             |
| <b>Gross Carrying Amount</b>            |                   |             |                         |
| As at 01-04-2020                        | 2.20              | 1.47        | 3.67                    |
| Additions                               | -                 | -           | -                       |
| <b>Sub-total</b>                        | <b>2.20</b>       | <b>1.47</b> | <b>3.67</b>             |
| Sales / deletion                        | -                 | -           | -                       |
| <b>Closing Gross Carrying Amount</b>    | <b>2.20</b>       | <b>1.47</b> | <b>3.67</b>             |
| <b>Accumulated amortisation</b>         |                   |             |                         |
| Upto 31-03-2020                         | -                 | 1.38        | 1.38                    |
| For the year                            | -                 | 0.09        | 0.09                    |
| <b>Sub-total</b>                        | <b>-</b>          | <b>1.47</b> | <b>1.47</b>             |
| Withdrawn on assets sold/deleted        | -                 | -           | -                       |
| <b>Closing accumulated amortization</b> | <b>-</b>          | <b>1.47</b> | <b>1.47</b>             |
| <b>Net Carrying Amount</b>              |                   |             |                         |
| <b>As at 31-03-2021</b>                 | <b>2.20</b>       | <b>-</b>    | <b>2.20</b>             |

### 5 Investments

| Sl. No. | Particulars  | Subsidiary | No. of shares / units |                  | Face Value | Currency | Rupees in crores |                  |
|---------|--|------------|-----------------------|------------------|------------|----------|------------------|------------------|
|         |  |            | As at 31-03-2022      | As at 31-03-2021 |            |          | As at 31-03-2022 | As at 31-03-2021 |
| (1)     | (2)  | (3)        | (4)                   | (5)              | (6)        | (7)      | (8)              | (9)              |
| (A)     | <b>Investment in Equity Instruments Fair valued through OCI:</b> |            |                       |                  |            |          |                  |                  |
|         | Unquoted:  |            |                       |                  |            |          |                  |                  |
| (i)     | Green Infra Wind Energy Theni Limited                            |            | 34,34,477             | 34,34,477        | 10         | INR      | 1.72             | 1.59             |
| (ii)    | Atria wind power (chitradurga) P Ltd                             |            | 80,948                | 80,948           | 100        | INR      | 0.44             | 0.41             |
| (B)     | <b>Investment in Equity Instruments valued at Cost:</b>          |            |                       |                  |            |          |                  |                  |
|         | Unquoted:  |            |                       |                  |            |          |                  |                  |
| (i)     | Sundaram Holding USA, Inc., Delaware, USA                        | Subsidiary | 4,70,00,000           | 4,70,00,000      | 1          | USD      | 317.01           | 317.01           |
|         | <b>Total value of Equity Instruments</b>                         |            |                       |                  |            |          | <b>319.17</b>    | <b>319.01</b>    |
| (C)     | <b>Other non-current Investments</b>                             |            |                       |                  |            |          |                  |                  |
| (i)     | Life Insurance Corporation Pension Policy, Mumbai                |            |                       |                  |            | INR      | 0.42             | 0.44             |
|         | <b>Total value of other non- current Investment</b>              |            |                       |                  |            |          | <b>0.42</b>      | <b>0.44</b>      |
| (D)     | <b>Other investments</b>   |            |                       |                  |            |          |                  |                  |
|         | <b>Fair valued through OCI:</b>                                  |            |                       |                  |            |          |                  |                  |
| (i)     | Harita Accessories LLP   |            |                       |                  |            |          | -                | 1.07             |
|         | <b>Total value of other investments</b>                          |            |                       |                  |            |          | <b>-</b>         | <b>1.07</b>      |
|         | <b>Total (A+B+C+D)</b>   |            |                       |                  |            |          | <b>319.59</b>    | <b>320.52</b>    |
|         | Aggregate amount of quoted investments and market value thereof  |            |                       |                  |            |          | -                | -                |
|         | Aggregate amount of unquoted investments                         |            |                       |                  |            |          | 319.59           | 320.52           |
|         | Aggregate amount of impairment in value of investments           |            |                       |                  |            |          | -                | -                |
|         | <b>Total</b>   |            |                       |                  |            |          | <b>319.59</b>    | <b>320.52</b>    |

(All Investments are fully paid up)



# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

| 6 Financial Assets - Others   | As at March 31, 2022 | As at March 31, 2021 | 8 Inventories                                   | As at March 31, 2022 | As at March 31, 2021 |
|---|----------------------|----------------------|---|----------------------|----------------------|
| <b>Others</b>   |                      |                      |   |                      |                      |
| Other deposits  | 0.16                 | 0.31                 | Raw materials and components                    | 32.12                | 20.52                |
| <b>Total other financial assets</b>   | <b>0.16</b>          | <b>0.31</b>          | Goods in Transit - Raw materials and components | -                    | 1.46                 |
| <b>7 Other non-current assets</b>   |                      |                      | Work-in-process                                 | 11.15                | 4.76                 |
| Capital advances*   | 0.03                 | 7.54                 | Finished goods                                  | 7.18                 | 5.30                 |
| <b>Advances other than capital advances:</b>  |                      |                      | Stores and spares                               | 0.90                 | 0.90                 |
| Electricity Deposit   | 3.02                 | 2.32                 | <b>Total Inventories</b>                        | <b>51.35</b>         | <b>32.94</b>         |
| <b>Other Advances:</b>  |                      |                      | <b>9. Trade receivables</b>                     |                      |                      |
| Prepaid Expenses (Refer note 36 (7))  | 1.70                 | 2.11                 | Secured, considered good                        |                      |                      |
| IT Recoverable - (Advance income tax net of provision)  | 1.24                 | 1.82                 | Unsecured, considered good                      | 93.65                | 83.74                |
| <b>Total other non-current assets</b>   | <b>5.99</b>          | <b>13.79</b>         | <b>Total</b>                                    | <b>93.65</b>         | <b>83.74</b>         |
| *includes an amount of Rs. 6.65 crores towards infrastructure development reported in FY 20-21. |                      |                      | Less: Loss allowance                            | (0.37)               | (0.38)               |
|   |                      |                      | <b>Total</b>                                    | <b>93.28</b>         | <b>83.36</b>         |

### Ageing for trade receivables - billed - non-current outstanding as at March 31, 2022 is as follows

| Particulars  | Outstanding for following periods from due date of payment |                    |                   |           |           |                   |        |
|--|--|--------------------|-------------------|-----------|-----------|-------------------|--------|
|  | Not due  | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total  |
| (i) Undisputed Trade receivables - considered good                                 | 78.32  | 8.95               | -                 | -         | -         | -                 | 87.27  |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | -  | -                  | -                 | -         | -         | -                 | -      |
| (iii) Undisputed Trade Receivables - credit impaired                               | -  | -                  | 0.15              | 0.18      | 0.04      | -                 | 0.37   |
| (iv) Disputed Trade Receivables-considered good                                    | -  | -                  | -                 | -         | -         | -                 | -      |
| (v) Disputed Trade Receivables - which have significant increase in credit risk    | -  | -                  | -                 | -         | -         | -                 | -      |
| (vi) Disputed Trade Receivables - credit impaired                                  | -  | -                  | -                 | -         | -         | -                 | -      |
|  | 78.32  | 8.95               | 0.15              | 0.18      | 0.04      | -                 | 87.64  |
| Less: Loss allowance   |  |                    |                   |           |           |                   | (0.37) |
| Trade Receivables- Billed  |  |                    |                   |           |           |                   | 87.27  |
| Trade Receivables- Unbilled  |  |                    |                   |           |           |                   | 6.01   |
| Trade Receivables  |  |                    |                   |           |           |                   | 93.28  |

### Ageing for trade receivables - billed - non-current outstanding as at March 31, 2021 is as follows

| Particulars  | Outstanding for following periods from due date of payment |                    |                   |           |           |                   |        |
|--|--|--------------------|-------------------|-----------|-----------|-------------------|--------|
|  | Not due  | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total  |
| (i) Undisputed Trade receivables - considered good                                 | 66.88  | 15.18              | -                 | -         | -         | -                 | 82.06  |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | -  | -                  | -                 | -         | -         | -                 | -      |
| (iii) Undisputed Trade Receivables - credit impaired                               | -  | -                  | 0.18              | 0.18      | 0.02      | -                 | 0.38   |
| (iv) Disputed Trade Receivables-considered good                                    | -  | -                  | -                 | -         | -         | -                 | -      |
| (v) Disputed Trade Receivables - which have significant increase in credit risk    | -  | -                  | -                 | -         | -         | -                 | -      |
| (vi) Disputed Trade Receivables - credit impaired                                  | -  | -                  | -                 | -         | -         | -                 | -      |
|  | 66.88  | 15.18              | 0.18              | 0.18      | 0.02      | -                 | 82.44  |
| Less: Loss allowance   |  |                    |                   |           |           |                   | (0.38) |
| Trade Receivables- Billed  |  |                    |                   |           |           |                   | 82.06  |
| Trade Receivables- Unbilled  |  |                    |                   |           |           |                   | 1.30   |
| Trade Receivables  |  |                    |                   |           |           |                   | 83.36  |

# SUNDARAM AUTO COMPONENTS LIMITED

Rupees in crores

| 10 Cash and cash equivalents           | As at March 31,<br>2022 | As at March 31,<br>2021 |
|--|-------------------------|-------------------------|
| Balances with banks                    | 0.68                    | 1.83                    |
| Cash on hand                           | 0.02                    | 0.07                    |
| <b>Total cash and cash equivalents</b> | <b>0.70</b>             | <b>1.90</b>             |
| <b>11 Other financial Assets</b>       |                         |                         |
| Hedge Asset                            | 0.59                    | -                       |
| <b>Total other financial assets</b>    | <b>0.59</b>             | <b>-</b>                |

| 12 Other current assets             | As at March 31,<br>2022 | As at March 31,<br>2021 |
|-------------------------------------|-------------------------|-------------------------|
| GST/Sales tax / IT Receivables      | 24.15                   | 19.86                   |
| <b>Other Advances:</b>              |                         |                         |
| Prepaid expense (Refer note 36 (7)) | 1.89                    | 3.26                    |
| Advance to suppliers                | 9.10                    | 10.90                   |
| Employee advances                   | 0.16                    | 0.24                    |
| <b>Others</b>                       |                         |                         |
| Claims and other receivables        | 1.92                    | 1.63                    |
| Less: Loss allowance                | (0.25)                  | -                       |
| Net Claims and other receivables    | 1.67                    | -                       |
| <b>Total other current assets</b>   | <b>36.97</b>            | <b>35.89</b>            |

## 13 SHARE CAPITAL

### (a) Authorised, issued, subscribed and fully paid up

| Particulars                            | As at 31-03-2022   |               | As at 31-03-2021   |               |
|--|--------------------|---------------|--------------------|---------------|
|  | Number             | Rs. In Crores | Number             | Rs. In Crores |
| <b>Authorised:</b>                     |                    |               |                    |               |
| Equity shares of Rs.10/- each          | 5,00,00,000        | 50.00         | 5,00,00,000        | 50.00         |
| <b>Issued, subscribed and paid up:</b> |                    |               |                    |               |
| Equity shares of Rs.10/- each          | 4,45,69,000        | 44.57         | 4,45,69,000        | 44.57         |
| <b>Total</b>                           | <b>4,45,69,000</b> | <b>44.57</b>  | <b>4,45,69,000</b> | <b>44.57</b>  |

### (b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

| Particulars                                      | As at 31-03-2022   |               | As at 31-03-2021   |               |
|--|--------------------|---------------|--------------------|---------------|
|  | Number             | Rs. In Crores | Number             | Rs. In Crores |
| Shares outstanding at the beginning of the year  | 4,45,69,000        | 44.57         | 4,21,74,000        | 42.17         |
| Shares issued during the year                    | -                  | -             | 23,95,000          | 2.40          |
| <b>Shares outstanding at the end of the year</b> | <b>4,45,69,000</b> | <b>44.57</b>  | <b>4,45,69,000</b> | <b>44.57</b>  |

### (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 31-03-2022   |              | As at 31-03-2021   |              |
|--|----------------|--------------------|--------------|--------------------|--------------|
|  |                | No. of shares held | % of holding | No. of shares held | % of holding |
| TVS Motor Company Limited, Chennai and by its six nominees | Equity         | 4,45,69,000        | 100.00       | 4,45,69,000        | 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 31-03-2022   | As at 31-03-2021   |
|---------------------|----------------|--------------------|--------------------|
|                     |                | No. of shares held | No. of shares held |
|                     |                | -                  | -                  |

### (f) Disclosure of Shareholding of Promoters

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

| Promoter Name             | As at 31-03-2022   |              | As at 31-03-2021   |              | % Changes during the year |
|---------------------------|--------------------|--------------|--------------------|--------------|---------------------------|
|                           | No. of shares held | % of holding | No. of shares held | % of holding |                           |
| TVS Motor Company Limited | 4,45,69,000        | 100.00       | 4,45,69,000        | 100.00       | -                         |

Disclosure of shareholding of promoters as at March 31, 2021 is as follows:

| Promoter Name             | As at 31-03-2021   |              | As at 31-03-2020   |              | % Changes during the year |
|---------------------------|--------------------|--------------|--------------------|--------------|---------------------------|
|                           | No. of shares held | % of holding | No. of shares held | % of holding |                           |
| TVS Motor Company Limited | 4,45,69,000        | 100          | 4,21,74,000        | 100.00       | -                         |

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

### 14 OTHER EQUITY

| PARTICULARS                | As at March 31, 2022 | As at March 31, 2021 |
|----------------------------|----------------------|----------------------|
| General reserve            | 8.05                 | 8.05                 |
| Securities premium reserve | 294.32               | 294.32               |
| Retained earnings          | 75.23                | 71.87                |
| <b>Total</b>               | <b>377.60</b>        | <b>374.24</b>        |

### 15.a Long Term Borrowings

| Description   | Frequency  | No. of instalments due | Maturity        | As at 31-03-2022 | As at 31-03-2021 |
|---|--|------------------------|-----------------|------------------|------------------|
| <u>Secured:</u>   |  |                        |                 |                  |                  |
| Term loan from bank- External commercial borrowings (ECB)   | Repayable in 6 equal half-yearly instalments USD 14,28,571 starting 30-Sep-2020                    | 2                      | 28- Mar- 2023   | 21.56            | 41.41            |
| Term loan from bank-1   | Repayable in 8 equal Quarterly instalments INR 1.25 Cr starting Sept 2021                          | 5                      | 27- June- 2023  | 6.26             | 22.50            |
| Term loan from bank-2   | Repayable in 12 equal Quarterly instalments INR 0.416 Cr starting June 2020                        | 5                      | 27- June- 2023  | 2.08             | 3.75             |
| Term loan from bank -3  | Repayable in 12 equal Quarterly instalments INR 2.916 Cr starting June 2020                        | 5                      | 27- June- 2023  | 14.58            | 26.25            |
| Term loan from bank-4   | Repayable in 4 equal Quarterly instalments INR 1.25 Cr starting Sep 2022                           | 4                      | 27- June- 2023  | 5.00             | 5.00             |
| Term loan from bank-5   | Repayable in 16 equal Quarterly instalments INR 0.937 Cr starting Dec 2021                         | 14                     | 21- Sep- 2026   | 13.13            | 15.00            |
| Term loan from SIPCOT   | Repayable in single instalments INR 5.80Cr on April 2029   | 1                      | 01- April- 2029 | 2.84             | 2.63             |
| Loan from fellow subsidiary   | Repayable in 60 equal monthly instalments Rs.92093 starting 07-Aug- 2017 ( EMI, Includes interest) | 4                      | 07-Jul-2022     | 0.04             | 0.14             |
| <b>Total Borrowings :</b>   |  |                        |                 | 65.49            | 116.68           |
| Less : Current Maturities of long-term borrowings (Refer Note No. 18)                                       |  |                        |                 | 47.53            | 47.14            |
| <b>Total Long-term Borrowings</b>   |  |                        |                 | <b>17.96</b>     | <b>69.54</b>     |
| <b>Details of securities created:</b>   |  |                        |                 |                  |                  |
| (i) Term loan from bank- External commercial borrowings -Hypothecation of movable fixed assets              |  |                        |                 |                  |                  |
| (ii) Term loan from banks -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 Registration Certificate (RC) book of the vehicle      |  |                        |                 |                  |                  |

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

| Description  | Currency | Amount       | Rate of Interest                                |
|--|----------|--------------|---|
| Term loan from bank-<br>External commercial borrowings | USD      | 8.57 Million | 3months USD LIBOR + 1.35%                       |
| Term loan from bank-1                                  | INR      | 10 Crores    | 7.45% ( Link to 1 year MCLR + 25 basis points ) |
| Term loan from bank-2                                  | INR      | 5 Crores     | 7.45% ( Link to 1 year MCLR + 25 basis points ) |
| Term loan from bank-3                                  | INR      | 35 Crores    | 7.45% ( Link to 1 year MCLR + 25 basis points ) |
| Term loan from bank-4                                  | INR      | 5 Crores     | 7.45% ( Link to 1 year MCLR + 25 basis points ) |
| Term loan from bank-5                                  | INR      | 15 Crores    | 7.80% ( Link to 1 year MCLR + 25 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%                                      |

### 15.b Measurement of lease liabilities

| Particulars                                      | Amount      |  |             |
|--|-------------|--|-------------|
| Lease liabilities as at 1st April 2020           | 1.98        | Lease liabilities as at 1st April 2021           | 1.60        |
| Of which are:                                    |             | Of which are:                                    |             |
| Current lease liabilities                        | 0.38        | Current lease liabilities                        | 0.15        |
| Non-current lease liabilities                    | 1.60        | Non-current lease liabilities                    | 1.45        |
|  | <u>1.98</u> |  | <u>1.60</u> |
| Lease liability recognised as at 31st March 2021 |             | Lease liability recognised as at 31st March 2022 |             |
| Of which are:                                    |             | Of which are:                                    |             |
| Current lease liabilities                        | 0.15        | Current lease liabilities                        | 0.10        |
| Non-current lease liabilities                    | 1.45        | Non-current lease liabilities                    | 1.90        |
|  | <u>1.60</u> |  | <u>2.00</u> |

### 16. Provisions-Employee benefit obligations

| PARTICULARS                               | As at March 31, 2022 |             |             | As at March 31, 2021 |             |             |
|---|----------------------|-------------|-------------|----------------------|-------------|-------------|
|   | Current              | Non-current | Total       | Current              | Non-current | Total       |
| Pension                                   | 1.09                 | 2.05        | 3.14        | 1.09                 | 1.18        | 2.27        |
| Leave Salary                              | 0.13                 | 1.55        | 1.68        | 0.11                 | 1.30        | 1.41        |
| Gratuity                                  | -                    | 2.20        | 2.20        | -                    | 0.55        | 0.55        |
| <b>Total employee benefit obligations</b> | <b>1.22</b>          | <b>5.80</b> | <b>7.02</b> | <b>1.20</b>          | <b>3.03</b> | <b>4.23</b> |

# SUNDARAM AUTO COMPONENTS LIMITED

## 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    |
| <b>April 1, 2020</b>   |                             |                           |               |                             |                           |               |                             |                           |               |
| <b>Opening values</b>  | 5.59                        | 4.22                      | (1.37)        | 2.28                        | -                         | (2.28)        | 1.35                        | -                         | (1.35)        |
| Current service cost   | 0.69                        | -                         | (0.69)        | -                           | -                         | -             | -                           | -                         | -             |
| Interest expense/(income)  | 0.36                        | 0.27                      | (0.09)        | 0.15                        | -                         | (0.15)        | 0.10                        | -                         | (0.10)        |
| <b>Total amount recognised in profit or loss</b>                               | <b>1.05</b>                 | <b>0.27</b>               | <b>(0.78)</b> | <b>0.15</b>                 | <b>-</b>                  | <b>(0.15)</b> | <b>0.10</b>                 | <b>-</b>                  | <b>(0.10)</b> |
| <i>Remeasurements</i>  |                             |                           |               |                             |                           |               |                             |                           |               |
| Return on plan assets, excluding amounts included in interest expense/(income) | -                           | -                         | -             | -                           | -                         | -             | -                           | -                         | -             |
| (Gain)/loss from change in demographic assumptions                             | -                           | -                         | -             | -                           | -                         | -             | -                           | -                         | -             |
| (Gain)/loss from change in financial assumptions                               | (0.18)                      | -                         | 0.18          | (0.02)                      | -                         | 0.02          | (0.04)                      | -                         | 0.04          |
| Experience (gains)/losses  | (0.91)                      | -                         | 0.91          | (0.14)                      | -                         | 0.14          | 0.10                        | -                         | (0.10)        |
| <b>Total amount recognised in other comprehensive income</b>                   | <b>(1.09)</b>               | <b>-</b>                  | <b>1.09</b>   | <b>(0.16)</b>               | <b>-</b>                  | <b>0.16</b>   | <b>0.06</b>                 | <b>-</b>                  | <b>(0.06)</b> |
| Employer contributions   | -                           | 0.51                      | 0.51          | -                           | -                         | -             | -                           | -                         | 0.10          |
| Benefit payments   | (0.46)                      | (0.46)                    | -             | -                           | -                         | -             | (0.10)                      | -                         | -             |
| <b>March 31, 2021</b>  | <b>5.09</b>                 | <b>4.54</b>               | <b>(0.55)</b> | <b>2.27</b>                 | <b>-</b>                  | <b>(2.27)</b> | <b>1.41</b>                 | <b>-</b>                  | <b>(1.41)</b> |

| 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    |
| <b>April 1, 2021</b>   |                             |                           |               |                             |                           |               |                             |                           |               |
| <b>Opening values</b>  | 5.09                        | 4.54                      | (0.55)        | 2.27                        | -                         | (2.27)        | 1.41                        | -                         | (1.41)        |
| Current service cost   | 0.55                        | -                         | (0.55)        | -                           | -                         | -             | -                           | -                         | -             |
| Interest expense/(income)  | 0.35                        | 0.26                      | (0.08)        | 0.18                        | -                         | (0.18)        | 0.11                        | -                         | (0.11)        |
| <b>Total amount recognised in profit or loss</b>                               | <b>0.89</b>                 | <b>0.26</b>               | <b>(0.63)</b> | <b>0.18</b>                 | <b>-</b>                  | <b>(0.18)</b> | <b>0.11</b>                 | <b>-</b>                  | <b>(0.11)</b> |
| <i>Remeasurements</i>  |                             |                           |               |                             |                           |               |                             |                           |               |
| Return on plan assets, excluding amounts included in interest expense/(income) | -                           | (0.26)                    | (0.26)        | -                           | -                         | -             | -                           | -                         | -             |
| (Gain)/loss from change in demographic assumptions                             | -                           | -                         | -             | 0.15                        | -                         | (0.15)        | -                           | -                         | -             |
| (Gain)/loss from change in financial assumptions                               | (0.22)                      | -                         | 0.22          | (0.30)                      | -                         | 0.30          | (0.06)                      | -                         | 0.06          |
| Experience (gains)/losses  | 0.98                        | -                         | (0.98)        | 0.84                        | -                         | (0.84)        | 0.73                        | -                         | (0.73)        |
| <b>Total amount recognised in other comprehensive income</b>                   | <b>0.76</b>                 | <b>(0.26)</b>             | <b>(1.02)</b> | <b>0.69</b>                 | <b>-</b>                  | <b>(0.69)</b> | <b>0.67</b>                 | <b>-</b>                  | <b>(0.67)</b> |
| Employer contributions   | -                           | -                         | -             | -                           | -                         | -             | -                           | -                         | -             |
| Benefit payments   | (1.12)                      | (1.12)                    | -             | -                           | -                         | -             | (0.51)                      | -                         | 0.51          |
| <b>March 31, 2022</b>  | <b>5.63</b>                 | <b>3.42</b>               | <b>(2.20)</b> | <b>3.14</b>                 | <b>-</b>                  | <b>(3.14)</b> | <b>1.68</b>                 | <b>-</b>                  | <b>(1.68)</b> |

# SUNDARAM AUTO COMPONENTS LIMITED

## 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:

| Details            | Gratuity       |                | Pension        |                | Leave Salary   |                |
|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                    | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Discount rate      | 7.36%          | 6.97%          | 6.91%          | 6.63%          | 7.32%          | 6.94%          |
| Salary growth rate | 5.50%          | 5.50%          | 5.50%          | 5.50%          | 5.50%          | 5.50%          |
| Attrition rate     | 3.00%          | 3.00%          | 0.00%          | 0.00%          | 3.00%          | 3.00%          |

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:

#### Gratuity

#### Impact on defined benefit obligation

| Details               | Change in assumption | Increase in assumption | Decrease in assumption |
|-----------------------|----------------------|------------------------|------------------------|
|                       | March 31, 2022       | March 31, 2022         | March 31, 2022         |
| Discount rate         | 0.50%                | -5.01%                 | 5.44%                  |
| Salary growth rate    | 0.50%                | 5.52%                  | -5.12%                 |
| Attrition growth rate | 5.00%                | 0.28%                  | -0.28%                 |
| Life expectancy       | 5.00%                | 0.03%                  | -0.03%                 |

#### Pension

#### Impact on defined benefit obligation

| Details               | Change in assumption |                | Increase in assumption |                | Decrease in assumption |                |
|-----------------------|----------------------|----------------|------------------------|----------------|------------------------|----------------|
|                       | March 31, 2022       | March 31, 2021 | March 31, 2022         | March 31, 2021 | March 31, 2022         | March 31, 2021 |
| Discount rate         | 1.00%                | 1.00%          | -15.05%                | -15.96%        | 18.54%                 | 19.87%         |
| Salary growth rate    | 1.00%                | 1.00%          | 19.25%                 | 20.54%         | -15.76%                | -16.66%        |
| Attrition growth rate | 5.00%                | 5.00%          | 0.00%                  | 0.00%          | 0.00%                  | 0.00%          |
| Life expectancy       | 5.00%                | 5.00%          | -0.70%                 | -0.72%         | 0.73%                  | 0.75%          |

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.



# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

### 17 Deferred tax Liability / (Asset)

The balance comprises temporary differences attributable to:

| Details                                     | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| Depreciation                                | 24.11                   | 24.17                   |
| Provision for employee benefits             | (2.34)                  | (1.65)                  |
| Provision for doubtful debts                | (0.12)                  | (0.13)                  |
| On Voluntary Retirement Scheme              | (1.55)                  | -                       |
| Loss allowance                              | (0.08)                  | -                       |
| On Financial Instruments                    | (1.29)                  | (1.31)                  |
| Unused MAT credit entitlement               | (3.51)                  | (3.51)                  |
| Carryforward loss                           | (3.71)                  | (6.84)                  |
| <b>Net deferred tax liability / (Asset)</b> | <b>11.51</b>            | <b>10.74</b>            |

### Movement in deferred tax Liability / (Asset)

| Details                         | Depreciation | Provision for<br>employee<br>benefits | Provision<br>for<br>doubtful<br>debts | Financial<br>Instruments | Unused tax<br>credits<br>(MAT credit<br>entitlement) | On Voluntary<br>Retirement<br>Scheme | Provision<br>for Loss<br>allowance | Carryforward<br>loss | Total        |
|---------------------------------|--------------|---------------------------------------|---------------------------------------|--------------------------|--|--------------------------------------|------------------------------------|----------------------|--------------|
| At April 1, 2020                | 23.01        | (0.72)                                | (0.08)                                | (1.90)                   | (3.51)   | -                                    | -                                  | -                    | 16.79        |
| (Charged)/credited:             |              |                                       |                                       |                          |  |                                      |                                    |                      |              |
| - to profit or loss             | 1.16         | (0.50)                                | (0.05)                                | -                        | (0.00)   | -                                    | -                                  | (6.84)               | (6.23)       |
| - to other comprehensive income | -            | (0.42)                                | -                                     | 0.60                     | -  | -                                    | -                                  | -                    | 0.18         |
| <b>At March 31, 2021</b>        | <b>24.17</b> | <b>(1.64)</b>                         | <b>(0.13)</b>                         | <b>(1.30)</b>            | <b>(3.51)</b>  | <b>-</b>                             | <b>-</b>                           | <b>(6.84)</b>        | <b>10.74</b> |
| (Charged)/credited:             |              |                                       |                                       |                          |  |                                      |                                    |                      |              |
| - to profit or loss             | (0.06)       | (0.12)                                | 0.00                                  | 0.11                     | -  | (1.55)                               | (0.08)                             | 3.13                 | 1.43         |
| - to other comprehensive income | -            | (0.57)                                | -                                     | (0.09)                   | -  | -                                    | -                                  | -                    | (0.66)       |
| <b>At March 31, 2022</b>        | <b>24.11</b> | <b>(2.33)</b>                         | <b>(0.13)</b>                         | <b>(1.28)</b>            | <b>(3.51)</b>  | <b>(1.55)</b>                        | <b>(0.08)</b>                      | <b>(3.71)</b>        | <b>11.51</b> |

### 18 Current Liabilities - Borrowings

As at March  
31, 2022

As at March  
31, 2021

#### Term loan from Banks

#### Repayable on demand :

#### Unsecured:

- Bank 1 ( Interest @ 6.5%)
- Bank 2 ( Interest @ 6.5%)
- Bank 3 ( Interest @ 6.25%)

#### Secured:

Cash credit facility - (Interest @ 7.9%)

Current Maturities of long term borrowings

**Total Borrowings under Current Liabilities**

29.61 9.09  
10.00 10.00  
20.00 20.00

15.45 10.80  
47.53 47.13  
**122.59 97.02**

### 19 Trade payables

As at March  
31, 2022

As at March  
31, 2021

Dues to Micro and Small Enterprises \*\*

Dues to enterprises other than Micro and Small Enterprises

Accrued Expenses

8.82 5.25

85.09 61.70

**93.91 66.95**

4.15 5.76

**98.06 72.71**

\*\* 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.

#### 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

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

Ageing for trade payables outstanding as at March 31, 2022 is as follows:

| Particulars                 | Outstanding for following periods from due date of payment |              |             |             |                   |              |
|-----------------------------|--|--------------|-------------|-------------|-------------------|--------------|
|                             | Not due  | <1 Yr.       | 1-2 years   | 2-3 years   | More than 3 years | Total        |
| (i) MSME                    | 8.82   | -            | -           | -           | -                 | 8.82         |
| (ii) Others                 | 52.28  | 32.79        | 0.02        | 0.00        | -                 | 85.09        |
| (iii) Disputed dues – MSME  | -  | -            | -           | -           | -                 | -            |
| (iv) Disputed dues – Others | -  | -            | -           | -           | -                 | -            |
|                             | <b>61.10</b>   | <b>32.79</b> | <b>0.02</b> | <b>0.00</b> | <b>-</b>          | <b>93.91</b> |
| Accrued Expenses            |  |              |             |             |                   | 4.15         |
|                             |  |              |             |             |                   | <b>98.06</b> |

Ageing for trade payables outstanding as at March 31, 2021 is as follows:

| Particulars                 | Outstanding for following periods from due date of payment |             |             |             |                   |              |
|-----------------------------|--|-------------|-------------|-------------|-------------------|--------------|
|                             | Not due  | <1 Yr.      | 1-2 years   | 2-3 years   | More than 3 years | Total        |
| (i) MSME                    | 5.25   | -           | -           | -           | -                 | 5.25         |
| (ii) Others                 | 52.06  | 9.62        | 0.01        | 0.00        | -                 | 61.70        |
| (iii) Disputed dues – MSME  | -  | -           | -           | -           | -                 | -            |
| (iv) Disputed dues – Others | -  | -           | -           | -           | -                 | -            |
|                             | <b>57.31</b>   | <b>9.62</b> | <b>0.01</b> | <b>0.00</b> | <b>-</b>          | <b>66.95</b> |
| Accrued Expenses            |  |             |             |             |                   | 5.76         |
|                             |  |             |             |             |                   | <b>72.71</b> |

|   |                             |                             |
|---|-----------------------------|-----------------------------|
| <b>20 Other financial liabilities</b>   | <b>As at March 31, 2022</b> | <b>As at March 31, 2021</b> |
| <b>Current</b>  |                             |                             |
| Interest accrued and due #  | 0.48                        | 0.64                        |
| Hedge liability   | -                           | 0.46                        |
| <b>Total other current financial liabilities</b>                                | <b>0.48</b>                 | <b>1.10</b>                 |
| # Funds are made available with banks which have been appropriated subsequently |                             |                             |

|  |              |              |
|--|--------------|--------------|
| <b>21 Other current liabilities</b>    |              |              |
| Advance received from customers        | 35.50        | 33.37        |
| <b>Others:</b>                         |              |              |
| Statutory dues                         | 17.21        | 15.56        |
| Employee related                       | 3.23         | 4.61         |
| <b>Total other current liabilities</b> | <b>55.94</b> | <b>53.54</b> |

|                                   |               |               |
|-----------------------------------|---------------|---------------|
| <b>22 Revenue from operations</b> |               |               |
| Sale of components and tools      | 599.38        | 455.67        |
| Other operating revenue           | 6.96          | 3.86          |
| <b>Total revenue</b>              | <b>606.34</b> | <b>459.53</b> |

|   |             |             |
|---|-------------|-------------|
| <b>23 Other income</b>  |             |             |
| Interest income   | 0.29        | 0.37        |
| Other non-operating income  | 1.32        | 2.79        |
| <b>Total other income</b>   | <b>1.61</b> | <b>3.16</b> |
| Other non-operating income includes Government grants of Rs. 1.16 crores (PY Rs. 0.08 crores) |             |             |

|   |                                  |                                  |
|---|----------------------------------|----------------------------------|
| <b>24 Cost of Materials consumed:</b>               | <b>Year ended March 31, 2022</b> | <b>Year ended March 31, 2021</b> |
| Opening stock of raw materials and components       | 20.52                            | 13.22                            |
| Add: Purchases                                      | 443.17                           | 314.78                           |
|   | 463.69                           | 328.00                           |
| Less: Closing stock of raw materials and components | 32.12                            | 20.52                            |

|  |               |               |
|--|---------------|---------------|
| <b>Consumption of raw materials and components</b> | <b>431.57</b> | <b>307.48</b> |
|--|---------------|---------------|

|  |              |              |
|--|--------------|--------------|
| <b>Changes in inventories of finished goods, work-in-process and Stock-in-trade:</b> |              |              |
| Opening stock:   |              |              |
| Work-in-process  | 4.76         | 8.95         |
| Finished goods   | 5.30         | 4.86         |
| (A)  | <b>10.06</b> | <b>13.81</b> |

|                 |               |              |
|-----------------|---------------|--------------|
| Closing stock:  |               |              |
| Work-in-process | 11.15         | 4.76         |
| Finished goods  | 7.18          | 5.30         |
| (B)             | <b>18.33</b>  | <b>10.06</b> |
| (A)-(B)         | <b>(8.27)</b> | <b>3.75</b>  |

|   |              |              |
|---|--------------|--------------|
| <b>25 Employee benefits expense</b>       |              |              |
| Salaries, wages and bonus                 | 59.95        | 59.08        |
| Contribution to provident and other funds | 2.42         | 2.80         |
| Welfare expenses                          | 9.52         | 7.34         |
| <b>Total employee benefit expense</b>     | <b>71.89</b> | <b>69.22</b> |

# SUNDARAM AUTO COMPONENTS LIMITED

## Notes to Financial Statements - (continued)

Rupees in crores

| 26 Finance Costs              | Year ended<br>March 31,<br>2022 | Year ended<br>March 31,<br>2021 |
|-------------------------------|---------------------------------|---------------------------------|
| Interest                      | 12.15                           | 15.26                           |
| Other borrowing cost          | 0.39                            | 0.60                            |
| Interest on lease liabilities | 0.15                            | 0.15                            |
| <b>Total finance costs</b>    | <b>12.69</b>                    | <b>16.01</b>                    |

|   |              |              |
|---|--------------|--------------|
| <b>27 Other expenses</b>  |              |              |
| (a) Consumption of stores, spares and tools   | 3.77         | 2.60         |
| (b) Power and fuel  | 20.96        | 18.06        |
| (c) Rent  | 0.95         | 0.75         |
| (d) Repairs - buildings   | 1.98         | 2.11         |
| (e) Repairs - plant and equipment   | 11.46        | 8.90         |
| (f) Repairs - Other assets  | 0.22         | 0.12         |
| (g) Insurance   | 1.24         | 1.10         |
| (h) Rates and taxes   | 0.58         | 0.56         |
| (i) Audit fees #  | 0.24         | 0.33         |
| (j) Packing and freight charges   | 16.55        | 12.40        |
| (k) Sitting fees  | 0.02         | 0.02         |
| (l) Loss on sale of fixed assets (Net)  | 0.13         | 0.01         |
| (m) Foreign exchange loss (Net)   | 0.04         | 0.14         |
| (n) Amount Spent towards corporate social responsibility  | 0.10         | 0.33         |
| (o) Miscellaneous expenses  | 10.65        | 8.67         |
| (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.10 lakhs, whichever is higher) |              |              |
| <b>Total other expenses</b>   | <b>68.89</b> | <b>56.10</b> |

# Refer Note No:37 (ii) for details on audit fees

## 28 Tax expense and Reconciliation

### (a) Income tax expense

#### Current tax

|  |             |               |
|--|-------------|---------------|
| Current tax on profits for the year          | 0.79        | -             |
| Adjustments for current tax of prior periods | (0.23)      | (0.36)        |
| <b>Total current tax expense</b>             | <b>0.56</b> | <b>(0.36)</b> |

#### Deferred tax

|   |             |               |
|---|-------------|---------------|
| Decrease (increase) in deferred tax assets      | 1.49        | (7.39)        |
| (Decrease) increase in deferred tax liabilities | (0.06)      | 1.16          |
| <b>Total deferred tax expense/(benefit)</b>     | <b>1.43</b> | <b>(6.23)</b> |

|                    |             |               |
|--------------------|-------------|---------------|
| <b>Tax expense</b> | <b>1.99</b> | <b>(6.59)</b> |
|--------------------|-------------|---------------|

### (b) Reconciliation of tax expense and the accounting profit multiplied by Indian tax rate:

|   |             |          |
|---|-------------|----------|
| Profit before income tax expense  | 4.30        | (9.72)   |
| Provision for bad debts   | (0.01)      | 0.15     |
| Ind AS transition adjustment (1/5th)  | -           | (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         | (0.28)      | (2.71)   |
| Disallowance u.s 14A  | 0.01        | -        |
| Ind AS current year OCI adjustment  | (1.71)      | 1.25     |
| <b>Tax at Indian tax rate 16.692% (Company paid tax under section 115JB (Minimum Alternate Tax) of the Income Tax Act 1961)</b> | <b>0.79</b> | <b>-</b> |

|                                     |        |        |
|-------------------------------------|--------|--------|
| Tax relating to prior periods       | (0.23) | (0.36) |
| Deferred tax liabilities / (Assets) | 1.43   | (6.23) |

|                    |             |               |
|--------------------|-------------|---------------|
| <b>Tax expense</b> | <b>1.99</b> | <b>(6.59)</b> |
|--------------------|-------------|---------------|

### Related Party Disclosure

#### 29 (a) (i) Related parties and their relationship where control exists

##### Holding company

TVS Motor Company Limited, Chennai

##### Ultimate holding company

T V Sundram Iyengar & Sons Limited, Madurai (up to 4th February 2022)

TVS Holdings Private Limited (from 4th February 2022)

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 (up to 4th February 2022)

TVS Logistics Services Limited, Madurai (up to 4th February 2022)

Delphi-TVS Diesel System Limited, Chennai (up to 4th February 2022)

Harita Accessories LLP, Chennai (up to 21st March 2022)

#### (ii) Related parties and their relationship where transaction exists

##### Fellow subsidiaries

Lucas-TVS Limited, Chennai (up to 4th February 2022)

TVS Electronics Limited, Chennai (up to 4th February 2022)

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS

Rupees in crores

|   | As at /<br>year ended<br>31-03-2022          | As at /<br>year ended<br>31-03-2021          |
|---|--|--|
| Sundaram-Clayton (USA) Limited, USA   |  |  |
| Sundaram Industries Private Limited, Madurai                                    |  |  |
| TVS Motor Services Limited, Chennai   |  |  |
| TVS Credit Services Limited, Chennai  |  |  |
| P.T.TVS Motor Company, Indonesia  |  |  |
| <b>Group Member</b>   |  |  |
| Emerald Haven Realty Limited, Chennai   |  |  |
| (Formerly known as Green Earth Homes Limited)                                   |  |  |
| <b>Key Managerial Personnel</b>   |  |  |
| <b>Non Independent Directors</b>  |  |  |
| Mr. Venu Srinivasan (from 28th March 2022)                                      |  |  |
| Dr. Lakshmi Venu  |  |  |
| Mr. SG Murali   |  |  |
| Mr. H.Lakshmanan (up to 28th March 2022)  |  |  |
| Mr. CN Prasad (up to 28th March 2022)   |  |  |
| <b>Whole time Director</b>  |  |  |
| Mr. Rajesh Oommen   |  |  |
| <b>Relative of KMP</b>  |  |  |
| Dr. Malini Srinivasan   |  |  |
| <b>29 (b) Transactions with related parties:</b>                                | <b>As at /<br/>year ended<br/>31-03-2022</b> | <b>As at /<br/>year ended<br/>31-03-2021</b> |
| <b>(i) Purchase of goods</b>  |  |  |
| Ultimate Holding Company - T V Sundaram Iyengar & Sons Private Limited, Madurai | -  | 0.04   |
| - Associate - Brakes India Private Limited, Chennai                             | 0.37   | 0.25   |
| - Fellow subsidiaries - Lucas TVS   | 0.03   | 0.02   |
| <b>(ii) Purchase of Investment</b>  |  |  |
| - Sundaram Holdings USA Inc., Delaware, USA                                     | -  | 22.93  |
| <b>(iii) Issue of Shares (including premium)</b>                                |  |  |
| - Holding Company - TVS Motor Company Ltd, Chennai                              | -  | 22.99  |
| <b>(iv) Sale of goods</b>   |  |  |
| - Holding Company - TVS Motor Company Ltd, Chennai                              | 302.34                                       | 238.79                                       |
| - Fellow Subsidiary - Lucas-TVS Limited, Chennai                                | 0.51   | 0.52   |
| <b>(v) Rendering of services</b>  |  |  |
| - Ultimate holding company - Sundaram-Clayton Limited, Chennai                  | 6.39   | 5.04   |
| <b>(vi) Availing of services</b>  |  |  |
| - Holding company - TVS Motor Company Limited, Chennai                          | 0.86   | 0.64   |
| - Ultimate holding company - Sundaram-Clayton Limited, Chennai                  | 4.50   | 4.17   |
| <b>- Fellow subsidiaries</b>  |  |  |
| Lucas TVS Limited, Chennai  | 0.14   | 0.14   |
| TVS Electronics Limited, Chennai  | 0.14   | 0.05   |
| TVS Credit Services Limited, Chennai  | 0.11   | 0.11   |

|  |       |      |
|--|-------|------|
| <b>29 (c) Balances with related parties:</b>               |       |      |
| <b>(vii) Trade receivables</b>                             |       |      |
| - Holding company - TVS Motor Company Limited, Chennai     | 13.75 | 6.17 |
| - Ultimate holding company - Sundaram-Clayton Ltd, Chennai | 0.79  | 0.77 |
| <b>- Fellow subsidiaries</b>                               |       |      |
| Lucas-TVS Limited, Chennai                                 | 0.05  | 0.18 |
| <b>(viii) Trade payables</b>                               |       |      |
| - Holding company - TVS Motor Company Limited, Chennai     | 0.05  | 0.04 |
| - Ultimate holding company - Sundaram-Clayton Ltd, Chennai | 2.36  | 1.44 |
| <b>- Fellow subsidiaries</b>                               |       |      |
| Lucas-TVS Limited, Chennai                                 | 0.16  | 0.13 |
| TVS Credit Services Limited, Chennai                       | -     | 0.13 |
| <b>- Associate</b>   |       |      |
| Brakes India Private Limited, Chennai                      | 0.09  | 0.14 |
| <b>(ix) Commission to Key Managerial personnel</b>         | -     | -    |

### 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 of committed 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 banks and 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

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

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.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

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 2022:

(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                      | 0.16                                       | -                               | -                      | 0.16  |
| 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   | 93.28              | 0.37               | 93.65        |
| Expected loss rate  | -                  | 100%               | -            |
| Expected credit losses (Loss allowance provision)               | -                  | (0.37)             | (0.37)       |
| <b>Carrying amount of trade receivables (net of impairment)</b> | <b>93.28</b>       | <b>-</b>           | <b>93.28</b> |

Year ended 31 March 2021:

(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                      | 0.31                                       | -                               | -                      | 0.31  |
| 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   | 83.36              | 0.38               | 83.74        |
| Expected loss rate  | -                  | 100%               | -            |
| Expected credit losses (Loss allowance provision)               | -                  | (0.38)             | (0.38)       |
| <b>Carrying amount of trade receivables (net of impairment)</b> | <b>83.36</b>       | <b>-</b>           | <b>83.36</b> |

### (iv) Reconciliation of loss allowance provision – Trade receivables

| Details                                | Amount in Crs |
|--|---------------|
| Loss allowance on 1 April 2021         | 0.38          |
| Changes in loss allowance (net)        | (0.01)        |
| <b>Loss allowance on 31 March 2022</b> | <b>0.37</b>   |

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

### (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 entity's 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, 2022 | 31 March, 2021 |
|---|----------------|----------------|
| <b>Floating rate</b>  |                |                |
| - Expiring within one year<br>(bank overdraft and other facilities) | 14.55          | 34.20          |

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:

- all non-derivative financial liabilities, and
- 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-22 | 31-Mar-21 |
|-----------------------------------|------------------|-----------|-----------|
| Term loan                         | > than 12 months | 17.96     | 69.54     |
| Short-term borrowings             | < than 12 months | 75.06     | 49.88     |
| Trade payables                    | < than 12 months | 98.31     | 72.71     |
| Current maturities of term loan   | < than 12 months | 47.53     | 47.14     |
| Interest accrued and due on loans | < than 12 months | 0.48      | 0.64      |
| Payable under hedge instruments   | < than 12 months | -         | 0.46      |
| Employee related                  | < than 12 months | 3.23      | 4.61      |
| Lease rent                        | > than 12 months | 4.15      | 4.55      |

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.

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

| Details  | 31 March 2022 |             |             | 31 March 2021 |          |             |
|--|---------------|-------------|-------------|---------------|----------|-------------|
|  | USD           | EURO        | JPY         | USD           | EURO     | JPY         |
| <b>Financial liabilities</b>                               |               |             |             |               |          |             |
| Foreign currency loan                                      | -             | -           | -           | -             | -        | -           |
| ECB loan from bank   | 21.56         | -           | -           | 41.41         | -        | -           |
| Trade payables   | 0.32          | 0.02        | 0.01        | 3.20          | -        | 0.02        |
| <b>Net exposure to foreign currency risk (liabilities)</b> | <b>21.88</b>  | <b>0.02</b> | <b>0.01</b> | <b>44.61</b>  | <b>-</b> | <b>0.02</b> |

#### 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 2022    | 31 March 2021 |
| <b>USD sensitivity</b>   |                  |               |
| INR/USD Increases by 5%  | 0.02             | 0.16          |
| INR/USD Decreases by 5%  | (0.02)           | (0.16)        |
| <b>JPY sensitivity</b>   |                  |               |
| INR/JPY Increases by 5%  | 0.00             | 0.00          |
| INR/JPY Decreases by 5%  | (0.00)           | (0.00)        |
| <b>Euro sensitivity</b>  |                  |               |
| INR/Euro Increases by 5% | 0.00             | -             |
| INR/Euro Decreases by 5% | (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 2022 | 31 March 2021 |
|--------------------------|---------------|---------------|
| Variable rate borrowings | 122.59        | 97.02         |
| Fixed rate borrowings    | 17.96         | 69.54         |

#### Sensitivity analysis

| Details              | Impact on profit |               |
|----------------------|------------------|---------------|
|                      | 31 March 2022    | 31 March 2021 |
| <b>Interest rate</b> |                  |               |
| Increases by 5%      | 0.41             | 0.37          |
| Decreases by 5%      | (0.41)           | (0.37)        |



# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

### (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        |
|---------------------------------|---|--|------------------------------------|--------------------|-------------------------------|--|
| <b>31st March 2022</b>          |   |  |                                    |                    |                               |  |
| Forward Contracts               | 0.967   | 0.948                                      | April 2021 to June 2021            | 1:1                | INR/USD Rs.75.79              | 0.02   |
| Interest rate swaps             | 36.94   | 0.07                                       | 28th March 2018 to 28th March 2023 | -                  | -                             | (0.14)   |
| <b>Type of hedges and risks</b> | <b>Nominal Value of the hedging instruments</b> | <b>Carrying amount hedging instruments</b> | <b>Maturity Date</b>               | <b>Hedge Ratio</b> | <b>Weighted Average price</b> | <b>Changes in fair value of hedging instrument</b> |
| Principal Only Swap             | 36.94   | 0.39                                       | 28th March 2018 to 28th March 2023 | -                  | -                             | (0.01)   |
| <b>31st March 2021</b>          |   |  |                                    |                    |                               |  |
| Forward Contracts               | 5.370   | 5.322                                      | April 2021 to June 2021            | 1:1                | INR/USD Rs.73.77              | 0.05   |
| Interest rate swaps             | 36.94   | 0.07                                       | 28th March 2018 to 28th March 2023 | -                  | -                             | 2.79   |
| Principal Only Swap             | 36.94   | 0.39                                       | 28th March 2018 to 28th March 2023 | -                  | -                             | (3.95)   |

### 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 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 vary the amount of dividends payable to 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, 2022 | March 31, 2021 |
|---------------------------------|----------------|----------------|
| Net debt                        | 139.85         | 164.66         |
| Total equity                    | 422.17         | 418.81         |
| <b>Net debt to equity ratio</b> | <b>33.13%</b>  | <b>39.32%</b>  |

#### (b) Dividends

| Details  | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| (i) Equity shares  |                |                |
| First and Final dividends for the year ended 31 March 2022       | -              | -              |
| (ii) Dividends not recognised at the end of the reporting period | -              | -              |

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in crores

### 32 Fair Value Measurements

#### Financial instruments by category

| Particulars  | March 31, 2022 |              |                | March 31, 2021 |              |                |
|--|----------------|--------------|----------------|----------------|--------------|----------------|
|  | FVTPL          | FVOCI        | Amortised cost | FVTPL          | FVOCI        | Amortised cost |
| <b>Financial assets</b>  |                |              |                |                |              |                |
| Investments  |                |              |                |                |              |                |
| - Equity instruments   | -              | 2.16         | -              | -              | 2.00         | -              |
| - Others   |                |              |                |                |              |                |
| Life Insurance Corporation Pension Policy, Mumbai                          | 0.42           | -            | -              | 0.44           | -            | -              |
| Mutual Fund investments  | -              | -            | -              | -              | -            | -              |
| Deposits   | -              | -            | 0.16           | -              | -            | 0.31           |
| Trade receivables  | -              | -            | 93.28          | -              | -            | 83.36          |
| Cash and cash equivalents  | -              | -            | 0.70           | -              | -            | 1.90           |
| Receivable under hedged instruments  | -              | 0.59         | -              | -              | -            | -              |
| <b>Total financial assets</b>  | <b>0.42</b>    | <b>2.75</b>  | <b>94.14</b>   | <b>0.44</b>    | <b>2.00</b>  | <b>85.57</b>   |
| <b>Financial liabilities</b>   |                |              |                |                |              |                |
| Trade payables   | -              | -            | 98.06          | -              | -            | 72.71          |
| Borrowings   | 2.84           | -            | 137.80         | 2.63           | 20.52        | 143.41         |
| Other payables - Consideration payable for purchase or investment property | -              | -            | -              | -              | -            | -              |
| Others   |                |              |                |                |              |                |
| - Current Maturities of long term borrowings(Term loan)                    | -              | 21.65        | 25.88          | -              | 20.89        | 26.25          |
| - Interest accrued   | -              | -            | 0.48           | -              | -            | 0.64           |
| - Employee related   | -              | -            | 3.23           | -              | -            | 4.61           |
| Payable under hedged instruments   | -              | -            | -              | -              | 0.46         | -              |
| <b>Total financial liabilities</b>   | <b>2.84</b>    | <b>21.65</b> | <b>265.45</b>  | <b>2.63</b>    | <b>41.87</b> | <b>247.62</b>  |

#### (f) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

| At 31 March 2022                                  | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|-------|---------|---------|---------|-------|
| <b>Financial assets</b>                           |       |         |         |         |       |
| Financial Investments at FVTPL:                   |       |         |         |         |       |
| Life Insurance Corporation Pension Policy, Mumbai | 5     | -       | -       | 0.42    | 0.42  |
| Financial Investments at FVOCI:                   |       |         |         |         |       |
| Receivable under hedged instruments               | 11    | -       | -       | 0.59    | 0.59  |
| <b>Total financial assets</b>                     |       | -       | -       | 1.01    | 1.01  |
| <b>Financial liabilities</b>                      |       |         |         |         |       |
| Financial Investments at FVOCI:                   |       |         |         |         |       |
| Payable under hedge instruments                   | 20    | -       | -       | -       | -     |
| <b>Total financial liabilities</b>                |       | -       | -       | -       | -     |

#### Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| At 31 March 2022                   | Notes | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|-------|---------|---------|---------|-------|
| <b>Financial assets</b>            |       |         |         |         |       |
| Investments                        |       |         |         |         |       |
| Others                             |       |         |         |         |       |
| Deposits                           | 6     | -       | -       | 0.16    | 0.16  |
| <b>Total financial assets</b>      |       | -       | -       | 0.16    | 0.16  |
| <b>Financial Liabilities</b>       | -     | -       | -       | -       | -     |
| <b>Total financial liabilities</b> |       | -       | -       | -       | -     |

#### Financial assets and liabilities measured at fair value - recurring fair value measurements

| At 31 March 2021                                  | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|-------|---------|---------|---------|-------|
| <b>Financial assets</b>                           |       |         |         |         |       |
| Financial Investments at FVTPL:                   |       |         |         |         |       |
| Life Insurance Corporation Pension Policy, Mumbai | 5     | -       | -       | 0.44    | 0.44  |
| Financial Investments at FVOCI:                   |       |         |         |         |       |
| Receivable under hedge instrument                 | 11    | -       | -       | -       | -     |
| <b>Total financial assets</b>                     |       | -       | -       | 0.44    | 0.44  |

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

|                                    |    |   |   |             |             |
|------------------------------------|----|---|---|-------------|-------------|
| <b>Financial liabilities</b>       |    |   |   |             |             |
| Financial Investments at FVOCI:    |    |   |   |             |             |
| Payable under hedge instruments    | 20 | - | - | 0.46        | 0.46        |
| <b>Total financial liabilities</b> |    | - | - | <b>0.46</b> | <b>0.46</b> |

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| At 31 March 2021                   | Notes | Level 1 | Level 2 | Level 3     | Total       |
|------------------------------------|-------|---------|---------|-------------|-------------|
| <b>Financial assets</b>            |       |         |         |             |             |
| <b>Investments</b>                 |       |         |         |             |             |
| Deposits                           | 6     | -       | -       | 0.31        | 0.31        |
| <b>Total financial assets</b>      |       | -       | -       | <b>0.31</b> | <b>0.31</b> |
| <b>Financial Liabilities</b>       |       | -       | -       | -           | -           |
| <b>Total financial liabilities</b> |       | -       | -       | -           | -           |

**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 2021                        | -                   | 0.44           |
| Acquisition/(Disposal)                    | -                   | -              |
| Gains/losses recognised in profit or loss | -                   | (0.02)         |
| Gains/losses recognised in OCI            | -                   | -              |
| 31-Mar-22                                 | -                   | 0.42           |

### Valuation inputs and relationships to fair value

Rupees in crores

| Particulars   | Fair value as at |           | Significant unobservable inputs* | Probability-weighted range |           | Sensitivity  |
|---------------|------------------|-----------|----------------------------------|----------------------------|-----------|--|
|               | 31-Mar-22        | 31-Mar-21 |                                  | 31-Mar-22                  | 31-Mar-21 |  |
| Pension Asset | 0.42             | 0.44      | Risk adjusted discount rate      | 7.0%                       | 6.5%      | 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 |

### (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 technical 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         |
| <b>Sub total (1)</b>         | <b>10.40</b> |
| Current Liabilities (2)      | (3.60)       |
| <b>Sub total (3)=(1)+(2)</b> | <b>6.80</b>  |
| Consideration Paid (4)       | 9.00         |
| <b>Goodwill (5)=(4)-(3)</b>  | <b>2.20</b>  |

#### Note:

(i) Goodwill is monitored by the management taking in to account the cash generated 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

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in Crores

### 34 Earnings per share

#### (a) Basic and diluted earnings per share

|  | 31 March,<br>2022 | 31 March,<br>2021 |
|--|-------------------|-------------------|
| Basic and diluted earnings per share attributable to the equity holders of the Company | 0.52              | (2.84)            |

#### (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 | 2.31 | (12.49) |
|---|------|---------|

#### (c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share

|             |             |
|-------------|-------------|
| 4,45,69,000 | 4,40,24,384 |
|-------------|-------------|

### 35 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.

| Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
|--------------------------|--------------------------|
|--------------------------|--------------------------|

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) | 8.82 | 5.25 |
|---|------|------|

|   |     |     |
|---|-----|-----|
| (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<br>31-03-2022 | For the year ended<br>31-03-2021 |
|--|----------------------------------|----------------------------------|
| <b>A. Type of goods or service</b>         |                                  |                                  |
| 1. Components and tools                    | 599.38                           | 455.67                           |
| 2. Other operating revenue                 | 6.96                             | 3.86                             |
|  | 606.34                           | 459.53                           |
| <b>B. Timing of recognition of revenue</b> |                                  |                                  |
| 1. At a point in time                      | 606.34                           | 459.53                           |
| 2. Over time                               | -                                | -                                |
|  | 606.34                           | 459.53                           |

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.

#### 3 Reconciliation of contracts with customers

The following schedule gives the movement of contract liabilities for the reporting period.

| Particulars   | For the year ended<br>31-03-2022 | For the year ended<br>31-03-2021 |
|---|----------------------------------|----------------------------------|
| <b>A.</b> Contract liabilities at the beginning of the period | 11.55                            | 13.00                            |
| Add / (Less) :  |                                  |                                  |
| Consideration received during the year as advance             | 12.35                            | 8.17                             |
| Revenue recognized from contract liability                    | 15.98                            | 9.61                             |
| Contract liabilities at the end of the period                 | 7.92                             | 11.55                            |

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 as revenue.

#### 4 Transaction price allocated to the remaining performance obligations

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 Reconciliation of revenue with contract price

| Particulars  | For the year ended<br>31-03-2022 | For the year ended<br>31-03-2021 |
|--|----------------------------------|----------------------------------|
| 1. Contract price  | 606.34                           | 459.53                           |
| 2. Adjustments :   |                                  |                                  |
| Discounts  | -                                | -                                |
| 3. Revenue from operations as per Statement of Profit and loss | 606.34                           | 459.53                           |

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. 4.08 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 |
|--|--|
| <b>Opening balance as on 01-04-2021</b>                          | <b>3.89</b>                              |
| Addition during the year 2021-22                                 | 0.42                                     |
| <b>Closing balance as on 31-03-2022</b>                          | <b>4.31</b>                              |
| Accumulated amortization 31-03-2021                              | 1.13                                     |
| Amortization for the year 2021-22                                | 0.74                                     |
| Impairment Loss  | -  |
| <b>Closing accumulated amortization balance as on 31-03-2022</b> | <b>1.87</b>                              |
| <b>Balance as on 31-03-2022</b>                                  | <b>2.44</b>                              |
| Current Asset  | 0.74                                     |
| Non-Current Asset  | 1.70                                     |

# SUNDARAM AUTO COMPONENTS LIMITED

## NOTES TO ACCOUNTS - (continued)

Rupees in Crores

### 37 Other Disclosures

#### (i) Contingent liabilities

| Details  | 31st March 2022 | 31st March 2021 |
|--|-----------------|-----------------|
| (a) Claims against the company not acknowledged as debt                                    |                 |                 |
| (i) Income Tax   | 3.46            | 3.46            |
| (ii) Goods and Service Tax   | 2.82            | 2.82            |
| (iii) Sales Tax  | 1.58            | -               |
| (iv) Customs   | 0.40            | -               |
| (b) Other money for which the company is contingently liable on bill discounting with bank | -               | -               |
| <b>Total</b>   | <b>8.26</b>     | <b>6.28</b>     |

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 2022 | 31st March 2021 |
|---|-----------------|-----------------|
| Audit fee   | 0.19            | 0.19            |
| GST audit fee*  | -               | 0.09            |
| Taxation matters  | 0.04            | 0.04            |
| Certification matters   | 0.02            | 0.02            |
| <b>Total</b>  | <b>0.24</b>     | <b>0.33</b>     |
| Miscellaneous expenses include travel and stay expenses of auditors | <b>0.03</b>     | <b>0.04</b>     |

\*PY Pertains to last 3 financial years

#### (iii) Expenditure incurred on Corporate Social Responsibility activities:

| Particulars   | 31st March 2022 | 31st March 2021 |
|---|-----------------|-----------------|
| 1 Amount required to be spent by the Company during the year  | 0.10            | 0.33            |
| 2 Amount of expenditure incurred  | 0.10            | 0.33            |
| 3 Shortfall at the end of the year  | -               | -               |
| 4 Total of previous years shortfall   | -               | -               |
| 5 Reasons for shortfall   | Not applicable  |                 |
| 6 Details of related party transactions e.g. Contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant accounting standard | -               | -               |
| 7 Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in position                             | -               | -               |

**Nature of CSR Activities :** Rural development, Economic development, Women empowerment, Health care, Education and Conservation of natural resources.

#### (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) Segment Reporting:

The company operates in only one segment namely, manufacturing and selling of automobile parts.

### 38 Additional Regulatory Information

#### (i) Ratio Analysis

| S No | Ratio                                      | Numerator                            | Denominator                             | Current Year<br>31.03.2022 | Previous Year<br>31.03.2021 | % Variance | Reasons  |
|------|--|--------------------------------------|---|----------------------------|-----------------------------|------------|--|
| a    | Current Ratio (in times)                   | Current Assets                       | Current Liabilities                     | 0.66                       | 0.72                        | -9%        |  |
| b    | Debt Equity Ratio (in times)               | Total Debt                           | Total Shareholders Equity               | 0.33                       | 0.39                        | -16%       |  |
| c    | Debt Service Coverage Ratio (in times)     | Earnings available for debt services | Total Interest and principal repayments | 0.67                       | 0.66                        | 2%         |  |
| d    | Return on Equity Ratio (%)                 | Net Profit after Tax                 | Average Shareholder's Equity            | 0.55%                      | -3.03%                      | 118%       | Return on equity improved due to better earnings in the current year       |
| e    | Inventory Turnover Ratio (in times)        | Net Sales                            | Average Inventory                       | 14.39                      | 14.80                       | -3%        |  |
| f    | Trade Receivable Turnover Ratio (in times) | Net Credit Sales                     | Average Trade Receivables               | 6.87                       | 6.37                        | 8%         |  |
| g    | Trade Payable Turnover Ratio (in times)    | Net Credit Purchases                 | Average Trade Payables                  | 5.17                       | 4.98                        | 4%         |  |
| h    | Net Capital Turnover Ratio (in times)      | Net Sales                            | Working Capital                         | (6.36)                     | (7.81)                      | -19%       |  |
| i    | Net Profit Ratio (%)                       | Net Profit                           | Net Sales                               | 0.38%                      | -2.72%                      | 114%       | Net profit % improved due to improvement in sales compared to last FY21    |
| j    | Return on Capital Employed (%)             | Earnings before interest and taxes   | Capital Employed                        | 5.28%                      | 1.46%                       | 262%       | The ROCE higher in current year due to higher earnings in the current year |
| k    | Return on Investment (%)                   | Profit after Tax                     | Average Network                         | 0.55%                      | -2.98%                      | 118%       | Return on Investment improved due to better earnings in the current year   |

## SUNDARAM AUTO COMPONENTS LIMITED

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- ii The Title deeds of the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- iii The Company does not have any investment property.
- iv The Company has not revalued its Property, Plant and Equipment (including Right to Use Assets).
- v The Company has not revalued its Intangible Assets.
- vi The Company has not granted Loans or Advances in the nature of loan to any promoters, Directors, KMPs and the related parties (As per Companies Act, 2013) , which are repayable on demand or without specifying any terms or period of repayments.
- vii No proceedings have been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- viii The Company has borrowings from banks on the basis of security of current assets. The quarterly returns filed by the Company with such banks are in agreement with the books of accounts of the Company.
- ix The Company is not declared as "willful defaulter" by any bank or financial institution or other lender.
- x There are no transactions with the Companies whose name struck off under section 248 of The Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022.
- xi All applicable cases where registration of charges or satisfaction is required to be filed with Registrar of Companies have been filed. No registration or satisfaction is pending at the year ended 31 March 2022.
- xii The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- xiii No scheme of arrangement has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.
- xiv The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries)
  - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- xv The Company has not received any fund from any person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding Party (Ultimate Beneficiaries)
  - b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- xvi The Company has not surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961.
- xvii The Company has not operated in any crypto currency transactions.

**39** Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification

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Venu Srinivasan  
Chairman

Rajesh Oommen  
Director & Chief Executive Officer

As per our report annexed  
For V .Sankar Aiyar & Co  
Chartered Accountants  
Firm Regn. No. 109208W

Place: Chennai  
Date: 03-05-2022

J Ashok Chakravarthi  
Chief Financial Officer

G Sathyan  
Company Secretary

S. Venkataraman  
Partner  
Membership No. 023116

## Directors' Report to the Shareholders

The directors are pleased to present the Twelfth annual report and the audited financial statements for the year ended 31<sup>st</sup> March 2022.

### Financial Highlights

(Rs. In Lakhs)

| Details   | Year ended | Year ended |
|---|------------|------------|
|   | 31.03.2022 | 31.03.2021 |
| Sales and other income                          | 40.10      | 31.79      |
| Less: Expenses                                  | 39.62      | 29.24      |
| Profit before tax                               | 0.48       | 2.55       |
| Provision for taxation (including deferred tax) | 0.12       | 0.70       |
| Profit after tax                                | 0.36       | 1.85       |

### Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> 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 2021-22 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 -

- in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- 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;
- 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;
- the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2022 on a "going concern basis"; and
- 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 Sriram S Iyer 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

There is no change in the Board of Directors during the Financial Year 2021-22.

Mr Sriram S Iyer, Director of the Company who retires by rotation and being eligible for re-appointment offers himself for re-appointment as Director of the Company for approval by the Shareholders of the Company by an Ordinary Resolution.

Presently, Mr. S G Murali, Mr. V Karunakara Reddy & Mr. Sriram S Iyer are the Directors of the Company.

### Board Meetings

During the year under review, the board met 4 times on 20<sup>th</sup> April 2021, 22<sup>nd</sup> July 2021, 18<sup>th</sup> October 2021 and 25<sup>th</sup> January 2022. 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 of the Company.

The current auditors hold office till the conclusion of the 14<sup>th</sup> Annual General Meeting of the Company.

The Auditors' Report for the financial year 2021-22 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.

### 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 31<sup>st</sup> March 2022 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 2021-22, the Company has not extended any guarantee or has given loans to other companies or made any investment during the year under review.



## TVS HOUSING LIMITED

### Related Party Transactions

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, 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 I 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 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.

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.

### Insolvency and Bankruptcy Code

There are no applications made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

### Onetime settlement with any Bank or Financial Institution

No disclosure or reporting is required in respect of the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions.

### 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  
Date : 22<sup>nd</sup> April 2022

S G MURALI  
Director  
DIN : 00348902

SRIRAM S IYER  
Director  
DIN: 06967858

## Annexure - I

### 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<br>(In lakhs) |
|---|----------------------|
| <b>Emerald Haven Realty Limited, Associate of Holding Company</b> |                      |
| Sale of land  | 8.26                 |
| Rent – Corporate Office   | 1.20                 |
| Rental Income   | 7.20                 |

For and on behalf of the Board

Place : Chennai  
Date : 22<sup>nd</sup> April 2022

S G MURALI  
Director  
DIN : 00348902

SRIRAM S IYER  
Director  
DIN: 06967858

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020

To the Members of TVS Housing Limited

### Report on the Audit of the financial statements

#### Opinion

We have audited the financial statements of TVS Housing Limited ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March 2022, 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 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 March 31, 2022, 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 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.

#### 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 Management and Discussion 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 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. 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 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 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

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 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 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 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 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, 2020 ("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 accounts.
  - (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 31<sup>st</sup> March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2022 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), 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - a. There are no pending litigations on its financial position as at 31<sup>st</sup> March 2022.
    - a. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - a. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- a. i. Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- ii. Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, and
- iii. Based on the audit procedures adopted by us, nothing has come to our notice that has caused us to believe that the representations made by the management under sub clause (i) and (ii) above, contain any material misstatement.
- e. The Company has not declared any Dividend during the year.

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 remuneration to its directors during the current year and hence, applicability of the provisions of Section 197 of the Act does not arise. 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  
ICAI Regd. No.109208W

|      |                    |
|------|--------------------|
| UDIN | 22023116AIKKJA5196 |
|------|--------------------|

Place : Chennai  
Date : 22<sup>nd</sup> April, 2022

S. VENKATARAMAN  
Partner  
Membership No. 023116

**Annexure A to Independent Auditor's Report - 31 March 2022**  
(Referred to in our report of even date)

- i. According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any Property, Plant and Equipment. Therefore, clause (i) of para 3 of the order is not applicable to the Company.
- ii. a) As informed to us, the management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is appropriate. There are no discrepancies noticed on such physical verification.  
b) According to the information and explanation given to us and the records of the Company examined by us, the Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Therefore, clause (ii)(b) of para 3 of the order is not applicable to the Company.
- iii. According to the information and explanation given to us and the records of the Company examined by us, during the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Therefore, clause (iii) of para 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 of loans, made any investment and provided any guarantee and security, therefore, clause (iv) of para 3 of the order is not applicable to the Company.
- v. According to the information and explanation given to us and the records of the Company examined by us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Therefore, clause (v) of para 3 of the order is not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, maintenance of cost records as specified under Section 148(1) of the Act, for the operations carried on by the Company, is not applicable. Therefore, clause (vi) of para 3 of the order is not applicable to the Company.
- vii. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues payable including Income Tax, Goods and Services Tax, 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 Income Tax, Goods and Services Tax, and Cess were in arrears as at 31st March 2022 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.
- viii. According to the information and explanations given to us and based on the records, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Therefore, there are no unrecorded income to be recorded in the books of accounts during the year.
- ix. According to information and explanations given to us and based on the records, the Company has not borrowed. Therefore, clause (ix) of para 3 of the order is not applicable to the Company.
- x. a) According to the information and explanations given to us and based on the records, the Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments). Therefore, clause (x) (a) of para 3 of the order is not applicable to the Company.
- xi. b) According to the information and explanations given to us and based on the records verified by us, the Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit. Therefore, clause (x)(b) of para 3 of the order is not applicable to the Company.  
a) During the course of our examination of the books and records of the Company, carried out based upon the generally accepted 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 on the company have been noticed or reported during the year.  
b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. According to the information and explanations given to us and based on the information given to us and records verified by us Secretarial Auditor has not filed report in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. The Company does not have a cost auditor.
- c) According to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company Therefore, clause (xiii) of para 3 of the order is not applicable to the Company.
- 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 The details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. a) In our opinion and based on our examination, the Company does not have an internal audit system and is not required to have an Internal audit system as per provisions of the Companies Act 2013.  
b) Since provisions of internal audit system is not applicable to the Company as per the provisions of the Companies Act 2013, clause (xiv)(b) of para 3 of the order are 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. a) According to the information and explanations given to us and based on the information given to us and records verified by us  
The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, Clause 3(xvi)(a) of the Order is not applicable to the Company.  
b) The Company has not conducted any Non-Banking Financial or Housing Finance activities  
c) the Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, clause 3(xvi)( c ) of the Order is not applicable to the Company.  
d) There is no Core Investment Company as a part of the Group, hence, clause 3(xvi) (d) of the Order is not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly Clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios disclosed in notes 20 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. In our opinion and according to the information and explanations given to us, the Company is not required to comply with the provisions of Schedule VII read with Section 135 of the Act. Therefore, clause (xx) of para 3 of the order is not applicable to the Company.
- xxi. The Company is not required to prepare consolidated financial statement. Therefore, clause (xxi) of para 3 of the order is not applicable to the Company.

For V. SANKAR AIYAR & CO.,  
Chartered Accountants  
ICAI Regd. No.109208W

|      |                    |
|------|--------------------|
| UDIN | 22023116AIKKJA5196 |
|------|--------------------|

Place : Chennai  
Date : 22<sup>nd</sup> April, 2022

S. VENKATARAMAN  
Partner  
Membership No. 023116

## Annexure "B" to Independent Auditors' Report 31<sup>st</sup> March 2022

(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, 2022 in conjunction with our audit of the 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.

#### 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 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, 2022, 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  
ICAI Regd. No.109208W

|      |                    |
|------|--------------------|
| UDIN | 22023116AIKKJA5196 |
|------|--------------------|

Place : Chennai  
Date : 22<sup>nd</sup> April, 2022

S. VENKATARAMAN  
Partner  
Membership No. 023116

# TVS HOUSING LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2022

(Rs. in Lakhs)

|  | Note No. | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|----------|-------------------------|-------------------------|
| <b>Assets</b>  |          |                         |                         |
| <b>Current assets</b>  |          |                         |                         |
| Inventories  | 2        | 127.82                  | 161.82                  |
| Financial assets   |          |                         |                         |
| i. Cash and cash equivalents   | 3        | 1.85                    | 11.43                   |
| Current tax assets (Net)   | 4        | 2.48                    | 63.06                   |
| Other current assets   | 5        | 109.54                  | 110.48                  |
| <b>Total current assets</b>  |          | <b>241.69</b>           | <b>346.79</b>           |
| <b>Total Assets</b>  |          | <b>241.69</b>           | <b>346.79</b>           |
| <b>Equity and Liabilities</b>  |          |                         |                         |
| <b>Equity</b>  |          |                         |                         |
| Equity share capital   | 6        | 5.00                    | 5.00                    |
| Other equity   | 7        | 82.86                   | 82.50                   |
| <b>Total equity</b>  |          | <b>87.86</b>            | <b>87.50</b>            |
| <b>Current liabilities</b>   |          |                         |                         |
| 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 |          | 3.00                    | 1.93                    |
| ii. Other financial liabilities  | 9        | 150.22                  | 257.25                  |
| Other current liabilities  | 10       | 0.61                    | 0.11                    |
| <b>Total current liabilities</b>   |          | <b>153.83</b>           | <b>259.29</b>           |
| <b>Total liabilities</b>   |          | <b>153.83</b>           | <b>259.29</b>           |
| <b>Total equity and liabilities</b>  |          | <b>241.69</b>           | <b>346.79</b>           |
| Significant Accounting Policies  | 1        |                         |                         |

As per our report annexed  
**For V.Sankar Aiyar & Co**  
Chartered Accountants  
Firm Regn No.: 109208W

**S.VENKATARAMAN**  
Partner  
Membership No.: 023116

Chennai  
Dated: 22<sup>nd</sup> April, 2022

For and on behalf of the Board of Directors

**SG MURALI**  
Director

**SRIRAM S IYER**  
Director

# TVS HOUSING LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2022

|  |          | (Rs. in Lakhs)               |                              |
|--|----------|------------------------------|------------------------------|
|  | Note No. | Year Ended<br>March 31, 2022 | Year Ended<br>March 31, 2021 |
| <b>Income</b>  |          |                              |                              |
| Revenue from operations                                    | 11       | 15.46                        | 31.79                        |
| Other Income   | 12       | 24.64                        | -                            |
| <b>Total income</b>  |          | <b>40.10</b>                 | <b>31.79</b>                 |
| <b>Expenses</b>  |          |                              |                              |
| Operating Expenses   | 13       | 34.00                        | 24.50                        |
| Other expenses   | 14       | 5.62                         | 4.74                         |
| <b>Total expenses</b>                                      |          | <b>39.62</b>                 | <b>29.24</b>                 |
| <b>Profit before tax</b>                                   |          | <b>0.48</b>                  | <b>2.55</b>                  |
| Income tax expense   | 15       |                              |                              |
| Current tax  |          | 0.12                         | 0.70                         |
| Deferred tax   |          | -                            | -                            |
| <b>Total tax expense</b>                                   |          | <b>0.12</b>                  | <b>0.70</b>                  |
| <b>Profit for the year</b>                                 |          | <b>0.36</b>                  | <b>1.85</b>                  |
| Items that will not be reclassified to profit or loss      |          |                              |                              |
| <b>Other comprehensive income for the year, net of tax</b> |          | <b>-</b>                     | <b>-</b>                     |
| <b>Total comprehensive income for the year</b>             |          | <b>0.36</b>                  | <b>1.85</b>                  |
| Earnings per equity share                                  |          |                              |                              |
| Basic & Diluted earnings per share                         | 16       | 0.72                         | 3.70                         |
| Significant Accounting Policies                            | 1        |                              |                              |

As per our report annexed  
**For V.Sankar Aiyar & Co**  
Chartered Accountants  
Firm Regn No.: 109208W

**S.VENKATARAMAN**  
Partner  
Membership No.: 023116

Chennai  
Dated: 22<sup>nd</sup> April, 2022

For and on behalf of the Board of Directors

**SG MURALI**  
Director

**SRIRAM S IYER**  
Director



# TVS HOUSING LIMITED

## Cash Flow Statement

(Rs. in Lakhs)

|   | Year ended<br>March 31, 2022 | Year ended<br>March 31, 2021 |
|---|------------------------------|------------------------------|
| <b>A. Cash flow from operating activities:</b>              |                              |                              |
| Net profit/(Loss) before tax                                | 0.48                         | 2.55                         |
| Add:  |                              |                              |
| Interest income   | (24.64)                      | -                            |
|   | <u>(24.64)</u>               | <u>-</u>                     |
| <b>Operating profit before working capital changes</b>      | <b>(24.16)</b>               | <b>2.55</b>                  |
| <b>Adjustments for:</b>                                     |                              |                              |
| Inventories   | 34.00                        | 24.50                        |
| Loans and advances  | 0.94                         | 0.62                         |
| Trade payables  | 1.07                         | (0.35)                       |
| Other current liabilities                                   | (106.65)                     | (30.62)                      |
|   | <u>(70.64)</u>               | <u>(5.85)</u>                |
| <b>Cash generated from operations</b>                       | <b>(94.80)</b>               | <b>(3.30)</b>                |
| Income taxes (paid)/Net of refund                           | <u>60.58</u>                 | <u>(0.54)</u>                |
| <b>Net cash from operating activities</b>                   | <b>(34.22)</b>               | <b>(3.84)</b>                |
| <b>B. Cash flow from investing activities:</b>              | <b>-</b>                     | <b>-</b>                     |
|   | <u>-</u>                     | <u>-</u>                     |
| <b>Net cash from / (used in) investing activities</b>       | <b>-</b>                     | <b>-</b>                     |
| <b>C. Cash flow from financing activities :</b>             | <b>-</b>                     | <b>-</b>                     |
| Interest Income   | <u>24.64</u>                 | <u>-</u>                     |
|   | <u>24.64</u>                 | <u>-</u>                     |
| <b>Net cash from / (used in) financing activities</b>       | <b>24.64</b>                 | <b>-</b>                     |
| <b>Total (A+B+C)</b>  | <b>(9.58)</b>                | <b>(3.84)</b>                |
| Cash and cash equivalents at the beginning of the year      | 11.43                        | 15.27                        |
| Cash and cash equivalents at the end of the year            | 1.85                         | 11.43                        |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>(9.58)</b>                | <b>(3.84)</b>                |

**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

**S.VENKATARAMAN**  
Partner  
Membership No.: 023116

Chennai  
Dated: 22<sup>nd</sup> April, 2022

For and on behalf of the Board of Directors

**SG MURALI**  
Director

**SRIRAM S IYER**  
Director

**Statement of Changes in Equity**

Rs. in Lakhs

I) Equity Share Capital

|                                |      |
|--------------------------------|------|
| Balance as at March 31, 2020   | 5.00 |
| Change in Equity Share Capital | -    |
| Balance as at March 31, 2021   | 5.00 |
| Change in Equity Share Capital | -    |
| Balance as at March 31, 2022   | 5.00 |

II) Other equity

| Particulars                  | Reserves & Surplus | Total |
|------------------------------|--------------------|-------|
|                              | Retained earnings  |       |
| Balance as at March 31, 2020 | 80.65              | 80.65 |
| Profit/(Loss) for the period | 1.85               | 1.85  |
| Balance as at March 31, 2021 | 82.50              | 82.50 |
| Profit/(Loss) for the period | 0.36               | 0.36  |
| Balance as at March 31, 2022 | 82.86              | 82.86 |

As per our report annexed  
**For V.Sankar Aiyar & Co**  
Chartered Accountants  
Firm Regn No.: 109208W

**S.VENKATARAMAN**  
Partner  
Membership No.: 023116

Chennai  
Dated: 22<sup>nd</sup> April, 2022

For and on behalf of the Board of Directors

**SG MURALI**  
Director

**SRIRAM S IYER**  
Director

## 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".

These financial statements have been approved for issue by the Board of Directors at its meeting held on 22 April 2022.

### 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 on completion of performance obligations as per the customer specifications as specified in the agreement and 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 (PPE)

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, based on internal technical valuation of useful life being shorter than specified in schedule. Improvement on leased property is depreciated over the primary lease period. Depreciation on PPE 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 on straight line method.

### 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:

- 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) 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 Provident Fund authority.

vi) Bonus plans:

The Company recognizes a liability and an expense for bonus. 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.

## 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:

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the date of transaction.

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

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, the has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Payments associated with short-term leases 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.

## 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 signing 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.16)

- (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.

# TVS HOUSING LIMITED

## Notes to balance Sheet

(Rs. in Lakhs)

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |                                       | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|---------------------------------------|-------------------------|-------------------------|
| <b>2 Inventories</b>                   |                         |                         | <b>4 Current tax assets (Net)</b>     |                         |                         |
| Land held for Development              | 127.82                  | 161.82                  | Advance Tax Less Provision for Tax    | 2.48                    | 63.06                   |
| <b>Total Inventories</b>               | <b>127.82</b>           | <b>161.82</b>           | <b>Total Current tax assets (Net)</b> | <b>2.48</b>             | <b>63.06</b>            |
| <b>3 Cash and cash equivalents</b>     |                         |                         | <b>5 Other current assets</b>         |                         |                         |
| Balances with banks                    | 1.85                    | 11.43                   | GST Receivable                        | 109.44                  | 110.38                  |
| <b>Total cash and cash equivalents</b> | <b>1.85</b>             | <b>11.43</b>            | Advance given to vendor               | 0.10                    | 0.10                    |
|  |                         |                         | <b>Total other current assets</b>     | <b>109.54</b>           | <b>110.48</b>           |

### 6 Equity share capital

#### (a) Authorised, issued, subscribed and fully paid up

| Particulars                           | As at March 31, 2022 |              | As at March 31, 2021 |              |
|---------------------------------------|----------------------|--------------|----------------------|--------------|
|                                       | 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, 2022 |              | As at March 31, 2021 |              |
|---|----------------------|--------------|----------------------|--------------|
|   | 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, 2022 |              | As at March 31, 2021 |              |
|---|----------------|----------------------|--------------|----------------------|--------------|
|   |                | 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%         |

#### (e) Details of Shares held by promoters in the company

| Name of Promoter                        | Class of share | As at March 31, 2022 |              | As at March 31, 2021 |              | % Change during the year |                      |
|---|----------------|----------------------|--------------|----------------------|--------------|--------------------------|----------------------|
|   |                | No. of shares held   | % of holding | No. of shares held   | % of holding | As at March 31, 2022     | As at March 31, 2021 |
| TVS Motor Company Limited with nominees | Equity         | 50,000               | 100%         | 50,000               | 100%         | Nil                      | Nil                  |

### 7 Other Equity

|                                   |              |              |
|-----------------------------------|--------------|--------------|
| Retained earnings                 | 82.86        | 82.50        |
| <b>Total reserves and surplus</b> | <b>82.86</b> | <b>82.50</b> |

**Retained earnings:** Company's cumulative earnings since its formation. These are available for distribution.



**Notes to balance sheet**

|  | As at<br>March 31, 2022 | Rs. in Lakhs<br>As at<br>March 31, 2021 |
|--|-------------------------|---|
| <b>8 Trade payables</b>                                    |                         |   |
| Dues to Micro and Small Enterprises **                     | -                       | -                                       |
| Dues to enterprises other than Micro and Small Enterprises | 3.00                    | 1.93                                    |
| <b>Total trade payables</b>                                | <b>3.00</b>             | <b>1.93</b>                             |

\*\*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.

The following details relating to Micro, Small and Medium Enterprises as required by (The Micro, Small and Medium Enterprises Development Act, 2006) MSMED Act is as under:-

|   |   |   |
|---|---|---|
| (a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;   | - | - |
| (b) 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;   | - | - |
| (c) 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;   | - | - |
| (d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and   | - | - |
| (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

**Ageing schedules of Trade Receivables as at 31 March, 2022**

| Particulars |                                    | Unbilled<br>ues | Not<br>due | Outstanding for following periods from due<br>date of payment |                |                |                        |       |
|-------------|------------------------------------|-----------------|------------|---|----------------|----------------|------------------------|-------|
|             |                                    |                 |            | Less<br>than 1<br>year  | 1 - 2<br>years | 2 - 3<br>years | More<br>than3<br>years | Total |
| (i)         | MSME                               | -               | -          | -   | -              | -              | -                      | -     |
| (ii)        | Other than MSME                    | -               | -          | 2.94  | 0.01           | 0.05           | -                      | 3.00  |
| (iii)       | Disputed dues - MSME               | -               | -          | -   | -              | -              | -                      | -     |
| (iv)        | Disputed dues - Other<br>than MSME | -               | -          | -   | -              | -              | -                      | -     |
|             |                                    | -               | -          | 2.94  | 0.01           | 0.05           | -                      | 3.00  |

**Ageing schedules of Trade Receivables as at 31 March, 2021**

| Particulars |                                 | Unbilled dues | Not due | Outstanding for following periods from due date of payment |             |             |                   |       |
|-------------|---------------------------------|---------------|---------|--|-------------|-------------|-------------------|-------|
|             |                                 |               |         | Less than 1 year   | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| (i)         | MSME                            | -             | -       | -  | -           | -           | -                 | -     |
| (ii)        | Other than MSME                 | -             | -       | 1.88   | 0.05        | -           | -                 | 1.93  |
| (iii)       | Disputed dues - MSME            | -             | -       | -  | -           | -           | -                 | -     |
| (iv)        | Disputed dues - Other than MSME | -             | -       | -  | -           | -           | -                 | -     |
|             |                                 | -             | -       | 1.88   | 0.05        | -           | -                 | 1.93  |

**Notes to Statement of Profit or Loss**

|   | As at<br>March 31, 2022              | Rs. in Lakhs<br>As at<br>March 31, 2021 |
|---|--------------------------------------|---|
| <b>9 Other financial liabilities</b>  |                                      |   |
| Payable to related parties (Net of Security Deposit)  | 150.22                               | 257.25                                  |
| <b>Total Other financial liabilities</b>  | <b>150.22</b>                        | <b>257.25</b>                           |
| <b>10 Other current liabilities</b>   |                                      |   |
| Statutory Dues  | 0.61                                 | 0.11                                    |
| <b>Total other current liabilities</b>  | <b>0.61</b>                          | <b>0.11</b>                             |
|   | <b>Year Ended<br/>March 31, 2022</b> | <b>Year Ended<br/>March 31, 2021</b>    |
| <b>11 Revenue from operations</b>   |                                      |   |
| Income from sale of Land  | 8.26                                 | 24.59                                   |
| Income from Rentals   | 7.20                                 | 7.20                                    |
| <b>Total revenue</b>  | <b>15.46</b>                         | <b>31.79</b>                            |
| <b>12 Other Income</b>  |                                      |   |
| Interest on IT Refund   | 24.64                                | -                                       |
| <b>Total Other Income</b>   | <b>24.64</b>                         | <b>-</b>                                |
| <b>13 Operating Expenses</b>  |                                      |   |
| Inventories at the beginning of the year:   |                                      |   |
| Land held for development   | 161.82                               | 186.32                                  |
| Add: Incurred during the year:  | -                                    | -                                       |
|   | <b>161.82</b>                        | <b>186.32</b>                           |
| Less: Inventories at the end of the year:   | 127.82                               | 161.82                                  |
| <b>Operating Expenses</b>   | <b>34.00</b>                         | <b>24.50</b>                            |
| <b>14 Other expenses</b>  |                                      |   |
| Rent  | 1.20                                 | 1.20                                    |
| Audit Fees  | 1.50                                 | 1.50                                    |
| Consultancy and Professional Charges  | 2.90                                 | 1.47                                    |
| Miscellaneous Expenses  | 0.02                                 | 0.57                                    |
| <b>Total other expenses</b>   | <b>5.62</b>                          | <b>4.74</b>                             |
| <b>15 Income tax expense</b>  |                                      |   |
| <b>(a) Income tax expense</b>   |                                      |   |
| Current tax   | 0.12                                 | 0.70                                    |
| Current tax on profits for the year   |                                      |   |
| <b>Total current tax expense</b>  | <b>0.12</b>                          | <b>0.70</b>                             |
| <b>Total deferred tax expense/(benefit)</b>   | <b>-</b>                             | <b>-</b>                                |
| <b>Income tax expense</b>   | <b>0.12</b>                          | <b>0.70</b>                             |
| <b>(b) Reconciliation of tax expense and the accounting profit multiplied by Income tax rate:</b> |                                      |   |
| Profit before income tax expense  | 0.48                                 | 2.55                                    |
| <b>Tax at the Income tax rate of 26% (PY : 26.00%)</b>  | <b>0.12</b>                          | <b>0.66</b>                             |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income:           |                                      |   |
| Others  | -                                    | 0.04                                    |
| <b>Income tax expense</b>   | <b>0.12</b>                          | <b>0.70</b>                             |

**Notes to Statement of Profit or Loss (Contd.)**

|   | Rs. in Lakhs                 |                              |
|---|------------------------------|------------------------------|
|   | Year Ended<br>March 31, 2022 | Year Ended<br>March 31, 2021 |
| <b>16 Earnings per share</b>  |                              |                              |
| <b>(a) Basic and diluted earnings per share</b>   |                              |                              |
| Basic/Diluted earnings per share attributable to the equity holders of the Company (Rs.)                                    | 0.72                         | 3.70                         |
| <b>(b) Reconciliations of earnings used in calculating earnings per share</b>   |                              |                              |
| Profit attributable to equity shareholders of the company used in calculating basic/diluted earnings per share (Rs.)        | 0.36                         | 1.85                         |
| <b>(c) Weighted average number of equity shares used as the denominator in calculating basic/diluted earnings per share</b> | 50,000                       | 50,000                       |

**17 Fair value measurements**
**Financial instruments by category**

|                                    | As at<br>March 31, 2022<br>Amortised cost | As at<br>March 31, 2021<br>Amortised cost |
|------------------------------------|---|---|
| <b>Financial assets</b>            |   |   |
| Cash and cash equivalents          | 1.85                                      | 11.43                                     |
| <b>Total Financial Assets</b>      | <b>1.85</b>                               | <b>11.43</b>                              |
| <b>Financial liabilities</b>       |   |   |
| Trade payables                     | 3.00                                      | 1.93                                      |
| Payable to related parties         | 150.22                                    | 257.25                                    |
| <b>Total Financial Liabilities</b> | <b>153.22</b>                             | <b>259.18</b>                             |

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.

**Financial instruments and risk management**

Rs. in Lakhs

**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, 2022 | March 31, 2021 |
|-----------------------------|------------------|----------------|----------------|
| Trade payables              | < than 12 months | 3.00           | 1.93           |
| Other financial liabilities | > than 12 months | 150.22         | 257.25         |

**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.

**20 Ratio Analysis**

| S No | Ratio   | Numerator<br>CY<br>PY | Denominator<br>CY<br>PY | Current Year<br>31.03.2022 | Previous Year<br>31.03.2021 | % Variance |
|------|---|-----------------------|-------------------------|----------------------------|-----------------------------|------------|
| a    | Current Ratio= Current assets / Current Liabilities   | 241.69<br>346.79      | 153.83<br>259.29        | 1.57                       | 1.34                        | 17%        |
| b    | Debt equity ratio= total debt / total shareholder's equity  | -<br>-                | 87.86<br>87.50          | -                          | -                           | NA         |
| c    | Debt service coverage ratio= earnings available for debt services / total interest and principal repayments | 0.36<br>1.85          | -<br>-                  | NA                         | NA                          | NA         |
| d    | Return on equity ratio/ return on investment ratio= Net profit after tax / Average shareholder's equity     | 0.36<br>1.85          | 87.68<br>86.57          | 0.00                       | 0.02                        | -81%       |
| e    | Inventory turnover ratio= Net sales / average Inventory   | 15.46<br>31.79        | 144.82<br>174.07        | 0.11                       | 0.18                        | -42%       |
| f    | Trade receivables turnover ratio= Net sales / average trade receivables                                     | 15.46<br>31.79        | -<br>-                  | NA                         | NA                          | NA         |
| g    | Trade Payables turnover ratio= Net Purchases / average trade Payables                                       | -<br>-                | 2.47<br>2.10            | -                          | -                           | NA         |
| h    | Net capital turnover ratio= Net sales / working capital   | 15.46<br>31.79        | 87.86<br>87.49          | 0.18                       | 0.36                        | -52%       |
| i    | Net profit turnover ratio= Net profit after tax / Net sales   | 0.36<br>1.85          | 15.46<br>31.79          | 0.02                       | 0.06                        | -60%       |
| j    | Return on Capital employed = Earnings before interest and taxes(EBIT) / Capital Employed                    | 0.48<br>2.55          | 87.86<br>87.50          | 0.01                       | 0.03                        | -81%       |
| k    | Return on investment  | 0.36<br>1.85          | 87.50<br>85.65          | 0.00                       | 0.02                        | -81%       |

**Other disclosures**

Rs. in Lakhs

**21 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.

**22 Contingent liabilities and contingent assets**

|                            | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|----------------------------|-------------------------|-------------------------|
| (a) Contingent liabilities | Nil                     | Nil                     |

**23 Commitments**
**(a) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities Nil

**(b) Other commitments**

Expenditure related contractual commitments apart from Capital Commitments Nil

**24 Related Party Disclosure**

|  | As at/<br>year ended<br>March 31, 2022 | As at/<br>year ended<br>March 31, 2021 |
|--|--|--|
| <b>(a) Related parties and their relationship for the financial year 2021-22</b>                           |  |  |
| Ultimate Holding company<br>Sundaram Clayton Limited   |  |  |
| Holding company<br>TVS Motor Company Limited   |  |  |
| Associate of Holding Co.<br>Emerald Haven Realty Limited   |  |  |
| <b>(b) Transactions with related parties:</b>  |  |  |
| - Associate of Holding Co.<br>Emerald Haven Realty Limited   |  |  |
| (i) Sale of Land   | 8.26                                   | 24.59                                  |
| (ii) Rent - Corporate Office   | 1.20                                   | 1.20                                   |
| (iii) Rental Income  | 7.20                                   | 7.20                                   |
| <b>(c) Balances with related parties: (Payable) / Receivable</b>   |  |  |
| (i) Other payables (Net of Security Deposit)<br>- Associate of Holding Co.<br>Emerald Haven Realty Limited | (150.22)                               | (257.24)                               |

**25 Auditors' remuneration (Included under Other Expenses) (Exclusive of GST)**

| Particulars             | As at 31st<br>March 2022 | As at 31st<br>March 2021 |
|-------------------------|--------------------------|--------------------------|
| Payments to Auditors as |                          |                          |
| a. Statutory Auditor    | 1.50                     | 1.50                     |
| b. Certification Fees   | -                        | -                        |

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 (i) No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

(ii) The Company has not been sanctioned with working capital limit from any banks / financial institutions.

(iii) No bank or financial institution has declared the company as "willful defaulter"

(iv) There are no transaction with the companies whose name struck off under section 248 of The Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and the year ended 31 March 2021.

(v) All applicable cases where registration of charges or satisfaction is required with Registrar of Companies have been done. No registration or satisfaction is pending at end of financial year 2021-2022 and 2020-2021.

(vi) No layers of companies has been established beyond the limit prescribed as per clause (87) of section 2 of the The Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

(vii) No scheme of arrangements has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.

(viii) There is no such income which has not been disclosed in the books of accounts. No such income is surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961

(ix) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries)

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(x) The Company has not operated in any crypto currency Transactions.

(xi) The Company does not have any immovable Property under its own name or jointly held with others in the nature of Property, Plant and Equipment.

(xii) The Company does not have any investment property.

(xiii) The Company has not revalued its Property, Plant and Equipment (including Right to Use Assets).

(xiv) The Company has not revalued its intangible assets

(xv) The Company does not have any Capital Work in Progress

(xvi) There are on intangible assets under development.

(xvii) The Company does not meet the applicability criteria for CSR activity.

28 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.

As per our report annexed  
For **V.Sankar Aiyar & Co**  
Chartered Accountants  
Firm Regn No.: 109208W

**S.VENKATARAMAN**  
Partner  
Membership No.: 023116

Chennai  
Dated: 22<sup>nd</sup> April, 2022

For and on behalf of the Board of Directors

**SG MURALI**  
Director

**SRIRAM S IYER**  
Director

## Directors' Report to the Shareholders of the Company

The directors have pleasure in presenting the thirteenth annual report on the progress of the Company together with the audited statement of accounts for the year ended 31<sup>st</sup> March 2022.

### 1. Financial Results

The highlights of the financial performance of the Company are given below:

(Rs. in lakhs)

| Particulars                     | Year ended<br>31-03-2022 | Year ended<br>31-03-2021 |
|---------------------------------|--------------------------|--------------------------|
| Revenue from Operations         | -                        | -                        |
| Other Income                    | 12.13                    | 3.22                     |
| <b>Total</b>                    | -                        | -                        |
| Purchases of Stock-in trade     | -                        | -                        |
| Finance Cost                    | 938.59                   | 505.53                   |
| Administrative & other expenses | 18.97                    | 29.25                    |
| Profit / (Loss) before tax      | (945.42)                 | (531.56)                 |
| Less:                           |                          |                          |
| - Provision for tax             |                          |                          |
| Add:                            |                          |                          |
| - Deferred Tax Asset            | (156.61)                 | (34.82)                  |
| Profit / (Loss) after tax       | (788.81)                 | (496.74)                 |

### 2. Dividend

The board of directors do not recommend any dividend for the year under consideration, in view of the loss sustained by the Company for the year ended 31st March 2022.

### 3. Share Capital

During the year under review, the board of directors issued and allotted 9,60,00,000 equity shares at a face value of Rs.10 per share.

The paid up capital of the company is Rs.149.63 Cr (14,96,33,814 equity shares of Rs.10/- each)

### 4. Debentures

During the year under review, the Company has not issued any debentures.

### 5. 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.

### 5. 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.

### 6. 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.

### 7. Risk management

Our risk management framework is well embedded and continually reviewed by the Board. It enables the company 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 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. The 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.

### 8. Related Party Transactions

All contracts / arrangements entered into 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 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 IND AS 24 have been provided in Notes to the financial statements.

### 9. 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:

- in the preparation of the annual accounts for the year ended 31st March 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- 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;
- 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;
- the directors had prepared the accounts for the financial year ended 31st March 2022 on a going concern basis; and
- 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.

## 10. Directors

### Directors' appointment / re-appointment / cessation

During the year under review, Ms Sasikala Varadachari and Mr. L. Bhadri, ceased as Directors on expiry of their term as Independent Director effective 27th July, 2021.

Further, Mr S G Murali resigned as Director effective 28th March 2022.

### Independent Directors (IDs)

The Ministry of Corporate Affairs vide its notification dated July 5, 2017, exempted the wholly owned subsidiaries, joint ventures and dormant companies from the requirement of appointing Independent Directors pursuant to section 149 (4) of the Act, 2013.

Subsequently, such companies were further exempted from the requirement of constitution of Audit and Nomination and Remuneration Committees, vide its notification dated July 13, 2017.

Thus, the provisions of Section 149 of the Act, 2013 pertaining to the appointment of Independent Directors and constitution of the said Committees does not apply to the Company.

### Directors liable to retire by rotation

In terms of Article 21 of the Articles of Association of the Company, Mr V N Venkatanathan, Mr Arvind Balaji, 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.

### Number of board meetings held

During the year under review, the board met Six times on 26th April 2021, 20th August 2021, 10th December 2021, 31st December 2021, 10th March 2022 and 24th March 2022 the gap between the 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 under Section 203 of the Act, 2013 read with the Rules framed thereunder.

Mr V Karunakara Reddy as Chief Executive Officer; Mr S Sridhar as Chief Financial Officer.

During the year under review, Mr K S Srinivasan has resigned from the position of Company Secretary effective 20th August 2021 and Mr ArvindKumar V was appointed as Company Secretary in the Board Meeting held on 20th August 2021 effective that date.

Further, Mr ArvindKumar V resigned from the position of Company Secretary effective 10th March 2022.

### Evaluation of the board 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 roles 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 (iv) 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 the management.

## 11. 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 2022.

## 12. 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 Companies 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 3rd 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 2021-22.

The Auditors' Report for the financial year 2021-22 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 2021-22, 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 Auditors for carrying out the secretarial audit for the financial year 2022-23.

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.

### Employee's remuneration:

There is no employee receiving the remuneration in excess of the limits prescribed under Section 197 of the Companies 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 2021-22.

### 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 2021-22.

Please refer note no. 4 to Notes on accounts for the financial year 2021-22, 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.

Since the turnover does not exceed the prescribed limit, cost records were not required to be maintained 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.

## 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  
Date: 04<sup>th</sup> May 2022

V N Venkatanathan  
Director  
DIN: 00059273

K N Radhakrishnan  
Director  
DIN: 02599393

## FORM NO.MR-3 SECRETARIAL AUDIT REPORT OF TVS MOTOR SERVICES LIMITED FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2022

[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,  
"Chaitanya",  
No. 12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai 600 006  
CIN: U50404TN2009PLC071075  
Authorised Capital:Rs.875,00,00,000/-  
Paid up Capital: Rs.149,63,38,140/-

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 31<sup>st</sup> March, 2022 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 31<sup>st</sup> March, 2022 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 there under;
- iii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under 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 there under 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 (Share Based Employee Benefits) Regulations, 2014, which was replaced by the Securities and Exchange Benefits and Sweat Equity) Regulations, 2021(with effect from 13<sup>th</sup> August 2021;
  - e) 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;

- f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; and
- j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.The Company has materially complied with laws applicable specifically to the Company.
- 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 there;
- 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.

However, since pursuant to provision of Section 149(4), 177, 178 of the Companies Act, 2013 read with MCA Notification dated 5<sup>th</sup> July, 2017 and 13<sup>th</sup> July, 2013, read with Rule 6 of the Companies (Meetings of Board and its powers) Rules, 2014 and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2017, the company being a wholly owned subsidiary of TVS Motor Company Limited, the company was exempt from the constitution of Audit Committee and Nomination and Remuneration Committee. Further companies with CSR spending of less than Rs.50 lakhs per year are exempt from the constitution of Corporate Social Responsibility Committee. Accordingly, the board of directors in its meeting held on 20<sup>th</sup> August, 2021 has passed resolution for dissolution of the Audit Committee, Nomination and Remuneration Committee with effect from 20<sup>th</sup> August, 2021 and the CSR Committee was dissolved with effect from 3<sup>rd</sup> May, 2022 in pursuance of the provisions of Section 135(9) of the Companies Act, 2013

- 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 Mrs.Sasikala Varadachari as woman director since 31<sup>st</sup> March 2015 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. She has retired on expiry of her term of office on 27<sup>th</sup> July 2021 and the relevant Form DIR-12 was filed with the Registrar of Companies, in compliance with the provisions of the Act. However, no new women director has been appointed since her retirement.

I further report that from the information and explanations furnished to me, during the audit period

- i) The Company had issued and allotted to the holding company M/s. TVS Motor Company Limited 5,00,00,000 Equity Shares of Rs.10/- each at par aggregating to Rs.50.00 Crs on 31<sup>st</sup> December 2021 and 4,60,00,000 Equity shares of Rs.10/- each at par aggregating to Rs.46.00 crores on 24<sup>th</sup> March 2022, total aggregating to 9,60,00,000 equity shares of Rs.10/- each at par aggregating to Rs.96 crores on Rights basis;
- ii) No Foreign technical collaborations have been entered into during the year under review.

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|------|-------------------|
| UDIN | F003797D000457965 |
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Place: Chennai  
Date: 04th May 2022

T.N.SRIDHARAN  
Practising Company Secretary  
Membership No. FCS 3797  
C.P.No.4191

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To

The Members  
TVS MOTOR SERVICES LIMITED,  
"Chaitanya",  
No. 12, Khader Nawaz Khan Road,  
Nungambakkam, Chennai 600 006

CIN: U50404TN2009PLC071075  
Authorised Capital:Rs.875,00,00,000/-  
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..

|      |                   |
|------|-------------------|
| UDIN | F003797D000457965 |
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Place: Chennai  
Date: 04th May 2022

T.N.SRIDHARAN  
Practising Company Secretary  
Membership No. FCS 3797  
C.P.No.4191

# TVS MOTOR SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

### To the Members of TVS Motor Services Limited

#### Report on the Audit of the Standalone financial statements

##### Opinion

We have audited the accompanying standalone financial statements of TVS Motor Services Limited ("the Company"), having its registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, Tamil Nadu which comprise the Balance Sheet as at 31<sup>st</sup> March 2022, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing 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 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 ('ICAI') 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 in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual 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.

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 Those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is 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 (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 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 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 Standards on Auditing 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 Standards on Auditing, we exercise professional judgment 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 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 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, 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 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, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143(3) of the Act, we report that
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required 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, 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 standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 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 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;
  - (h) 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 (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 30 to the financial statements;

- (ii) The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March 2022
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared any dividends during the year.

For RAGHAVAN, CHAUDHURI & NARAYANAN

|      |                    |
|------|--------------------|
| UDIN | 22027716AILPOC1572 |
|------|--------------------|

Chartered Accountants

FRN: 007761S

V. SATHYANARAYANAN

Partner

Membership No. 027716

Place : Bangalore  
Date : 04<sup>th</sup> May 2022

## Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2022 (Referred to in our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
  - (B) The Company doesn't have any intangible assets Accordingly, the provisions of clause 3(ii)(b) of the Order are not applicable;
  - (b) The Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the Property, Plant and Equipment is reasonable having regard to the size of the Company and the nature of its assets;
  - (c) The title deeds of all the immovable properties (other than properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company;
  - (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year;
  - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder;
- ii. (a) The Company does not hold any inventory (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(ii) (a) of the Order are not applicable.
- (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable;
- iii. The Company has not made investments and has not provided any Guarantee or security or granted any loans or advances in nature of loans secured or unsecured to companies, firms, Limited Liability Partnerships, or any other parties, during the year. Accordingly, the provision of clause 3(iii)(a) to 3 (iii) (f) of the order is not applicable;
- iv. In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security;
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable;
- vi. The maintenance of cost records has not been specified by the Central Government under sub- section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company;
- vii. In respect of statutory dues:
  - (a) The Company is regular in depositing undisputed statutory dues, income-tax, Goods and service tax, duty of customs, and other material statutory dues, as applicable, to the appropriate authorities. Further, company doesn't have any liability under provident fund, employee state insurance, customs duty and no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable;
  - (b) There are no dues in respect of income-tax, sales-tax, Goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute except the following:

| Disputed Income Tax Demand | Rs. (In Lakhs) |
|----------------------------|----------------|
| 1) FY 2011-12              | 1.06           |
| 2) FY 2011-12              | 0.35           |
| 3) FY 2017-18              | 397.26         |

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);
- ix. (a) The Company has not defaulted in repayment of loans or borrowings to any lender during the year;
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;
- (c) The Company has not obtained term loan during the year. Accordingly, the provisions of clause 3(ix)(c) of the Order are not applicable;
- (d) The Company has not raised any short-term funds during the year. Accordingly, the provisions of clause 3(ix)(d) of the Order are not applicable.;
- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and hence reporting on clause 3(ix)(e) of the order is not applicable;
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable;
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;
- (b) During the year, the company has made private placement of shares in respect of the same, in our opinion, the company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the company did not make preferential allotment/ private placement of fully/partly convertible debentures.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year;
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards;
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures;
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company;

xvi. (a), (b), (c) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;

xvii. The Company has incurred cash losses during the financial year and in immediately preceding financial year amounting to Rs 7,88,81,190 & Rs 4,96,73,531 covered by our audit;

xviii. There has been no resignation of the statutory auditors of the Company during the year;

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due

within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;

xx. The provision of section 135 of Companies Act, is not applicable to company and hence reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AILPOC1572 |
|------|--------------------|

Place : Bangalore  
Date : 04<sup>th</sup> May 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of TVS Motor Services Limited of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of subsection 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") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Management of the Company 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 (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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 ICAI 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 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 March 31, 2022, based on the criteria for internal financial control over financial reporting 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 ICAI.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AILPOC1572 |
|------|--------------------|

Place : Bangalore  
Date : 04<sup>th</sup> May 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS MOTOR SERVICES LIMITED

## BALANCE SHEET AS AT 31<sup>st</sup> March 2022

(Rs. In Lakhs)

|                                      | Notes | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--------------------------------------|-------|-------------------------|-------------------------|
| <b>Assets</b>                        |       |                         |                         |
| <b>Non-current assets</b>            |       |                         |                         |
| Capital work in progress             | 2     | 569.75                  | 569.75                  |
| Investment property                  | 3     | 9,029.61                | 9,029.61                |
| Financial assets                     |       |                         |                         |
| i. Investments                       | 4     | 2,101.70                | 1,952.70                |
| ii Loans                             | 4a    | 144.10                  | 138.28                  |
| Income Tax Assets (Net)              | 5     | 72.22                   | 0.93                    |
| Other non current assets             |       |                         |                         |
| Deferred Tax assets                  | 6     | 1,184.15                | 1,065.95                |
| <b>Total non-current assets</b>      |       | <b>13,101.53</b>        | <b>12,757.23</b>        |
| <b>Current assets</b>                |       |                         |                         |
| Financial assets                     |       |                         |                         |
| i. Trade Receivables                 | 7     | 797.36                  | 797.36                  |
| ii. Cash and cash equivalents        | 8     | 80.35                   | 100.23                  |
| iii. Other receivables               | 9     | 6,298.05                | 6,298.05                |
| Other current assets                 | 10    | 701.56                  | 700.28                  |
| <b>Total current assets</b>          |       | <b>7,877.32</b>         | <b>7,895.92</b>         |
| <b>Total Assets</b>                  |       | <b>20,978.85</b>        | <b>20,653.14</b>        |
| <b>Equity and liabilities</b>        |       |                         |                         |
| <b>Equity</b>                        |       |                         |                         |
| Equity share capital                 | 11    | 14,963.38               | 5,363.38                |
| Other Equity                         |       |                         |                         |
| Reserves and surplus                 | 12    | (80.29)                 | 708.52                  |
| Other reserves                       | 13    | 447.12                  | 332.91                  |
| <b>Total equity</b>                  |       | <b>15,330.21</b>        | <b>6,404.81</b>         |
| <b>Liabilities</b>                   |       |                         |                         |
| <b>Non-current liabilities</b>       |       |                         |                         |
| Financial liabilities                |       |                         |                         |
| i. Borrowings                        | 14    | -                       | 637.00                  |
| ii. Other financial liabilities      | 15    | -                       | 3,453.95                |
| <b>Total non-current liabilities</b> |       | <b>-</b>                | <b>4,090.95</b>         |
| <b>Current liabilities</b>           |       |                         |                         |
| Financial liabilities                |       |                         |                         |
| i. Borrowing                         | 16    | -                       | 4,500.13                |
| ii Trade payables                    | 17    | 175.92                  | 176.07                  |
| iii. Other financial liabilities     | 18    | 4,263.87                | 4,320.87                |
| Other current liabilities            | 19    | 1,208.85                | 1,160.31                |
| <b>Total current liabilities</b>     |       | <b>5,648.64</b>         | <b>10,157.38</b>        |
| <b>Total liabilities</b>             |       | <b>5,648.64</b>         | <b>14,248.33</b>        |
| <b>Total equity and liabilities</b>  |       | <b>20,978.85</b>        | <b>20,653.14</b>        |
| Significant accounting policies      | 1     |                         |                         |

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: 04 May 2022

V N Venkatanathan  
Director

V Karunakara Reddy  
Chief Executive Officer

For and on behalf of the Board  
K N Radhakrishnan  
Director

S Sridhar  
Chief Financial Officer



# TVS MOTOR SERVICES LIMITED

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2022

(Rs. In Lakhs)

|   | Notes | 1st April 2021 to 31st March 2022 | 1st April 2020 to 31st March 2021 |
|---|-------|-----------------------------------|-----------------------------------|
| <b>Income</b>   |       |                                   |                                   |
| Other income  | 20    | 12.13                             | 3.22                              |
| <b>Total income</b>   |       | <b>12.13</b>                      | <b>3.22</b>                       |
| <b>Expenses</b>   |       |                                   |                                   |
| Purchases of stock-in-trade                                   | 21    | -                                 | -                                 |
| Finance costs   | 22    | 938.59                            | 505.53                            |
| Other expenses  | 23    | 18.97                             | 29.25                             |
| <b>Total expenses</b>   |       | <b>957.55</b>                     | <b>534.78</b>                     |
| <b>Profit/(loss) before tax</b>                               |       | <b>(945.42)</b>                   | <b>(531.56)</b>                   |
| Income tax expense  | 24    | -                                 | -                                 |
| Current tax   |       | -                                 | -                                 |
| Deferred tax  |       | (156.61)                          | (34.82)                           |
| <b>Profit/(loss) for the year</b>                             |       | <b>(788.81)</b>                   | <b>(496.74)</b>                   |
| <b>Other comprehensive income</b>                             |       |                                   |                                   |
| Items that will not be reclassified to profit or loss         |       |                                   |                                   |
| Changes in fair value of FVOCI equity instruments             |       | 152.62                            | 207.12                            |
| Income taxes on the above                                     |       | (38.41)                           | (52.13)                           |
| <b>Other comprehensive income for the year, net of tax</b>    |       | <b>114.21</b>                     | <b>155.00</b>                     |
| <b>Total comprehensive income for the year</b>                |       | <b>(674.61)</b>                   | <b>(341.74)</b>                   |
| <b>Significant accounting policies</b>                        | 1     |                                   |                                   |
| Earnings per equity share (Basic/ diluted earnings per share) | 25    | (1.18)                            | (0.93)                            |

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: 04 May 2022

V N Venkatanathan  
Director

V Karunakara Reddy  
Chief Executive Officer

For and on behalf of the Board  
K N Radhakrishnan  
Director

S Sridhar  
Chief Financial Officer

# TVS MOTOR SERVICES LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2022

(Rs. In Lakhs)

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| <b>Cash flow from operating activities</b>                       |                         |                         |
| <b>Profit before income tax</b>                                  | <b>(945.42)</b>         | <b>(531.56)</b>         |
| <b>Adjustments for</b>   |                         |                         |
| Gain on transfer of land   | -                       | -                       |
| Interest income accrued reversed                                 | (7.00)                  | (3.03)                  |
| Fair valuation of Preference share                               |                         |                         |
| Unwinding of discount on security deposits                       | 622.25                  | 138.36                  |
| Long Term Capital Loss/ gain on Sale of Investments              |                         |                         |
| Fair value of 6% Pref share                                      |                         |                         |
| Fair Valuation Loss on Mutual Funds                              |                         |                         |
| <b>Operating Profit Before Working Capital Changes</b>           | <b>(330.16)</b>         | <b>(396.23)</b>         |
| <b>Change in operating assets and liabilities</b>                |                         |                         |
| (Increase)/decrease in other current assets                      | (72.57)                 | 6.28                    |
| Increase/(decrease) in other financial liabilities               | (4,133.35)              | (638.65)                |
| (Increase)/decrease in trade current assets                      |                         |                         |
| Increase/(decrease) in other current liabilities                 | 48.54                   | 12.66                   |
| <b>Cash generated from operations</b>                            | <b>(4,487.54)</b>       | <b>(1,015.93)</b>       |
| Income taxes paid  |                         | -                       |
| <b>Net cash inflow from operating activities</b>                 | <b>(4,487.54)</b>       | <b>(1,015.93)</b>       |
| <b>Cash flows from investing activities</b>                      |                         |                         |
| Investment   | 4.78                    | (133.76)                |
| Investment Property  |                         |                         |
| <b>Net cash outflow from investing activities</b>                | <b>4.78</b>             | <b>(133.76)</b>         |
| <b>Cash flows from financing activities</b>                      |                         |                         |
| Proceeds from issue of Share capital                             | 9,600.00                | -                       |
| Increase/(Repayment) of Borrowings (Short)                       | (5,137.13)              | 624.65                  |
| <b>Net cash inflow (outflow) from financing activities</b>       | <b>4,462.87</b>         | <b>624.65</b>           |
| <b>Net increase (decrease) in cash and cash equivalents</b>      | <b>(19.89)</b>          | <b>(525.04)</b>         |
| Cash and cash equivalents at the beginning of the financial year | 100.23                  | 625.27                  |
| <b>Cash and cash equivalents at end of the year</b>              | <b>80.35</b>            | <b>100.23</b>           |

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: 04 May 2022

V N Venkatanathan  
Director

V Karunakara Reddy  
Chief Executive Officer

For and on behalf of the Board  
K N Radhakrishnan  
Director

S Sridhar  
Chief Financial Officer

# TVS MOTOR SERVICES LIMITED

## Statement of Changes in Equity

(Rs. In Lakhs)

### I) Equity Share Capital

|   | Notes | Amounts          |
|---|-------|------------------|
| <b>Balance as at March 31, 2020</b>             |       | <b>5,363.38</b>  |
| Changes in equity share capital during the year | 11    | -                |
| <b>Balance as at March 31, 2021</b>             |       | <b>5,363.38</b>  |
| Changes in equity share capital during the year | 11    | 9,600.00         |
| <b>Balance as at March 31, 2022</b>             |       | <b>14,963.38</b> |

### II) Other equity

|   | Notes | Reserves and surplus |                 | Other reserves             | Total           |
|---|-------|----------------------|-----------------|----------------------------|-----------------|
|   |       | Retained earnings    | Capital reserve | FVOCI - Equity instruments |                 |
| <b>Balance as at 1st Apr, 2020</b>      |       | <b>1,229.35</b>      | <b>(24.09)</b>  | <b>177.91</b>              | <b>1,383.17</b> |
| Profit for the period                   | 12    | (496.74)             |                 |                            | (496.74)        |
| Other Comprehensive income (net of tax) | 13    |                      |                 | 155.00                     | 155.00          |
| <b>Balance as at 1st Apr, 2021</b>      |       | <b>732.61</b>        | <b>(24.09)</b>  | <b>332.91</b>              | <b>1,041.43</b> |
| Profit for the period                   | 12    | (788.81)             |                 |                            | (788.81)        |
| Other Comprehensive income (net of tax) | 13    |                      |                 | 114.21                     | 114.21          |
| <b>Balance as at March 31, 2022</b>     |       | <b>(56.20)</b>       | <b>(24.09)</b>  | <b>447.12</b>              | <b>366.83</b>   |

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: 04 May 2022

V N Venkatanathan  
 Director

V Karunakara Reddy  
 Chief Executive Officer

**For and on behalf of the Board**  
 K N Radhakrishnan  
 Director

S Sridhar  
 Chief Financial Officer

## 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 "Chaitanya, No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600 006, 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 derecognised, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

#### 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.

**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.

# TVS MOTOR SERVICES LIMITED

## Notes to Balance Sheet

(Rs. In Lakhs)

|  | March 31,<br>2022 | March 31,<br>2021 |
|--|-------------------|-------------------|
| <b>2 Capital work in progress</b>          |                   |                   |
| Capital work in progress (Refer Note 32 C) | 569.75            | 569.75            |
| <b>Total Capital work in progress</b>      | <b>569.75</b>     | <b>569.75</b>     |

### 3 Investment Property

| Particulars  | Gross Value             |  |                              |                           |                       |
|--------------|-------------------------|--|------------------------------|---------------------------|-----------------------|
|              | As at<br>1st April 2021 | Additions during the year<br>due to business combination | Additions during the<br>year | Deletions during the year | As at 31st March 2022 |
| Land*        | 9,029.61                | -  | -                            | -                         | 9,029.61              |
| <b>Total</b> | <b>9,029.61</b>         |  | -                            | -                         | <b>9,029.61</b>       |

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<br>1st April 2020 | Additions during the year<br>due to business combination | Additions during the<br>year | Deletions during the year | As at 31st March 2021 |
| Land*        | 9,029.61                | -  | -                            | -                         | 9,029.61              |
| <b>Total</b> | <b>9,029.61</b>         |  | -                            | -                         | <b>9,029.61</b>       |

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 subsidiary company .

\* 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,<br>2022 | March 31,<br>2021 |                 | March 31,<br>2022 | March 31,<br>2021 |
|---|-------------------|-------------------|-----------------|-------------------|-------------------|
| <b>4 Investments</b>  |                   |                   | <b>4a Loans</b> | 144.10            | 138.28            |
| <b>Unquoted</b>   |                   |                   | <b>Total</b>    | <b>144.10</b>     | <b>138.28</b>     |
| <b>Investment in equity shares carried at FVOCI</b>                                   |                   |                   |                 |                   |                   |
| TVS Credit Services Limited **  |                   |                   |                 |                   |                   |
| 10,90,125 (PY 10,90,125) equity shares of Rs.10 each fully paid up                    | 1,766.00          | 1,613.38          |                 |                   |                   |
| Phi Research Private Ltd  | 300.70            | 300.70            |                 |                   |                   |
| Investment Carried at FVTPL   |                   | 0.00              |                 |                   |                   |
| Investment in CIG Reality Fund (5,00,000 (PY 5,00,000) units of Rs 10 each)           | 35.00             | 35.00             |                 |                   |                   |
| Investment in Urban Infra Opportunities Fund (250 (PY 250) units of Rs 1,00,000 each) | -                 | 3.61              |                 |                   |                   |
| Investment in Zero Coupon Bond  | -                 | -                 |                 |                   |                   |
| Investment in 6% Preference shares of CBCL  |                   | -                 |                 |                   |                   |
| <b>Total Financial Assets-Investments</b>   | <b>2,101.70</b>   | <b>1,952.70</b>   |                 |                   |                   |
| Agreegate amount of quoted investments and market value thereof                       |                   |                   |                 |                   |                   |
| Agreegate amount of unquoted investments  | 2,101.70          | 1,952.70          |                 |                   |                   |
| <b>Total</b>  | <b>2,101.70</b>   | <b>1,952.70</b>   |                 |                   |                   |

|                                       |              |             |
|---------------------------------------|--------------|-------------|
| <b>5 Income Tax Assets (Net)</b>      |              |             |
| Income Tax Assets (Net)               | 72.22        | 0.93        |
| <b>Total Other- Income Tax Assets</b> | <b>72.22</b> | <b>0.93</b> |

\*\* During 2019-20 the company has transferred 133,651,475 no of equity shares invested in TVS Credit Services Limited to settle the shareholders of Non Cumulative redeemable Preference shares.

# TVS MOTOR SERVICES LIMITED

## Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

### 6 Deferred tax Liabilities/(asset)

The balance comprises of temporary differences attributable to:

|   | March 31, 2022    | March 31, 2021    |
|---|-------------------|-------------------|
| Depreciation                                |                   |                   |
| Fair valuation of financial liabilities     | 81.49             | 238.10            |
| Fair valuation of financial asset           | 206.82            | 168.41            |
| Investment Property                         | (1,472.47)        | (1,472.47)        |
| <b>Net deferred tax Liabilities/(asset)</b> | <b>(1,184.15)</b> | <b>(1,065.95)</b> |

### Movement in deferred tax (assets)/liabilities

|                                 | Investment Property | Fair valuation of financial asset | Fair valuation of financial liabilities | Total             |
|---------------------------------|---------------------|-----------------------------------|---|-------------------|
| <b>At Mar 31, 2021</b>          | <b>(1,472.47)</b>   | <b>168.41</b>                     | <b>238.10</b>                           | <b>(1,065.95)</b> |
| - to profit or loss             |                     | 38.41                             | (156.61)                                | (118.20)          |
| - to other comprehensive income |                     |                                   |   |                   |
| <b>At Mar 31, 2022</b>          | <b>(1,472.47)</b>   | <b>206.82</b>                     | <b>81.49</b>                            | <b>(1,184.15)</b> |

Note:- 1) Deferred Tax assets been recognised on certain losses. The group has concluded tax assets will be recoverable against future taxable income.

|   | March 31, 2022 | March 31, 2021 |  | March 31, 2022  | March 31, 2021  |
|---|----------------|----------------|--|-----------------|-----------------|
| <b>7 Trade Receivables</b>                                      |                |                | <b>9 Other financial assets</b>                      |                 |                 |
| Trade Receivables considered good - unsecured (Refer Note 32 A) | 797.36         | 797.36         | <b>Secured</b>                                       |                 |                 |
| <b>Total Trade Receivables</b>                                  | <b>797.36</b>  | <b>797.36</b>  | Receivable towards sale of property and other assets | 6,298.05        | 6,298.05        |
|   |                |                | <b>Total Other receivables</b>                       | <b>6,298.05</b> | <b>6,298.05</b> |
| <b>8 Cash and cash equivalents</b>                              |                |                | <b>10 Other Current assets</b>                       |                 |                 |
| Balances with banks   | 16.59          | 36.20          | Balance with GST/Service Tax Department              | 701.56          | 700.28          |
| Cash on Hand  | 63.76          | 64.03          | Advance to vendors                                   |                 |                 |
| <b>Total cash and cash equivalents</b>                          | <b>80.35</b>   | <b>100.23</b>  | <b>Total Other Current assets</b>                    | <b>701.56</b>   | <b>700.28</b>   |

### 11 Equity share capital

#### i) Authorised, issued, subscribed & fully paid equity share capital

|   | Number of shares    | Amount (in Lakh) |
|---|---------------------|------------------|
| 14,96,33,814 nos (Previous year: 5,36,33,814 nos ) of Equity shares of Rs.10 each |                     |                  |
| <b>As at 31 March 2020</b>  | 5,36,33,814         | 5,363.38         |
| Increase during the year  | -                   | -                |
| <b>As at 31 March 2021</b>  | <b>5,36,33,814</b>  | <b>5,363.38</b>  |
| Increase during the year  | 9,60,00,000         | 9,600.00         |
| <b>As at 31 March 2022</b>  | <b>14,96,33,814</b> | <b>14,963.38</b> |

#### ii) Reconciliation of equity share outstanding at the beginning and end of the year

| Note                       | Number of shares    | Equity share capital (par value) |
|----------------------------|---------------------|----------------------------------|
| <b>As at 31 March 2021</b> | <b>5,36,33,814</b>  | <b>5,363.38</b>                  |
| Add: Addition              | 9,60,00,000         | 9,600.00                         |
| <b>As at 31 March 2022</b> | <b>14,96,33,814</b> | <b>14,963.38</b>                 |

(Refer Note 32 D)

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-22       |                  | 31-Mar-21       |                  |
|---------------------------|-----------------|------------------|-----------------|------------------|
|                           | Share holding % | Number of shares | Share holding % | Number of shares |
| TVS Motor Company Limited | 100%            | 14,96,33,814     | 100%            | 5,36,33,814      |

\* 6 equity shares of the Company are held by the nominees of the holding company



# TVS MOTOR SERVICES LIMITED

## Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

### iv) Details of other shareholders holding more than 5% shares in the company

| March 31, 2022            | Share holding percentage | Number of shares    | Amount (In Lakhs) |
|---------------------------|--------------------------|---------------------|-------------------|
| TVS Motor Company Limited |                          | 14,96,33,814        | 14,963.38         |
| <b>Total</b>              |                          | <b>14,96,33,814</b> | <b>14,963.38</b>  |
| March 31, 2021            | Share holding percentage | Number of shares    | Amount (In Lakhs) |
| TVS Motor Company Limited | 100%                     | 5,36,33,814         | 5,363.38          |
| <b>Total</b>              |                          | <b>5,36,33,814</b>  | <b>5,363.38</b>   |

|                                   | March 31,<br>2022 | March 31,<br>2021 |
|-----------------------------------|-------------------|-------------------|
| <b>12 Reserves and surplus</b>    |                   |                   |
| Retained earnings                 | (56.20)           | 732.61            |
| Capital reserves                  | (24.09)           | (24.09)           |
| <b>Total reserves and surplus</b> | <b>(80.29)</b>    | <b>708.52</b>     |

#### a) Retained earnings

|                           |          |          |
|---------------------------|----------|----------|
| Opening balance           | 732.61   | 1,229.35 |
| Net profit for the period | (788.81) | (496.74) |

Less: DTA created for Non Cumulative Redeemable Preference shares

Less: Loss on Fair valuation of 6% CBSL Pref Shares (non consideration of Dividend Income)

Less: DTA created for Fair valuation of CBCSL Preference shares

Add: Changes in Accounting Policy (Refer Note- 34)

Items of other comprehensive income recognised directly in retained earnings

- Remeasurements of post-employment benefit obligation, net of tax

|                        |                |               |
|------------------------|----------------|---------------|
| <b>Closing balance</b> | <b>(56.20)</b> | <b>732.61</b> |
|------------------------|----------------|---------------|

#### b) Capital reserve

|                 |         |         |
|-----------------|---------|---------|
| Opening balance | (24.09) | (24.09) |
|-----------------|---------|---------|

Add: Arising on business combination (Note 34)

|                        |                |                |
|------------------------|----------------|----------------|
| <b>Closing balance</b> | <b>(24.09)</b> | <b>(24.09)</b> |
|------------------------|----------------|----------------|

#### 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 capital reserve

### 13 Other reserves

#### FVOCI-Equity Instruments

|   |               |               |
|---|---------------|---------------|
| Opening balance                         | 332.91        | 177.91        |
| Other Comprehensive income (net of tax) | 114.21        | 155.00        |
| <b>Closing Balance</b>                  | <b>447.12</b> | <b>332.91</b> |

### 14 Borrowings

8% Secured Non Convertible Debenture (Nominal Value Rs 10 per unit)

Non Cumulative Redeemable Preference shares \*\*

|                         |          |               |
|-------------------------|----------|---------------|
| <b>Total borrowings</b> | <b>-</b> | <b>637.00</b> |
|-------------------------|----------|---------------|

\*\* 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 allotment 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 Subsidiary Company namely TVS Credit \*\* Services Ltd, out of the total shares held by the Company in the said Subsidiary 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 D45share holders in full and final settlement of such redemption.

### 15 Other financial liabilities

#### Non- Current

Payable towards purchase of Investments (TVSCS)

|  |          |                 |
|--|----------|-----------------|
| <b>Total non current financial liabilities</b> | <b>-</b> | <b>3,453.95</b> |
|--|----------|-----------------|

### 16 Other Financial Liabilities

#### Borrowings

Short term borrowing from banks

Short term Loan from Others

|  |          |                 |
|--|----------|-----------------|
| <b>Total non current financial liabilities</b> | <b>-</b> | <b>4,500.13</b> |
|--|----------|-----------------|

### 17 Trade payables

#### Current

Total Outstanding dues of Micro Enterprises and Small Enterprises \*

Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises (Refer Note 32 B)

|                             |               |               |
|-----------------------------|---------------|---------------|
| <b>Total trade payables</b> | <b>175.92</b> | <b>176.07</b> |
|-----------------------------|---------------|---------------|

\* 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 are no interest due or outstanding on the same.

# TVS MOTOR SERVICES LIMITED

## Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

|  | March 31,<br>2022                       | March 31,<br>2021                       | 1st April<br>2021 to 31st<br>March 2022 | 1st April<br>2020 to 31st<br>March 2021 |
|--|---|---|---|---|
| <b>18 Financial liabilities</b>  |   |   |   |   |
| <b>Current</b>   |   |   |   |   |
| Payable for purchase of investments and investment property  | 4,076.20                                | 4,133.33                                |   |   |
| Payable to Holding company   |   | -                                       | 0                                       |   |
| Stale Cheques  | 54.03                                   | 54.03                                   |   |   |
| Payable Others   | 133.64                                  | 133.51                                  |   |   |
| <b>Total other current financial liabilities</b>   | <b>4,263.87</b>                         | <b>4,320.87</b>                         | <b>0</b>                                |   |
| <b>19 Other current liabilities</b>  |   |   |   |   |
| Statutory Dues   | 896.48                                  | 920.11                                  |   |   |
| Advance from customers   | 67.11                                   | 67.11                                   |   |   |
| - Advance received Chennai business consulting Pvt Ltd.  | 245.26                                  | 173.09                                  | (118.20)                                | (34.82)                                 |
| <b>Total other current liabilities</b>   | <b>1,208.85</b>                         | <b>1,160.31</b>                         | <b>(118.20)</b>                         | <b>(34.82)</b>                          |
| <b>20a Contingent Liability</b>  |   |   |   |   |
| Claims against the Company not acknowledged as debts.  |   |   |   |   |
| Disputed Income Tax Demand (Of this 70.12 lakhs has been paid for stay of demand)  | 467.46                                  | -                                       |   |   |
|  |   |   |   |   |
|  | 1st April<br>2021 to 31st<br>March 2022 | 1st April<br>2020 to 31st<br>March 2021 |   |   |
| <b>20 Other income</b>   |   |   |   |   |
| Other Non Operating Income   | 5.14                                    | 0.19                                    |   |   |
| Interest income on loan to SAEL  | 7.00                                    | 3.03                                    |   |   |
| Fair Valuation gain on sale of ZCB   |   | -                                       |   |   |
| Fair valuation gain on mutual fund investments   |   | -                                       |   |   |
| <b>Total other income</b>  | <b>12.13</b>                            | <b>3.22</b>                             |   |   |
| <b>21 Purchases of stock-in-trade</b>  |   |   |   |   |
| Automobiles  |   | -                                       |   |   |
| <b>Total Purchases of stock-in-trade</b>   | <b>-</b>                                | <b>-</b>                                |   |   |
| <b>22 Finance Cost</b>   |   |   |   |   |
| Other Borrowing Cost   | 938.59                                  | 505.53                                  |   |   |
| <b>Total finance cost</b>  | <b>938.59</b>                           | <b>505.53</b>                           |   |   |
| <b>23 Other expenses</b>   |   |   |   |   |
| Rates and Taxes  | 0.12                                    | 8.58                                    |   |   |
| Payment to Auditor* (Refer below note)   | 6.00                                    | 6.00                                    |   |   |
| Consultancy Fees   | 8.55                                    | 9.11                                    |   |   |
| Wealth tax pertaining to previous years  |   |   |   |   |
| Fair valuation loss on mutual fund investments   |   |   |   |   |
| Power and fuel   |   | -                                       |   |   |
| Packing and freight charges  |   | -                                       |   |   |
| Rent   |   | -                                       |   |   |
| Long Term Capital Loss on Sale of Investments  |   | -                                       |   |   |
| Share Transfer Agent Fees  |   | -                                       |   |   |
| Other expenses   | 4.30                                    | 5.56                                    |   |   |
| <b>Total other expenses</b>  | <b>18.97</b>                            | <b>29.25</b>                            |   |   |
| <b>Note 18 (a): Details of payment to auditors</b>   |   |   |   |   |
| <b>Payment to auditors</b>   |   |   |   |   |
| As Statutory auditors  |   | 6.00                                    |   |   |
| <b>In other capacities</b>   |   |   |   |   |
| Taxation matters   |   |   |   |   |
| <b>Total payment to auditors</b>   | <b>-</b>                                | <b>6.00</b>                             |   |   |
| <b>24 Income tax expense</b>   |   |   |   |   |
| <b>(a) Income tax expense</b>  |   |   |   |   |
| Current tax  |   |   | 0                                       |   |
| Current tax on profits for the year  |   |   |   |   |
| <b>Total current tax expense</b>   |   |   | <b>0</b>                                |   |
| Deferred tax   |   |   |   |   |
| Decrease (increase) in deferred tax assets   |   |   |   | -                                       |
| (Decrease) increase in deferred tax liabilities  |   |   | (118.20)                                | (34.82)                                 |
| <b>Total deferred tax expense/(benefit)</b>  |   |   | <b>(118.20)</b>                         | <b>(34.82)</b>                          |
| <b>Income tax expense</b>  |   |   | <b>(118.20)</b>                         | <b>(34.82)</b>                          |
|  |   |   | March 31,<br>2022                       | March 31,<br>2021                       |
| <b>25 Earnings per share</b>   |   |   |   |   |
| <b>(a) Basic and diluted earnings per share</b>  |   |   |   |   |
| Basic and diluted earnings per share attributable to the equity holders of the company (in rupees)   |   |   | (1.18)                                  | (0.93)                                  |
| <b>(b) Reconciliations of earnings used in calculating earnings per share</b>  |   |   |   |   |
| Basic and diluted earnings per share   |   |   |   |   |
| Profit attributable to equity holders of the company used in calculating basis earnings per share (Rs in lakhs)                              |   |   | (788.81)                                | (496.74)                                |
| <b>(c) Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (in numbers)</b> |   |   | 666                                     | 536                                     |

## TVS MOTOR SERVICES LIMITED

### Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

#### 26 Fair value measurements

##### Financial instruments by category

|  | March 31, 2022 |                 |                 | March 31, 2021 |                 |                  |
|--|----------------|-----------------|-----------------|----------------|-----------------|------------------|
|  | FVTPL          | FVOCI           | Amortised cost  | FVTPL          | FVOCI           | Amortised cost   |
| <b>Financial assets</b>                              |                |                 |                 |                |                 |                  |
| Investments  |                |                 |                 |                |                 |                  |
| - Equity instruments                                 | -              | 300.70          | -               | -              | 300.70          | -                |
| - Other funds  | 35.00          | -               | -               | 38.61          | -               | -                |
| - Equity share of TVS Credit Services to be retained |                | 1,766.00        |                 |                | 1,613.38        |                  |
| Loan   |                |                 | 144.10          |                |                 | 138.28           |
| Trade receivable                                     |                |                 | 797.36          |                |                 | 797.36           |
| Cash and cash equivalents                            | -              | -               | 80.35           | -              | -               | 100.23           |
| Receivable towards sale of property                  | -              | -               | 6,298.05        | -              | -               | 6,298.05         |
| <b>Total financial assets</b>                        | <b>35.00</b>   | <b>2,066.70</b> | <b>7,319.86</b> | <b>38.61</b>   | <b>1,914.08</b> | <b>7,333.92</b>  |
| <b>Financial liabilities</b>                         |                |                 |                 |                |                 |                  |
| Borrowings   | -              | -               | -               | -              | -               | 5,137.13         |
| Trade payables                                       | -              | -               | 175.92          | -              | -               | 176.07           |
| Payable towards purchase of Investments              | -              | -               | 4,076.20        | -              | -               | 7,587.28         |
| Other financial liability                            | -              | -               | 187.67          | -              | -               | 187.54           |
| <b>Total financial liabilities</b>                   | <b>-</b>       | <b>-</b>        | <b>4,439.80</b> | <b>-</b>       | <b>-</b>        | <b>13,088.02</b> |

**FVTPL:- Fair Value through Profit and loss**

**FVOCI:- Fair Value through Other comprehensive Income**

##### (i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

##### Financial assets and liabilities measured at fair value - recurring fair value measurements

| Particulars                        | Notes | At 31 March 2022 | At 31 March 2021 |
|------------------------------------|-------|------------------|------------------|
| <b>Level 3 Measurements</b>        |       |                  |                  |
| <b>Financial Assets</b>            |       |                  |                  |
| Investments                        | 4     | 335.70           | 339.31           |
| <b>Total financial Assets</b>      |       | <b>335.70</b>    | <b>339.31</b>    |
| <b>Financial liabilities</b>       |       |                  |                  |
| Borrowings                         | 14    | -                | -                |
| <b>Total financial liabilities</b> |       | <b>-</b>         | <b>-</b>         |

##### Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| Particulars                             | Notes | At 31 March 2022 | At 31 March 2021 |
|---|-------|------------------|------------------|
| <b>Level 3 Measurements</b>             |       |                  |                  |
| <b>Financial assets</b>                 |       |                  |                  |
|   |       | -                | -                |
| <b>Total financial assets</b>           |       | <b>-</b>         | <b>-</b>         |
| <b>Financial liabilities</b>            |       |                  |                  |
| Payable towards purchase of Investments | 15    | 4,076.20         | 7,587.28         |
| <b>Total financial liabilities</b>      |       | <b>4,076.20</b>  | <b>7,587.28</b>  |

**Notes to Balance Sheet (Contd.)**

(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) 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 derieved based on the market risk premium adjusted for companies relevered financial data

**(iv) Fair value of financial assets and liabilities measured at amortised cost**

|   | 31-March-22     |                 | 31-March-21      |                  |
|---|-----------------|-----------------|------------------|------------------|
|   | Carrying amount | Fair value      | Carrying amount  | Fair value       |
| <b>Financial assets</b>                 |                 |                 |                  |                  |
| Loan                                    | 144.10          | 144.10          | 138.28           | 138.28           |
| Trade receivable                        | 797.36          | 797.36          | 797.36           | 797.36           |
| Cash and cash equivalents               | 80.35           | 80.35           | 100.23           | 100.23           |
| Receivable towards sale of property     | 6,298.05        | 6,298.05        | 6,298.05         | 6,298.05         |
| <b>Total financial assets</b>           | <b>7,319.86</b> | <b>7,319.86</b> | <b>7,333.92</b>  | <b>7,333.92</b>  |
| <b>Financial Liabilities</b>            |                 |                 |                  |                  |
| Borrowings                              | -               | -               | 5,137.13         | 5,137.13         |
| Trade payables                          | 175.92          | 175.92          | 176.07           | 176.07           |
| Payable towards purchase of Investments | 4,076.20        | 4,076.20        | 7,587.28         | 7,587.28         |
| Other financial liability               | 187.67          | 187.67          | 187.54           | 187.54           |
| <b>Total financial liabilities</b>      | <b>4,439.80</b> | <b>4,439.80</b> | <b>13,088.02</b> | <b>13,088.02</b> |

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.

**27 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 2022                           | Less than 3 months | Between 3 Month and 1 year | Between 1 and 2 years | Greater than 2 years | Total           |
|---|--------------------|----------------------------|-----------------------|----------------------|-----------------|
| <b>Non-derivatives</b>                  |                    |                            |                       |                      |                 |
| 8% Secured Non Convertible Debenture    | 0                  |                            |                       |                      | -               |
| Payable towards purchase of Investments | -                  | 4,133.33                   |                       | -                    | 4,133.33        |
| Trade payables                          | 175.92             | -                          | -                     | -                    | 175.92          |
| Other financial liabilities             | 187.67             | -                          | -                     | -                    | 187.67          |
| <b>Total non-derivative liabilities</b> | <b>363.60</b>      | <b>4,133.33</b>            | <b>-</b>              | <b>-</b>             | <b>4,496.93</b> |

| 31 March 2021                           | Less than 3 months | Between 3 Month and 1 year | Between 1 and 2 years | Greater than 2 years | Total           |
|---|--------------------|----------------------------|-----------------------|----------------------|-----------------|
| <b>Non-derivatives</b>                  |                    |                            |                       |                      |                 |
| 8% Secured Non Convertible Debenture    |                    | 4,500.00                   | -                     | 637.00               | 5,137.00        |
| Payable towards purchase of Investments |                    | 4,133.33                   | 4,133.33              | -                    | 8,266.66        |
| Trade payables                          | 176.07             | -                          | -                     | -                    | 176.07          |
| Other financial liabilities             | 187.54             | -                          | -                     | -                    | 187.54          |
| <b>Total non-derivative liabilities</b> | <b>363.61</b>      | <b>4,133.33</b>            | <b>4,133.33</b>       | <b>-</b>             | <b>8,630.27</b> |

**28 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, 2022 | March 31, 2021 |
|---------------------------------|----------------|----------------|
| Net debt                        | -              | 5,036.90       |
| Total equity                    | 15,330.21      | 6,404.81       |
| <b>Net debt to equity ratio</b> | <b>0.00</b>    | <b>0.79</b>    |

**29 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, 2022.

**30 Contingent Liabilities not provided for**

| Particulars  | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| 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           |

## TVS MOTOR SERVICES LIMITED

(Rs. In Lakhs)

### 31 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 (Upto 4th February 2022)

TVS Holdings Private Limited (From 4th February 2022)

#### (c) Fellow Subsidiaries involving transactions

##### Name of entity

TVS Credit Services Limited, Chennai

#### (d) Key management personnel compensation

#### (e) Transactions with related parties

The following transactions occurred with related parties:

|  | March 31, 2022 | March 31, 2021 |
|--|----------------|----------------|
| <b>TVS Credit Services Limited</b>                 |                |                |
| Repayment towards purchase of investment           | 4,133.33       | 637.33         |
| Interest on payable towards purchase of investment | 622.25         | 138.36         |
| <b>TVS Motor company</b>                           |                |                |
| Equity Investment                                  | 9,600.00       | -              |

#### (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, 2022 | March 31, 2021 |
|-----------------------------|----------------|----------------|
| Payables:                   |                |                |
| TVS Credit Services Limited | 4,076.20       | 7,587.28       |

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: 04 May 2022

V N Venkatanathan  
Director

V Karunakara Reddy  
Chief Executive Officer

**For and on behalf of the Board**  
K N Radhakrishnan  
Director

S Sridhar  
Chief Financial Officer

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Board of Directors

RAJESH NARASIMHAN  
HARNE VINAY CHANDRAKANT  
MANU SAXENA

## Auditors

RAGHAVAN, CHAUDHURI & NARAYANAN

Chartered Accountants,

Second Floor, Casa Capitol, Wood Street, Ashoknagar,  
Bangalore - 560 025

## Registered Office:

No.1216 & 1217, KCN Complex, 1st & 3rd floor, 11th A Cross,  
24th Main, Sector 1, HSR Layout, Bengaluru,  
Karnataka - 560102  
E-mail: corpsec@sundaramclayton.com  
CIN : U72300KA2015PTC078960

## Directors' Report to the Shareholders

The Directors present the 7<sup>th</sup> annual report together with the audited financial statements for the year ended 31<sup>st</sup> March 2022.

### Financial Highlights

(Rs.in crores)

| Details   | Year ended<br>31.03.2022 | Year ended<br>31.03.2021 |
|---|--------------------------|--------------------------|
| Sales and other income                          | 21.60                    | 7.89                     |
| Less: Expenses                                  | 20.64                    | 12.71                    |
| Profit / (Loss) before tax                      | 0.96                     | (4.83)                   |
| Provision for taxation (including deferred tax) | 0.37                     | (1.30)                   |
| Profit / (Loss) after tax                       | 0.59                     | (3.53)                   |

### Share Capital

The Company's paid-up Equity Share Capital as on 31<sup>st</sup> March 2022 is Rs. 9.04 Lakhs.

The Company continues to be a wholly owned subsidiary of TVS Motor Company Limited.

### Dividend

In order to conserve the resources for its future business activities, the directors do not propose any dividend for the year under review.

### Operation Review

This report pertains to the operations of Intellicar Telematics Private Limited for the financial year ending March 2022. The 1<sup>st</sup> quarter of FY 22 was impacted due to the devastating second wave of the pandemic. The revenue was impacted in the first quarter on account of pandemic induced lockdowns across the country. The effect of the second wave lasted for the first and the second quarter of FY 22 impacting the mobility and automotive sector thereby impacting operations of Intellicar.

However, Intellicar outperformed in the third and fourth quarter of FY 22 in spite of Covid induced lockdown and global semiconductor shortages. For the year ending FY 22, Intellicar overachieved the revenue budgets by 27% despite various challenges. Intellicar was also able to successfully manage its cashflows despite challenges on account of increase in technology man-power costs and increased lead-times in hiring and on-boarding technology talent. The cost of hiring technology talent continues to increase significantly. Intellicar was also able to successfully recover majority of its bad debts that were provisioned in the books of accounts in FY 21 despite various challenges in the automotive and mobility sector.

Intellicar's growth in business was attributed towards the growth in the electric vehicle (EV) ecosystem and its ability to create value adding solutions in the EV space. These in-house developed products witnessed massive demand from the entire EV ecosystem. India's focus towards enabling rapid adoption of EV will continue to drive Intellicar's growth in the segment becoming one of the largest EV focused IOT companies. Intellicar will continue to focus on developing and strengthening its IOT ecosystem which enables quick adoption of IOT technology across the automotive and mobility segment.

### Performance and financial position of subsidiaries

During the Financial Year 2021-22, the Company has acquired M/s Intellicar Singapore Ptd. Ltd. as a wholly owned subsidiary. The Company is yet to commence and there were no operations during the Financial Year 2021-22.

### Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> February, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, the Company being a wholly owned subsidiary of TVS Motor Company Limited (TVSM), is required to adopt Indian Accounting Standards ("IND AS").

In terms of Rule 4 (1) (ii) of the aforesaid rules, the Company has adopted Ind AS for the year 2021-22 in compliance with the said rules.

### 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. These are being discussed at the meetings of the Board of Directors of the Company.

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 risk mitigation.

### 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) and policies 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 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 Companies Act, 2013 (the Act 2013):

- that in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- 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 loss of the Company for that period;
- 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;
- that the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March 2022 on a going concern basis; and



# INTELLICAR TELEMATICS PRIVATE LIMITED

- (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

There were no change in the directorship during the year.

## Corporate Governance

### Board Meetings:

During the year under review, the Board met five (5) times on 5<sup>th</sup> April 2021, 19<sup>th</sup> April 2021, 19<sup>th</sup> July 2021, 15<sup>th</sup> October 2021, 21<sup>st</sup> January 2022 and the gap between two meetings did not exceed one hundred and twenty days.

## Auditors

### 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 Raghavan, Chaudhuri & Narayanan., Chartered Accountants (Firm Registration No. 007761S), Bengaluru as Statutory Auditors, have completed their first year in the first term of five years as statutory auditors of the Company.

It may be noted that M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, Statutory Auditors will carry out the audit for the second year from the conclusion of the ensuing annual general meeting, in the first term of five consecutive years

## 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 31<sup>st</sup> March 2022.

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

The provisions of Section 134 (3) (m) of the Act 2013 and the rules made thereunder relating to the information and details on conservation of energy, technology absorption do not apply to the Company.

### Material changes and commitments, if any, affecting the financial position of the company, having occurred since the end of the Year and till the date of the Report:

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 the Annual Return in prescribed form is made available on the Company's website in the link [www.intellicar.in](http://www.intellicar.in) in terms of the requirements of Section 134 (3) (a) of the Act, 2013 read with Companies (Management and Administration) Rules 2014 and 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 I 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 at the Registered Office of the Company.

### Related Party Transactions:

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2022 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.

### 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 2021-22, the Company has not extended any guarantee or loans to other companies during the year under review.

### 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 exceed the turnover required for maintenance and 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.

### Insolvency and Bankruptcy Code

There are no applications made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

### Onetime settlement with any Bank or Financial Institution

No disclosure or reporting is required in respect of the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions.

### 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 TVS Motor Company 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 : Bengaluru  
Date : 27<sup>th</sup> April 2022

Rajesh Narasimhan  
Director  
DIN : 07824276

Harne Vinay Chandrakant  
Director  
DIN : 09012669

## Independent Auditors' Report to the members of Intellicar Telematics Private Limited, for the year ended 31<sup>st</sup> March 2022

### REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying standalone financial statements of Intellicar Telematics Private Limited ("the Company"), having its registered office at no1216 & 1217, KCN Complex, 1<sup>st</sup> & 3<sup>rd</sup> Floor, 11<sup>th</sup> A Cross Road, 24<sup>th</sup> Main, Sector 1, HSR Layout Bangalore - 560 102 which comprise the Balance Sheet as at 31<sup>st</sup> March 2022, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing 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 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 ('ICAI') 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 in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual 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.

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 Those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is 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 (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 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 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 Standards on Auditing 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 Standards on Auditing, we exercise professional judgment 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 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting 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, 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 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, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143(3) of the Act, we report that
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required 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, 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 standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2022 from being appointed as a director in terms of section 164(2) of the Act;

- (f) Reporting on internal financial controls over financial reporting as on 31<sup>st</sup> March 2022 does not arise as per Notification GSR 583 E dated 13th June 2017, since the company doesn't satisfies the turnover and borrowings conditions of the above notification.
- (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 remuneration 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 the 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 does not have any pending litigations which would impact its financial position as on 31 March 2022;
- (ii) The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March 2022
- (iii) There are no amounts required to be transferred to investor education and protection fund by the company during the year ended 31 March 2022.
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared any dividends during the year.

|      |                    |
|------|--------------------|
| UDIN | 22027716AHXNWQ7408 |
|------|--------------------|

Bangalore  
Dated: 27<sup>th</sup> April 2022

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT – 31<sup>st</sup> March 2022 (Referred to in our report of even date)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

**i. In respect of the Company’s Property, Plant and Equipment and Intangible Assets:**

- (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets;
- (B) The Company has maintained proper records showing full particulars of intangible assets;
- (b) The Property Plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets
- (c) The Company does not hold any immovable property (in the nature of ‘fixed assets’). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable;
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right- of-use assets) and intangible assets during the year;
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder;
- ii. (a) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification;
- (b) The Company has not been sanctioned working capital limits in excess of 5 crore during the year, from banks on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable;
- iii. The Company has not made investments and has not provided any Guarantee or security or granted any loans or advances in nature of loans secured or unsecured to companies, firms, Limited Liability Partnerships, or any other parties, during the year. Accordingly, the provision of clause 3(iii)(a) to 3 (iii)(f) of the order is not applicable;
- iv. In our opinion, the Company has not entered any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable;
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable;
- vi. The maintenance of cost records has not been specified by the Central Government under sub- section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company;
- vii. In respect of statutory dues:
  - (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, Goods and service tax, duty of customs, and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable;
  - (b) There are no dues in respect of income-tax, sales-tax, Goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute;
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);
- ix. (a) The Company has not defaulted in repayment of loans or borrowings to any lender during the year;
- (c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained;
- (d) On an overall examination of the standalone financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company;
- (e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and hence reporting on clause 3(ix)(e) of the order is not applicable;

- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable;
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable;
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year;
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;
- xiii. In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the standalone financial statements, as required by the applicable Ind AS. Further, in our opinion, the company is not required to constitute audit committee under Section 177 of the Act;
- xiv. In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013 and hence reporting under clause 3(xiv)(a) and clause 3(xiv)(b) of the Order is not applicable;
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company;
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of (b) the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;
- (c) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and Company has incurred cash losses amounting to Rs 4,48,68,056 in the immediately preceding financial year;
- xviii. There has been no resignation of the statutory auditors of the Company during the year;
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;
- xx. (a) The provision of section 135 of Companies Act, is not applicable to company and hence reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable;

|      |                    |
|------|--------------------|
| UDIN | 22027716AHXNWQ7408 |
|------|--------------------|

Bangalore  
Dated: 27<sup>th</sup> April 2022

**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2022

All amounts in Indian Rupees, except stated otherwise

| Particulars                       | Note No | As at<br>31st March, 2022 | As at<br>31st March, 2021 |
|-----------------------------------|---------|---------------------------|---------------------------|
| <b>A Assets</b>                   |         |                           |                           |
| 1 Non Current Assets              |         |                           |                           |
| (a) Property, Plant and Equipment | 1       | 44,96,478                 | 29,78,976                 |
| (b) Capital Work in Progress      | 2       | -                         | 2,33,263                  |
| (c) Right To Use Asset            | 3       | 57,47,429                 | 60,23,645                 |
| (d) Other Intangible assets       | 4       | 82,46,464                 | 40,37,012                 |
| (e) Intangible under Development  | 5       | 3,39,17,974               | 78,31,455                 |
| (f) Other Non Current Assets      | 6       | 11,83,881                 | 12,70,729                 |
| (g) Deferred Tax asset            | 7       | 97,71,898                 | 1,25,75,857               |
| Total Non Current Assets          |         | 6,33,64,123               | 3,49,50,937               |
| 2 Current Assets                  |         |                           |                           |
| (a) Inventories                   | 8       | 4,91,99,435               | 75,70,903                 |
| (b) <u>Financial Assets</u>       |         |                           |                           |
| (i) Trade Receivables             | 9       | 3,15,61,438               | 1,62,94,185               |
| (ii) Cash & Cash Equivalents      | 10      | 1,75,47,191               | 3,11,84,311               |
| (iii) Other Financial Assets      | 11      | 12,05,620                 | 45,000                    |
| (c) <u>Other Current Assets</u>   |         |                           |                           |
| i) Other Current Assets           | 12      | 95,02,605                 | 1,05,29,960               |
| ii) Unbilled Dues                 | 13      | 25,02,960                 | -                         |
| Total Current Assets              |         | 11,15,19,249              | 6,56,24,360               |
| 3 Total Assets                    |         | 17,48,83,373              | 10,05,75,297              |
| <b>B Equity And Liabilities</b>   |         |                           |                           |
| 1 Equity                          |         |                           |                           |
| (a) Equity Share Capital          | 14      | 6,02,410                  | 6,02,410                  |
| (b) Other Equity                  | 15      | (2,26,65,750)             | (2,92,68,155)             |
| Total Equity                      |         | (2,20,63,340)             | (2,86,65,745)             |
| 2 Liabilities                     |         |                           |                           |
| Non Current liabilities           |         |                           |                           |
| (a) <u>Financial Liabilities</u>  |         |                           |                           |
| (i) Lease Liabilities             | 16      | 34,20,253                 | 45,56,722                 |
| (ii) Long Term Borrowings         | 17      | 7,58,47,238               | 7,60,60,690               |
| (b) Provisions                    | 18      | 52,88,909                 | 46,60,749                 |
| Total Non Current Liabilities     |         | 8,45,56,400               | 8,52,78,161               |
| Current Liabilities               |         |                           |                           |
| (a) <u>Financial Liabilities</u>  |         |                           |                           |
| (i) Lease Liabilities             | 19      | 32,34,919                 | 21,08,005                 |
| (ii) Borrowings                   | 20      | 1,12,85,076               | -                         |
| (iii) Trade Payables              | 21      | 3,79,27,940               | 1,21,02,530               |
| (iv) Other Financial Liabilities  | 22      | 4,81,46,033               | 2,48,91,382               |
| (b) Other Current Liabilities     | 23      | 88,21,314                 | 27,07,4250                |
| (c) Provisions                    | 18      | 29,75,031                 | 21,53,539                 |
| Total Current Liabilities         |         | 11,23,90,313              | 4,39,62,881               |
| Total Liabilities                 |         | 19,69,46,713              | 12,92,41,042              |
| 3 Total Equity and Liabilities    |         | 17,48,83,373              | 10,05,75,297              |

See accompanying notes forming part of the financial statements 1 to 37 In terms of our report attached.

for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 27th April 2022  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Manu Saxena**  
Director  
DIN: 08456330  
Date: 27th April 2022  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 27th April 2022  
Place: Bangalore

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Statement of Profit and Loss for the period 31<sup>st</sup> March 2022

All amounts in Indian Rupees, except stated otherwise

|      | Particulars  | Note No. | For the period ended<br>31st March, 2022 | For the period ended<br>31st March, 2021 |
|------|--|----------|--|--|
| I    | Revenue from Operations                                    | 24       | 17,06,00,202                             | 6,68,39,581                              |
| II   | Other Incomes  | 25       | 4,53,95,654                              | 1,20,02,069                              |
| III  | Total Incomes  |          | 21,59,95,856                             | 7,88,41,650                              |
| IV   | Expenses   |          |  |  |
|      | (a) Cost of Traded Goods                                   | 26       | 8,27,70,581                              | 87,76,478                                |
|      | (b) Employee Benefits Expenses                             | 27       | 7,60,64,580                              | 4,76,13,215                              |
|      | (c) Finance Cost   | 28       | 71,38,613                                | 26,02,582                                |
|      | (d) Depreciation and Amortisation Expenses                 | 29       | 78,74,471                                | 30,02,406                                |
|      | (e) Other Expenses   | 30       | 3,25,23,426                              | 6,51,95,539                              |
|      | Total Expenses (IV)  |          | 20,63,71,672                             | 12,71,90,221                             |
| V    | Profit before tax (III-IV)                                 |          | 96,24,185                                | (4,83,48,571)                            |
| VI   | Tax expense:   |          |  |  |
|      | a) MAT Credit  |          | 1,15,719                                 |  |
|      | b) Prior period Tax  |          | 10,34,350                                | -  |
|      | c) Deferred Tax (savings)/Expenses                         |          | 25,69,312                                | (1,30,02,096)                            |
|      |  |          | 37,19,381                                | (1,30,02,096)                            |
| VII  | (Loss)/ Profit for the period (V-VI)                       |          | 59,04,803                                | (3,53,46,474)                            |
| VIII | Other comprehensive Incomes                                |          |  |  |
|      | A i) Items that will not be reclassified to profit or loss |          |  |  |
|      | Re-measurements of post employee benefit obligations       |          | 9,32,248                                 | 1,91,183                                 |
|      | Income Tax relating to these items                         |          | (2,34,647)                               | (1,70,696)                               |
|      | B Items that will be reclassified to profit or loss        |          | -  | -  |
|      | Total Other Comprehensive Income                           |          | 6,97,601                                 | 20,487                                   |
|      | Total Comprehensive Income                                 |          | 66,02,404                                | (3,53,25,988)                            |
| IX   | Earnings per Equity Shares:                                |          |  |  |
|      | (a) Basic  |          | 98.02                                    | (586.75)                                 |
|      | (b) Diluted  |          | 98.02                                    | (586.75)                                 |

See accompanying notes forming part of the financial statements 1 to 37 In terms of our report attached.

for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 27th April 2022  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Manu Saxena**  
Director  
DIN: 08456330  
Date: 27th April 2022  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 27th April 2022  
Place: Bangalore

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Statement of Cash Flow for the year ended 31<sup>st</sup> March 2022

All amounts in Indian Rupees, except stated otherwise

| Particulars  | For the Period<br>Ended 31 March 2022 | For the Period<br>Ended 31 March 2021 |
|--|---------------------------------------|---------------------------------------|
| <b>Cash Flow From Operating Activities :</b>                       |                                       |                                       |
| Net Income after tax   | 59,04,803                             | (3,53,46,474)                         |
| <b>Adjustment for Non operating and Non cash items</b>             |                                       |                                       |
| Depreciation and amortization                                      | 45,62,432                             | 11,66,227                             |
| b. Interest expense on lease liability                             | 6,80,945                              | 4,19,691                              |
| b. Amortisation on right-to-use asset                              | 33,12,039                             | 18,36,179                             |
| e. Amortisation of prepaid rent expense                            | 61,637                                | 11,492                                |
| Interest received on rental deposits                               | (60,470)                              | (14,807)                              |
| Financial Charges  | 9,27,878                              | 9,01,233                              |
| Capital Reserve  | -                                     | -                                     |
| Deferred Tax   | 28,03,959                             | (1,31,72,792)                         |
| Other Comprehensive Income   | 6,97,601                              | 20,487                                |
| Interest on Redeemable Preference Shares                           | 52,50,090                             | 11,93,856                             |
| <b>Operating Profit before Working Capital Changes</b>             | <b>2,41,40,915</b>                    | <b>(4,29,84,909)</b>                  |
| <b>Adjustment for changes in working capital :</b>                 |                                       |                                       |
| - Long term provisions   | 6,28,160                              | 13,24,364                             |
| - Trade Payables   | 2,58,25,410                           | (88,76,777)                           |
| - Other Financial Liabilities                                      | 2,32,54,651                           | 62,50,036                             |
| - Other current liabilities  | 61,13,889                             | (83,27,641)                           |
| - Short term provisions  | 8,21,492                              | (56,24,768)                           |
| - Deposits   | -                                     | -                                     |
| - Non-current assets   | 86,848                                | 3,17,942                              |
| - Inventories  | (4,16,28,532)                         | 18,52,815                             |
| - Trade receivables  | (1,52,67,253)                         | 4,09,30,449                           |
| - Unbilled dues  | (25,02,960)                           | -                                     |
| - Other Financial Assets   | (11,60,620)                           | 2,38,445                              |
| - Other Current Assets   | 10,27,355                             | 62,33,867                             |
| <b>Net Working Capital Changes</b>                                 | <b>(28,01,559)</b>                    | <b>3,43,18,734</b>                    |
| <b>Net Cash generated from Operating Activities</b>                | <b>2,13,39,355</b>                    | <b>(86,66,175)</b>                    |
| <b>Cash flow From Investing Activities :</b>                       |                                       |                                       |
| - Purchase of Fixed Assets   | (3,72,71,319)                         | (1,40,79,064)                         |
| - Capitalisation of Intangible in development to Intangible Assets | 11,28,676                             |                                       |
| - Sale of Fixed Assets   |                                       |                                       |
| <b>Net cash used in investing activities</b>                       | <b>(3,61,42,643)</b>                  | <b>(1,40,79,064)</b>                  |



## INTELLICAR TELEMATICS PRIVATE LIMITED

### Statement of Cash Flow for the year ended 31<sup>st</sup> March 2022 - (continued)

| Particulars   | For the Period<br>Ended 31 March 2022 | For the Period<br>Ended 31 March 2021 |
|---|---------------------------------------|---------------------------------------|
| <b>Cash Flow From Financing Activities :</b>                |                                       |                                       |
| - Proceeds/(Payment) of Short-term borrowings               | 1,12,85,076                           | (89,25,145)                           |
| Payments towards lease liability                            | (37,26,322)                           | (24,17,505)                           |
| - Finance Charges   | (61,79,135)                           | (9,01,233)                            |
| - Proceeds/(Payment) of Long term borrowings                | (2,13,452)                            | 6,58,73,072                           |
| <b>Net Cash flow from/(used in) financing activities</b>    | <b>11,66,167</b>                      | <b>5,36,29,189</b>                    |
| <b>Net Increase/(Decrease) in cash and cash equivalents</b> | <b>(1,36,37,120)</b>                  | <b>3,08,83,950</b>                    |
| <b>Cash and cash equivalents at beginning of year</b>       | <b>3,11,84,311</b>                    | <b>3,00,361</b>                       |
| <b>Cash and cash equivalents at end of year</b>             | <b>1,75,47,191</b>                    | <b>3,11,84,311</b>                    |

See accompanying notes forming part of the financial statements 1 to 37 In terms of our report attached.

for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 27th April 2022  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Manu Saxena**  
Director  
DIN: 08456330  
Date: 27th April 2022  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 27th April 2022  
Place: Bangalore

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a) Company Background

Intellucar Telematics Private Limited ("the company") was incorporated on 23<sup>rd</sup> february, 2015 as a private limited company under the provisions of the companies act. The company is in the business of providing subscriptions and customization of services in "Fleet management and Key less access control.

### B) Basis of preparation of financial statements

- The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.
- Disclosures under Ind AS are made only in respect of material items and in respect of items that will be useful to the users of financial statements in making economic decision.
- The financial statements have been prepared on historical cost basis following the principles of prudence which requires recognition of expected losses and non-recognition of unrealized gains.
- The financial statements have been prepared under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.
- The financial statements up to the year ended 31<sup>st</sup> March, 2022 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements of the Company are prepared under Ind AS.

### 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. It also provides an overview of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

### d) Significant estimates and judgments: The areas involving significant estimates and judgements are

- Estimation of defined benefit obligation (Refer Note 31 attached to the financial statements)
- Estimation of useful life of Property, Plant and Equipment (Refer Note 37 (f), (g), (h) and (i))

### e) Revenue recognition:

- Revenue is measured at the fair value of the consideration received (or) receivable and net of returns, trade allowances and rebates and amounts collected on behalf of third parties. It excludes GST since it is not part of revenue and is remitted to the government subsequently.
- Sale of products:** Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue from sale of products is recognized on transfer of all significant risks and rewards of ownership to the buyer.
- Sale of services:** Sale of services mainly from "GPS service subscription and AMC services and E-Sim Installations" and revenue from sale of services is recognized at the time of activating E-Sim.
- Interest Income:** Interest Income is recognized using the time proportion method based on rates implicit in the transaction.

### f) Property, Plant and Equipment:

- All items of property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes:
  - ✓ Purchase price
  - ✓ Taxes and duties, that are not refundable or for which no subsequent credit can be taken by the company
  - ✓ Labour cost
  - ✓ Directly attributable overheads incurred upto the date the asset is ready for its intended use, and

- 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 derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

- Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within Other gains/ (losses).

### g) Depreciation:

- Depreciation on tangible fixed assets is provided on the Written Down Value Method over the useful life of the Asset as prescribed under part 'C' of schedule II of the Companies Act 2013 prospectively.
- The estimated useful life of tangible fixed assets is as below:

| S.no | Description of the asset | Useful life of the asset (Years) |
|------|--------------------------|----------------------------------|
| 1    | Furniture's              | 10                               |
| 2    | Office equipment's       | 5                                |
| 3    | Server                   | 6                                |
| 4    | Computers                | 3                                |

- The residual values for all above assets are retained at 5% of the cost.
- On tangible fixed assets assed/disposed off during the year, depreciation is charged on pro-rata basis for the period for which the asset was purchased and used.
- Depreciation in respect of tangible assets costing individually less than Rs. 5000/- is provided at 100%.

### h) Amortisation of Intangible assets:

- The company has acquired software and the same is recognized in the books of accounts as Intangible Asset. Amortization of intangible assets is provided on the Written Down Value Method over the useful life of the asset.
- Derecognition of tangible and intangible assets: An item of tangible and intangible asset is de-recognized 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 tangible and intangible assets is determined as the difference between the sales proceeds, if any, and the carrying amount of the asset and is recognized in the statement of profit or loss.

### i) Impairment:

- Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.
- 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 been adjusted.
- 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 recognized immediately in Statement of Profit and 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, 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 Statement of Profit and Loss.

- Inventories:** Items of inventories are measured at lower of cost or net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase & other costs incurred in bringing them to their respective present location and condition after deducting rebates and discounts. Cost is determined on a weighted average cost.

## k) Employee benefits:

- Short term obligations: Short-term obligations are those that are expected to be settled fully within 12 months after the end of the reporting period. They are recognized upto the end of the reporting period at the amounts expected to be paid at the time of settlement. The Company recognises the undiscounted amount of "Short Term Employee Benefits" expected to be paid in exchange for services rendered as a liability after deducting any amount already paid.
- Post-employment obligation: The company operates the following post-employment schemes
- ✓ Defined benefit plan - gratuity:
  - The liability recognized in balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. 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. This cost is included in employee benefit expense in the Statement of Profit and Loss.
  - Remeasurements 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 (net of deferred tax). They are included in Fair Value through Other Comprehensive Income in the statement of changes in equity and in Other Equity in the balance sheet.
  - Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the Statement of Profit and Loss as past service cost.
  - Gratuity amount payable is not funded with any "Gratuity Fund Trust" as on the date of the financials.
- ✓ Defined contribution plan:
  - 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 provident fund account maintained by the Government on its account. The Company is generally liable for monthly contributions which are recognized as an expense in the period in which it is incurred.
    - The company is of the view that the provisions of the Provident Fund Act are not applicable to trainees for a period of one year after their appointment. Hence contribution towards Provident Fund for such staff has not been made by the company.
    - Employee Insurance fund: Contributions to Employee Insurance Fund is made to Employee State Insurance fund maintained by government on its account. Accounting treatment is same as that of provident fund.

## i) Income Tax:

- Tax expense comprises of (i) current tax and (ii) deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
- The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.
- Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized 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.

- 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 Statement of Profit and 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.

## m) Provisions and contingent liabilities:

### Provision:

- ✓ A provision is recorded when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is accounted based on technical evaluation when the products are sold.
- ✓ Provisions are evaluated at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

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 recognized because

- ✓ It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- ✓ The amount of the obligation cannot be measured with sufficient reliability such amounts are considered as contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

## n) Leases:

- Lease 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 standalone prices.
- 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 payments 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,
  - ✓ 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-to-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.
  - ✓ All leases don't have any lock-in-period in the agreement and rental agreement can be terminated by giving notice to the other party as per agreement conditions. But the company (lessee) is reasonably certain not to exercise cancellation option. Lessor's right to terminate the lease at any time, prima facie, is meant to be exercised only in exceptional circumstances. Hence, total period of lease was considered as lease term as per INDAS 116.
- Due to Covid-19 outbreak, the company has modifications in lease by way of changes in lease period as well as lease payment. The company has appropriately treated this in the books of accounts of FY 20-21, by proper recognition of lease liability and right-to-use asset after considering the Covid-19 lease changes and difference between lease liability and asset was considered through Retained Earnings in Statement of Changes in Equity.
- 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-to-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 recognized in profit or loss in the period in which the condition that triggers those payments occurs.
- Right-to-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-to-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-to-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 recognized 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.
- o) 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.
- p) Trade receivables:** Trade receivables are recognized initially at the fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment.
- q) Investments and other financial assets:**
  - **Classification:** The company classifies its financial assets in following categories:
    - ✓ Those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit and loss), and
    - ✓ Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

• **Measurement:**

At initial recognition, the Company measures a financial asset at its fair value (in the case of a financial asset not a fair value through profit or loss) plus transaction cost that are directly

attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

• **Impairment of financial assets:**

- ✓ The company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 36 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 recognized from initial recognition of the receivables.
- **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 expects a contractual obligation to pay the cash flows to one or more recipients.
  - ✓ Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is 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.

**r) 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 the Statement of Profit and Loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are 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 of assets transferred or liabilities assumed, is recognized in the Statement of Profit and Loss as other gain/(loss).
- Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for over or at least 12 months after the reporting period.

**s) Borrowing cost:**

- 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.
- Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

**t) 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.

## INTELLICAR TELEMATICS PRIVATE LIMITED

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- All other assets are classified as non-current.
  - A liability is treated as current when:
    - ✓ It is expected to be settled in the normal operating cycle
    - ✓ It is held primarily for the purpose of trading
    - ✓ It is due to be settled within twelve months after the reporting period, or
    - ✓ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
  - All other liabilities are classified as non-current.
  - Deferred tax assets and liabilities are classified as non-current assets and liabilities.
- The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. In Company's considered view, twelve months has been considered its operating cycle.
- u) **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 transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
- v) **Basic and diluted earnings/(loss) per share:**
- Basic and diluted earnings / (loss) per share is computed by dividing the net profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The Company does not have any potentially dilutive equity shares.

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for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 27th April 2022  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Manu Saxena**  
Director  
DIN: 08456330  
Date: 27th April 2022

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 27th April 2022

# INTELLICAR TELEMATICS PRIVATE LIMITED

Notes to financial statements for the Period ended 31st Mar 2022  
1, 2, 3, 4 and 5 Property Plant and Equipment, Right to use Assets, Work in Progress and Other Intangible Assets  
All amounts in Indian Rupees, except stated otherwise

| Particulars  | Rate   | Gross Block         |                     | Deletions        | As at<br>31/03/2022 | Depreciation        |                     | For the year     | Additions        | Charge for<br>the year | Adjustment | Net Block           |                    |
|--|--------|---------------------|---------------------|------------------|---------------------|---------------------|---------------------|------------------|------------------|------------------------|------------|---------------------|--------------------|
|  |        | As at<br>01/04/2021 | As at<br>31/03/2022 |                  |                     | As at<br>01/04/2021 | As at<br>31/03/2022 |                  |                  |                        |            | As at<br>31/03/2022 | As at<br>31/3/2021 |
| <b>Note 1: Property, Plant and Equipment</b>       |        |                     |                     |                  |                     |                     |                     |                  |                  |                        |            |                     |                    |
| Furnitures   | 25.89% | 11,77,732           | 63,907              | -                | 12,41,639           | 5,41,567            | 1,64,703            | 11,558           | 1,76,261         | -                      | -          | 5,23,811            | 6,36,165           |
| Office Equipments                                  | 45.07% | 12,40,317           | 7,78,101            | -                | 20,18,418           | 9,56,334            | 1,27,991            | 1,82,471         | 3,10,462         | -                      | -          | 7,51,622            | 2,83,983           |
| Server   | 39.30% | 7,25,217            | 1,98,020            | -                | 9,23,237            | 2,20,862            | 1,98,212            | 74,623           | 2,72,835         | -                      | -          | 4,29,541            | 5,04,355           |
| Computers  | 63.16% | 43,04,283           | 32,29,593           | -                | 75,33,876           | 27,49,811           | 9,81,805            | 10,10,756        | 19,92,561        | -                      | -          | 27,91,505           | 15,54,472          |
| <b>Total</b>                                       |        | <b>74,47,549</b>    | <b>42,69,621</b>    | -                | <b>1,17,17,170</b>  | <b>44,68,573</b>    | <b>14,72,711</b>    | <b>12,79,408</b> | <b>27,52,119</b> | -                      | -          | <b>44,96,478</b>    | <b>29,78,976</b>   |
| <b>Note 2 : Capital Work in Progress</b>           |        |                     |                     |                  |                     |                     |                     |                  |                  |                        |            |                     |                    |
| Capital Work in Progress                           |        | 2,33,263            | 2,47,913            | 4,81,176         | -                   | -                   | -                   | -                | -                | -                      | -          | -                   | 2,33,263           |
| <b>Total</b>                                       |        | <b>2,33,263</b>     | <b>2,47,913</b>     | <b>4,81,176</b>  | -                   | -                   | -                   | -                | -                | -                      | -          | -                   | <b>2,33,263</b>    |
| <b>Note 3: Right to use</b>                        |        |                     |                     |                  |                     |                     |                     |                  |                  |                        |            |                     |                    |
| Right to use Assets                                |        | 95,41,155           | 30,35,822           | -                | 1,25,76,977         | 35,17,510           | 33,12,039           | -                | 33,12,039        | -                      | -          | 68,29,548           | 60,23,645          |
| <b>Total</b>                                       |        | <b>95,41,155</b>    | <b>30,35,822</b>    | -                | <b>1,25,76,977</b>  | <b>35,17,510</b>    | <b>33,12,039</b>    | -                | <b>33,12,039</b> | -                      | -          | <b>68,29,548</b>    | <b>60,23,645</b>   |
| <b>Note 4: Other intangible Assets</b>             |        |                     |                     |                  |                     |                     |                     |                  |                  |                        |            |                     |                    |
| Intangible Assets                                  | 25.95% | 41,85,970           | 60,19,766           | -                | 1,02,05,736         | 1,48,958            | 10,47,605           | 7,62,709         | 18,10,314        | -                      | -          | 19,59,272           | 40,37,012          |
| <b>Total</b>                                       |        | <b>41,85,970</b>    | <b>60,19,766</b>    | -                | <b>1,02,05,736</b>  | <b>1,48,958</b>     | <b>10,47,605</b>    | <b>7,62,709</b>  | <b>18,10,314</b> | -                      | -          | <b>82,46,464</b>    | <b>40,37,012</b>   |
| <b>Note 5: Intangible Assets under Development</b> |        |                     |                     |                  |                     |                     |                     |                  |                  |                        |            |                     |                    |
| Intangible Assets under Development*               |        | 78,31,455           | 2,67,34,019         | 6,47,500         | 3,39,17,974         | -                   | -                   | -                | -                | -                      | -          | 3,39,17,974         | 78,31,455          |
| * Refer Note 5(a) to 5(d) below                    |        |                     |                     |                  |                     |                     |                     |                  |                  |                        |            |                     |                    |
| <b>Total</b>                                       |        | <b>78,31,455</b>    | <b>2,67,34,019</b>  | <b>6,47,500</b>  | <b>3,39,17,974</b>  | -                   | -                   | -                | -                | -                      | -          | <b>3,39,17,974</b>  | <b>78,31,455</b>   |
| <b>Total (a)+(b)+(c)</b>                           |        | <b>2,92,39,392</b>  | <b>4,03,07,141</b>  | <b>11,28,676</b> | <b>6,84,17,857</b>  | <b>81,35,041</b>    | <b>58,32,354</b>    | <b>20,42,117</b> | <b>78,74,471</b> | -                      | -          | <b>5,24,08,345</b>  | <b>2,11,04,351</b> |

for Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 27th April 2022  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Manu Saxena**  
Director  
DIN: 08456330  
Date: 27th April 2022  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 27th April 2022  
Place: Bangalore

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements

Rupees

### Intangible Assets Under Development

#### Note 5(a): Amount in Intangibles Under Development as of 31st March' 2022

| Intangible Assets Under Development | Amount in Intangibles Under Development for Period of |           |           |                   |             |
|-------------------------------------|---|-----------|-----------|-------------------|-------------|
|                                     | Less than 1 year                                      | 1-2 years | 2-3 years | More than 3 years | Total       |
| Projects in Progress                |   |           |           |                   |             |
| Project 1                           | 82,91,515   | 36,90,564 | -         | -                 | 1,19,82,079 |
| Project 4                           | 1,71,44,738   | -         | -         | -                 | 1,71,44,738 |
| Project 5                           | 47,91,157   | -         | -         | -                 | 47,91,157   |
|                                     |   |           |           |                   |             |
| Total                               | 3,02,27,410   | 36,90,564 | -         | -                 | 3,39,17,974 |

#### Note 5(b): Amount in Intangibles Under Development as of 31st March' 2021

| Intangible Assets Under Development | Amount in Intangibles Under Development for Period of |           |           |                   |           |
|-------------------------------------|---|-----------|-----------|-------------------|-----------|
|                                     | Less than 1 year                                      | 1-2 years | 2-3 years | More than 3 years | Total     |
| Projects in Progress                |   |           |           |                   |           |
| Project 1                           | 36,90,564   | -         | -         | -                 | 36,90,564 |
| Project 2                           | -   | -         | -         | -                 | -         |
| Project 3                           | -   | -         | -         | -                 | -         |
| Project 4                           | 41,40,891   | -         | -         | -                 | 41,40,891 |
|                                     |   |           |           |                   |           |
| Total                               | 78,31,455   | -         | -         | -                 | 78,31,455 |

#### Note 5(c): Expected amount in Intangibles existing as on 31st March' 2022 to be completed

| Intangible Assets Under Development | To be Completed in |             |           |                   |             |
|-------------------------------------|--------------------|-------------|-----------|-------------------|-------------|
|                                     | Less than 1 year   | 1-2 years   | 2-3 years | More than 3 years | Total       |
| Projects in Progress                |                    |             |           |                   |             |
| Project 1                           | 1,78,50,000        | 1,96,35,000 | -         | -                 | 3,74,85,000 |
| Project 4                           | 1,75,00,000        | -           | -         | -                 | 1,75,00,000 |
| Project 5                           | 71,86,736          | 86,24,083   | -         | -                 | 1,58,10,818 |
|                                     |                    |             |           |                   |             |
| Total                               | 4,25,36,736        | 2,82,59,083 | -         | -                 | 7,07,95,818 |

#### Note 5(d): Expected amount in Intangibles existing as on 31st March' 2021 to be completed

| Intangible Assets Under Development | To be Completed in |             |             |                   |              |
|-------------------------------------|--------------------|-------------|-------------|-------------------|--------------|
|                                     | Less than 1 year   | 1-2 years   | 2-3 years   | More than 3 years | Total        |
| Projects in Progress                |                    |             |             |                   |              |
| Project 1                           | 82,91,515          | 1,78,50,000 | 1,96,35,000 | -                 | 4,57,76,515  |
| Project 2                           | 50,97,266          | -           | -           | -                 | 50,97,266    |
| Project 3                           | 6,47,500           | -           | -           | -                 | 6,47,500     |
| Project 4                           | 1,30,03,847        | 1,75,00,000 | -           | -                 | 3,05,03,847  |
| Project 5                           | 47,91,157          | 71,86,736   | 86,24,083   | -                 | 2,06,01,975  |
|                                     |                    |             |             |                   |              |
| Total                               | 3,18,31,285        | 4,25,36,736 | 2,82,59,083 | -                 | 10,26,27,103 |



# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

|                                    | As at<br>31st March, 2022 | As at<br>31st March, 2021 |
|------------------------------------|---------------------------|---------------------------|
| <b>6 Other Non Current Assets</b>  |                           |                           |
| Prepaid rent expense (non-current) | 47,089                    | 65,198                    |
| Other deposits                     | 1,42,000                  | 92,000                    |
| Rental Deposits                    | 9,94,792                  | 11,13,531                 |
| <b>Total</b>                       | <b>11,83,881</b>          | <b>12,70,729</b>          |

| <b>7 Deferred Tax</b>  | As at<br>31st March, 2022 | As at<br>31st March, 2021 |
|--|---------------------------|---------------------------|
| The balance comprises temporary differences attributable to: |                           |                           |
| Property, Plant & Equipment                                  | (3,20,656)                | 33,506                    |
| Employee benefits  | 71,28,206                 | 6,83,951                  |
| Trade receivables  | 5,19,234                  | 97,62,064                 |
| On carried forward loss                                      | 24,36,199                 | 21,25,576                 |
| OCI Adjustment   | (2,34,647)                | (1,70,696)                |
| Others   | 2,43,562                  | 1,41,457                  |
| <b>Total deferred tax (liabilities) / assets</b>             | <b>97,71,898</b>          | <b>1,25,75,857</b>        |

### Movement in deferred tax liabilities / (assets)

| Particulars                       | Property, Plant & Equipment | Employee benefits | Provision for doubtful debts | On carried forward loss | OCI Adjustment    | Others          | Total              |
|-----------------------------------|-----------------------------|-------------------|------------------------------|-------------------------|-------------------|-----------------|--------------------|
| <b>At March 31st, 2020</b>        | <b>(2,55,543)</b>           | -                 | -                            | -                       | -                 | -               | <b>(2,55,543)</b>  |
| (Charged)/credited:               |                             |                   |                              |                         |                   |                 |                    |
| INDAS 116 initial adoption        | -                           | -                 | -                            | -                       | -                 | -               | -                  |
| - to statement of profit and loss | 2,89,049                    | 6,83,951          | 97,62,064                    | 21,25,576               |                   | 1,41,457        | 1,30,02,097        |
| - to other comprehensive income   | -                           | -                 | -                            | -                       | (1,70,696)        | -               | (1,70,696)         |
| <b>At March 31st, 2021</b>        | <b>33,506</b>               | <b>6,83,951</b>   | <b>97,62,064</b>             | <b>21,25,576</b>        | <b>(1,70,696)</b> | <b>1,41,457</b> | <b>1,25,75,857</b> |
| (Charged)/credited:               |                             |                   |                              |                         |                   |                 |                    |
| INDAS 116 initial adoption        | -                           | -                 | -                            | -                       | -                 | -               | -                  |
| - to statement of profit and loss | (3,54,162)                  | 64,44,255         | (92,42,830)                  | 3,10,623                | (63,951)          | 1,02,105        | (28,03,960)        |
| - to other comprehensive income   | -                           | -                 | -                            | -                       | -                 | -               | -                  |
| <b>At March 31st, 2022</b>        | <b>(3,20,656)</b>           | <b>71,28,206</b>  | <b>5,19,234</b>              | <b>24,36,199</b>        | <b>(2,34,647)</b> | <b>2,43,562</b> | <b>97,71,898</b>   |

|   | As at<br>31st March, 2022 | As at<br>31st March, 2021 |
|---|---------------------------|---------------------------|
| <b>8 Inventories</b>                            |                           |                           |
| Valued at lower of Cost or Net realisable value |                           |                           |
| Finished Goods and Raw material*                | 4,91,99,435               | 75,70,903                 |
| (* As valued and certified by the Management)   |                           |                           |
| <b>Total</b>                                    | <b>4,91,99,435</b>        | <b>75,70,903</b>          |

|   |                    |                    |
|---|--------------------|--------------------|
| <b>9 Trade Receivables</b>  |                    |                    |
| <u>Unsecured</u>  |                    |                    |
| Undisputed Trade receivables-considered good outstanding from Due date of payment |                    |                    |
| Less than 6 months  | 3,05,23,120        | 2,90,76,025        |
| 6 months -1 year  | 10,38,317          | 1,43,63,619        |
| 1-2 years   | 9,14,303           | 1,94,22,269        |
| 2-3 years   | 11,38,735          | -                  |
| More than 3 years   | 10,035             | -                  |
| Provision for Bad and Doubtful Debts  | (20,63,073)        | (4,65,67,728)      |
| <b>Total</b>  | <b>3,15,61,438</b> | <b>1,62,94,185</b> |

|                                     |                    |                    |
|-------------------------------------|--------------------|--------------------|
| <b>10 Cash and Cash Equivalents</b> |                    |                    |
| Balance with Banks                  |                    |                    |
| -Current Account                    | 1,75,47,191        | 3,08,36,730        |
| -Debit Balance in Bank OD           | -                  | 2,73,750           |
| -Fixed Deposit                      | -                  | -                  |
| Cash in hand                        | -                  | 73,831             |
| <b>Total</b>                        | <b>1,75,47,191</b> | <b>3,11,84,311</b> |

| <b>11 Other Financial Assets</b> | As at<br>31st March, 2022 | As at<br>31st March, 2021 |
|----------------------------------|---------------------------|---------------------------|
| Other Advances                   | 12,05,620                 | 45,000                    |
| <b>Total</b>                     | <b>12,05,620</b>          | <b>45,000</b>             |

|                                   |                  |                    |
|-----------------------------------|------------------|--------------------|
| <b>12 Other Current Assets</b>    |                  |                    |
| <u>Other Current Assets</u>       |                  |                    |
| Balance with Government Authority | 60,50,168        | 99,29,791          |
| Prepaid Expense                   | 17,36,719        | 5,56,872           |
| Prepaid rent expense (current)    | 53,978           | 43,297             |
| Advance tax                       | -                | -                  |
| Accrued Interest on FD            | -                | -                  |
| Advance to Suppliers              | 16,61,740        | -                  |
| <b>Total</b>                      | <b>95,02,605</b> | <b>1,05,29,960</b> |

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
| <b>13 Unbilled Dues</b> |                    |                    |
|                         | 25,02,960          | -                  |
| <b>Total</b>            | <b>1,20,05,565</b> | <b>1,05,29,960</b> |

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

### 14 Share Capital

| Particulars                                   | As at 31st Mar , 2022 |              | As at 31st March , 2021 |              |
|---|-----------------------|--------------|-------------------------|--------------|
|   | No. of Shares         | Amount (Rs.) | No. of Shares           | Amount (Rs.) |
| (a) Authorised Share Capital                  | 1,30,500              | 13,05,000    | 1,30,500                | 13,05,000    |
| 1,30,500 Equity shares of Rs.10 /- each       |                       |              |                         |              |
| Issued, subscribed and paid up capital        | 60,241                | 6,02,410     | 60,241                  | 6,02,410     |
| 60241 Equity Shares of Rs 10 /- fully paid up |                       |              |                         |              |
| Issued, subscribed and paid up capital        |                       |              |                         |              |
| Total   | 60,241                | 6,02,410     | 60,241                  | 6,02,410     |

| (b) Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period |                       |              |                         |              |
|---|-----------------------|--------------|-------------------------|--------------|
| Particulars   | As at 31st Mar , 2022 |              | As at 31st March , 2021 |              |
|   | No. of Shares         | Amount (Rs.) | No. of Shares           | Amount (Rs.) |
| Shares outstanding at the beginning of the year   | 60,241                | 6,02,410     | 60,241                  | 6,02,410     |
| Shares Issued during the year   |                       |              |                         |              |
| Shares bought back during the year  |                       |              | -                       | -            |
| Shares outstanding at the end of the year   | 60,241                | 6,02,410     | 60,241                  | 6,02,410     |

| (c) Details of shareholders holding more than 5% shares in the company |                       |                |                         |                |
|--|-----------------------|----------------|-------------------------|----------------|
| Name of Shareholder  | As at 31st Mar , 2022 |                | As at 31st March , 2021 |                |
|  | No. of Shares         | Shareholding % | No. of Shares           | Shareholding % |
| TVS Motors Company Limited   | 60,241                | 100%           | 60,241                  | 100%           |
| Total  | 60,241                | 100%           | 60,241                  | 100%           |

#### (d) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares would be entitled to receive 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.

### 15 Statement of Changes in Equity for the year ended 31st Mar, 2022

All amounts in Indian Rupees, except stated otherwise

#### Particulars

#### Amount

#### A. Equity Share Capital:

|  |          |
|--|----------|
| As at 31st March, 2020                                 | 6,02,410 |
| Changes in equity share capital during the year        | -        |
| As at 31st March, 2021                                 | 6,02,410 |
| Changes in equity share capital during the 4th Quarter |          |
| As at 31st Mar, 2022                                   | 6,02,410 |

#### B. Other Equity:

| Particulars                                    | Fair Value through Other Comprehensive Income | Securities Premium Account | Retained Earnings | Total         |
|--|---|----------------------------|-------------------|---------------|
| Balance as at 31st March, 2020 (A)             | 4,65,341                                      | -                          | 55,92,492         | 60,57,833     |
| Profit/(Loss) for the period                   | -   | -                          | (3,53,46,475)     | (3,53,46,475) |
| Capital Reserve                                | -   | -                          | -                 | -             |
| Securities Premium                             | -   | -                          | -                 | -             |
| Other Comprehensive Income/(Loss)              | 20,487  | -                          | -                 | 20,487        |
| Total Comprehensive income for the period (B)  | 20,487  | -                          | (3,53,46,475)     | (3,53,25,988) |
| Balance as at 31st March , 2021 (C=A+B)        | 4,85,828                                      | -                          | (2,97,53,982)     | (2,92,68,155) |
| Profit/(Loss) for the period (Apr 21 - Mar 22) | -   | -                          | 59,04,803         | 59,04,803     |
| Capital Reserve                                | -   | -                          | -                 | -             |
| Securities Premium                             | -   | -                          | -                 | -             |
| Other Comprehensive Income/(Loss)              | 6,97,601                                      | -                          | -                 | 6,97,601      |
| Total Comprehensive income for the period (D)  | 6,97,601                                      | -                          | 59,04,803         | 66,02,404     |
| Balance as at 31th Mar, 2022 (E=C+D)           | 11,83,429                                     | -                          | (2,38,49,179)     | (2,26,65,750) |

**INTELLICAR TELEMATICS PRIVATE LIMITED**

## Notes forming part of the financial statements - (continued)

|  | As at<br>31st March, 2022 | As at<br>31st March, 2021 |  | As at<br>31st March, 2022 | As at<br>31st March, 2021 |
|--|---------------------------|---------------------------|--|---------------------------|---------------------------|
| <b>16 Lease Liabilities</b>  |                           |                           | <b>24 Revenue from Operations</b>  |                           |                           |
| Lease  | 34,20,253                 | 45,56,722                 | <b>Revenue from Sale of Products</b>   |                           |                           |
| <b>Total</b>   | <b>34,20,253</b>          | <b>45,56,722</b>          | a. Stock in trade  | 9,62,19,754               | 1,12,54,213               |
| <b>17 Long Term borrowings</b>   |                           |                           | <b>Revenue from Sale of Services</b>   |                           |                           |
| <b>Secured</b>   |                           |                           | a. Subscription, Software and AMC Services   | 8,60,15,548               | 5,55,85,368               |
| Term loan  | 8,45,948                  | 10,59,400                 | Less: Trade Discount   | (1,16,35,100)             | -                         |
| (Secured by Hypothication of Stocks and Book Debts)                                    |                           |                           | <b>Total</b>   | <b>17,06,00,202</b>       | <b>6,68,39,581</b>        |
| <b>Unsecured</b>   |                           |                           | <b>25 Other Incomes</b>  |                           |                           |
| From Related Parties   | -                         | -                         | a. Financial assets mandatorily measured at fair value through profit or loss          | 60,470                    | 14,807                    |
| 7% Redeemable Preference Shares  | 7,50,01,290               | 7,50,01,290               | b. Interest on IT Refund   | 7,15,970                  | 82,941                    |
| <b>Total</b>   | <b>7,58,47,238</b>        | <b>7,60,60,690</b>        | c. Other non-operating income  | 4,46,19,214               | 1,19,04,321               |
| <b>18 Provisions</b>   |                           |                           | <b>Total</b>   | <b>4,53,95,654</b>        | <b>1,20,02,069</b>        |
| <b>Long Term Provisions</b>  |                           |                           | <b>26 Cost of Traded Goods</b>   |                           |                           |
| Other Long Term Provisions   | -                         | -                         | <b>Stock in Trade</b>  |                           |                           |
| Provision for Employee Benefits  | 52,88,909                 | 46,60,749                 | Opening Stock  | 75,70,903                 | 94,23,718                 |
| <b>Total</b>   | <b>52,88,909</b>          | <b>46,60,749</b>          | Add: Purchases during the year   |                           |                           |
| <b>Short Term Provisions</b>   |                           |                           | Other Items Purchase   | 12,43,99,113              | 69,23,663                 |
| Provision for Employee Benefits  | 8,73,381                  | 3,85,82                   | Less: Closing Stock of Stock in Trade  | 4,91,99,435               | 75,70,903                 |
| Other Provisions   | 21,01,650                 | 17,67,710                 | <b>Total</b>   | <b>8,27,70,581</b>        | <b>87,76,478</b>          |
| <b>Total</b>   | <b>29,75,031</b>          | <b>21,53,539</b>          | <b>27 Employee Benefits Expenses</b>   |                           |                           |
| <b>19 Lease Liability (Current)</b>  |                           |                           | Salaries, Wages and Bonus  | 6,87,75,122               | 4,33,52,767               |
| Lease Liability (Current)  | 32,34,919                 | 21,08,005                 | Contribution to provident funds and other funds  | 23,01,571                 | 21,36,813                 |
| <b>Total</b>   | <b>32,34,919</b>          | <b>21,08,005</b>          | Gratuity   | 20,47,960                 | 18,49,841                 |
| <b>20 Short Term Borrowings</b>  |                           |                           | Staff Welfare Expenses   | 29,39,927                 | 2,73,794                  |
| Bank Overdraft Account   | 1,12,85,076               | -                         | <b>Total</b>   | <b>7,60,64,580</b>        | <b>4,76,13,215</b>        |
| (Secured by Hypothication of Stocks and Book Debts)                                    |                           |                           | *Refer Note-31: Employee benefit obligations   |                           |                           |
| <b>Total</b>   | <b>1,12,85,076</b>        | <b>-</b>                  | <b>28 Finance Cost</b>   |                           |                           |
| <b>21 Trade Payables*</b>  |                           |                           | <b>Interest and finance charges on financial liabilities carried at amortised cost</b> |                           |                           |
| <b>Undisputed</b>  |                           |                           | a. Interest on Bank Borrowings   | 9,27,878                  | 9,01,233                  |
| Total outstanding dues of micro enterprises and small enterprises; and                 | 55,98,724                 | 24,20,812                 | b. Interest expense on lease liability   | 6,80,945                  | 4,19,691                  |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,23,29,216               | 96,81,718                 | c. Interest on Redeemable Preference Share   | 52,50,090                 | 11,93,856                 |
| (Refer note 34(a) & 34(b))   |                           |                           | d. Other borrowing Costs   | 2,79,700                  | 87,802                    |
| <b>Total</b>   | <b>3,79,27,940</b>        | <b>1,21,02,530</b>        | <b>Total</b>   | <b>71,38,613</b>          | <b>26,02,582</b>          |
| <b>22 Other Financial Liabilities</b>  |                           |                           | <b>29 Depreciation and Amortisation Expenses</b>                                       |                           |                           |
| Statutory Liabilities  | 31,03,545                 | 11,89,185                 | a. Depreciation on plant, property and equipment                                       | 27,52,119                 | 10,51,560                 |
| Salary Payable   | 1,54,67,278               | 2,06,34,298               | b. Amortisation on right-to-use asset  | 33,12,039                 | 18,36,179                 |
| Employee Bonus Payables  | 2,12,27,884               | 8,31,822                  | c. Amortisation on Intangible assets   | 18,10,313                 | 1,14,667                  |
| Other Payables   | 83,47,326                 | 22,36,077                 | <b>Total</b>   | <b>78,74,471</b>          | <b>30,02,406</b>          |
| <b>Total</b>   | <b>4,81,46,033</b>        | <b>2,48,91,382</b>        | <b>30 Other Expenses</b>   |                           |                           |
| <b>23 Other Current Liabilities</b>  |                           |                           | a. Audit Fees  | 2,00,000                  | 2,00,000                  |
| Advances from Customers  | 88,21,314                 | 27,07,425                 | b. Cost of Services Rendered   | 2,13,16,792               | 1,92,77,006               |
| <b>Total</b>   | <b>88,21,314</b>          | <b>27,07,425</b>          | c. Other Administrative Expenses   | 42,68,707                 | 19,19,448                 |
|  |                           |                           | e. Amortisation of prepaid rent expense  | 61,637                    | 11,492                    |
|  |                           |                           | g. Doubtful Debts  | 54,079                    | 3,75,46,399               |
|  |                           |                           | h. Power & Fuel  | 23,14,513                 | 8,89,073                  |
|  |                           |                           | i. Consultancy Charges   | 18,73,845                 | 46,42,250                 |
|  |                           |                           | j. Rates and Taxes   | 5,00,947                  | 1,99,311                  |
|  |                           |                           | k. Marketing & Business Promotion Expenses   | 67,547                    | 1,12,489                  |
|  |                           |                           | l. Repairs & Maintenance   | 6,80,801                  | 3,42,625                  |
|  |                           |                           | m. Travelling Expenses & Allowances  | 10,32,388                 | 55,446                    |
|  |                           |                           | n. Interest Expenses on MSME Payables  | 1,52,170                  | -                         |
|  |                           |                           | <b>Total</b>   | <b>3,25,23,426</b>        | <b>6,51,95,539</b>        |

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

### 31 Employee Benefit Obligations

Amount recognised in the Balance sheet and the movements in the net defined benefit obligation are as follows:

|  | Gratuity                    |                           |                   |
|--|-----------------------------|---------------------------|-------------------|
|  | Present value of obligation | Fair value of plan assets | Net amount        |
| <b>March 31, 2020</b>  | <b>33,87,920</b>            | <b>-</b>                  | <b>33,87,920</b>  |
| Current service cost   | 15,76,737                   |                           | 15,76,737         |
| Interest expense/(income)  | 2,73,104                    |                           | 2,73,104          |
| <b>Total amount recognised in statement of profit and loss</b>                 | <b>18,49,841</b>            | <b>-</b>                  | <b>18,49,841</b>  |
| Remeasurements   |                             |                           |                   |
| Return on plan assets, excluding amounts included in interest expense/(income) | -                           | -                         | -                 |
| (Gain)/loss from change in demographic assumptions                             | -                           | -                         | -                 |
| (Gain)/loss from change in financial assumptions                               | (19,513)                    |                           | (19,513)          |
| (Gain)/loss from change in Experience on DBO                                   | -                           | -                         | -                 |
| Experience (gains)/losses  | (1,71,670)                  | -                         | (1,71,670)        |
| <b>Total amount recognised in other comprehensive income</b>                   | <b>(1,91,183)</b>           | <b>-</b>                  | <b>(1,91,183)</b> |
| Employer contribution  | -                           | -                         | -                 |
| Benefit payments   | -                           | -                         | -                 |
| <b>March 31st, 2021</b>  | <b>50,46,578</b>            | <b>-</b>                  | <b>50,46,578</b>  |
| Current service cost   | 16,70,225                   |                           | 16,70,225         |
| Interest expense/(income)  | 3,77,735                    |                           | 3,77,735          |
| <b>Total amount recognised in statement of profit and loss</b>                 | <b>20,47,960</b>            | <b>-</b>                  | <b>20,47,960</b>  |
| Remeasurements   |                             |                           |                   |
| Return on plan assets, excluding amounts included in interest expense/(income) | -                           | -                         | -                 |
| (Gain)/loss from change in demographic assumptions                             | (3,26,286)                  |                           | (3,26,286)        |
| (Gain)/loss from change in financial assumptions                               | 24,939                      |                           | 24,939            |
| (Gain)/loss from change in Experience on DBO                                   | (6,30,901)                  |                           | (6,30,901)        |
| Experience (gains)/losses  |                             |                           | -                 |
| <b>Total amount recognised in other comprehensive income</b>                   | <b>(9,32,248)</b>           | <b>-</b>                  | <b>(9,32,248)</b> |
| Employer contribution  | -                           |                           |                   |
| Benefit payments   | -                           |                           |                   |
| <b>March 31st, 2022</b>  | <b>61,62,290</b>            | <b>-</b>                  | <b>61,62,290</b>  |

### (i) Post-Employment benefits

Significant estimates: Actuarial assumptions and sensitivity  
The significant actuarial assumptions were as follows:

| Details            | Gratuity        |           |           |
|--------------------|-----------------|-----------|-----------|
|                    | 31-Mar-22       | 31-Mar-21 | 31-Mar-20 |
| Discount rate      | 6.64%           | 6.58%     | 6.64%     |
| Attrition rate     | 15.00%          | 15.00%    | 15.00%    |
| Salary growth rate | 10.00%          | 10.00%    | 10.00%    |
| Mortality rate     | IALM* (2012-14) |           |           |

\*IALM- Indian Assured Lives Mortality

Defined employee benefit obligations as on Balance Sheet date are:

| Defined benefit obligations        | As at 31st Mar, 2022 |          |           | As at 31st Mar, 2021 |          |           |
|------------------------------------|----------------------|----------|-----------|----------------------|----------|-----------|
|                                    | Non-current          | Current  | Total     | Non-current          | Current  | Total     |
| Gratuity                           | 52,88,909            | 8,73,381 | 61,62,290 | 46,60,749            | 3,85,829 | 50,46,578 |
| Total employee benefit obligations | 52,88,909            | 8,73,381 | 61,62,290 | 46,60,749            | 3,85,829 | 50,46,578 |

### (i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Gratuity           | Change in assumption |           | Impact on defined benefit obligation |            |                        |            |
|--------------------|----------------------|-----------|--------------------------------------|------------|------------------------|------------|
|                    |                      |           | Increase in assumption               |            | Decrease in assumption |            |
|                    | 31-Mar-22            | 31-Mar-21 | 31-Mar-22                            | 31-Mar-21  | 31-Mar-22              | 31-Mar-21  |
| Discount rate      | 1.00%                | 1.00%     | (2,52,595)                           | (3,06,473) | 2,74,630               | 4,45,006   |
| Salary growth rate | 1.00%                | 1.00%     | 2,38,325                             | 2,22,445   | (1,99,955)             | (2,16,033) |
| Attrition rate     | 1.00%                | 1.00%     | (34,968)                             | (94,770)   | 35,144                 | 93,355     |

**Notes forming part of the financial statements - (continued)**

Rupees

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet. There is no change from the previous period in the methods and assumptions used in the preparation of above analysis, except that the base rates have changed

**(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:

**Interest rates risk :** One actuarial assumption that has a material effect is the discount rate. This assumption depends on the yields on the corporate / government bonds as at the valuation date and hence the valuation of liability is exposed to fluctuations in the yields. If bond yields fall, the defined benefit obligation will tend to increase.

**Salary inflation risk:** Higher than expected increases in salary will increase the defined benefit obligation.

**Demographic risks:** This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

**Liquidity risk:** The Company may run out of cash as they follow 'pay as you go' system to meet the liabilities as and when they fall due. The company is only making book provisions for the entire gratuity liability on the valuation date. Therefore the scheme is fully unfunded, and no assets are maintained by the company and asset values are taken as zero. Employees with high salaries and long durations, or those higher in the hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.

**Legislative risk:** This is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

**32 Fair Value Measurements**

| Financial instruments by category          | As at 31st Mar, 2022 |       |                     | As at 31st Mar, 2021 |       |                    |
|--|----------------------|-------|---------------------|----------------------|-------|--------------------|
|  | FVTPL                | FVOCI | Amortised cost      | FVTPL                | FVOCI | Amortised cost     |
| <b>Financial assets :</b>                  |                      |       |                     |                      |       |                    |
| Balance with Banks                         | -                    | -     | 1,75,47,191         | -                    | -     | 3,11,84,311        |
| Trade Receivables                          | -                    | -     | 3,15,61,438         | -                    | -     | 1,62,94,185        |
| Balance with credit card agencies          | -                    | -     | -                   | -                    | -     | -                  |
| Employee advances                          | -                    | -     | 12,05,620           | -                    | -     | 45,000             |
| <b>Total financial assets</b>              | -                    | -     | <b>5,03,14,249</b>  | -                    | -     | <b>4,75,23,496</b> |
| <b>Financial liabilities</b>               |                      |       |                     |                      |       |                    |
| Lease liability - Non current              | 34,20,253            | -     | -                   | 45,56,722            | -     | -                  |
| Borrowings - Non Current                   | -                    | -     | 7,58,47,238         | -                    | -     | 7,60,60,690        |
| Trade payables                             | -                    | -     | 3,79,27,940         | -                    | -     | 1,21,02,530        |
| Borrowings - Current                       | -                    | -     | -                   | -                    | -     | -                  |
| Lease liability - Current                  | 32,34,919            | -     | -                   | 21,08,005            | -     | -                  |
| Current Maturities of long term borrowings | -                    | -     | -                   | -                    | -     | -                  |
| <b>Total financial liabilities</b>         | <b>66,55,172</b>     | -     | <b>11,37,75,178</b> | <b>66,64,727</b>     | -     | <b>8,81,63,220</b> |

**(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Financial assets and liabilities measured at fair value - recurring fair value measurements**

| At March 31st, 2022                    | Notes   | Level 1 | Level 2          | Level 3 | Total            |
|--|---------|---------|------------------|---------|------------------|
| <b>Financial assets</b>                |         |         |                  |         |                  |
| <b>Financial assets at FVTPL:</b>      |         |         |                  |         |                  |
| <b>Total financial assets</b>          |         | -       | -                | -       | -                |
| <b>Financial liabilities</b>           |         |         |                  |         |                  |
| <b>Financial liabilities at FVTPL:</b> |         |         |                  |         |                  |
| Lease liability                        | 16 & 19 | -       | 66,55,172        | -       | <b>66,55,172</b> |
| <b>Total financial liabilities</b>     |         | -       | <b>66,55,172</b> | -       | <b>66,55,172</b> |

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

| At March 31st, 2022                | Notes | Level 1 | Level 2 | Level 3            | Total              |
|------------------------------------|-------|---------|---------|--------------------|--------------------|
| <b>Financial Liabilities</b>       |       |         |         |                    |                    |
| Borrowings                         | 17    | -       | -       | 7,58,47,238        | 7,58,47,238        |
| <b>Total financial liabilities</b> |       | -       | -       | <b>7,58,47,238</b> | <b>7,58,47,238</b> |

# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

### Financial assets and liabilities measured at fair value - recurring fair value measurements

| At March 31st, 2021                    | Notes   | Level 1 | Level 2     | Level 3 | Total       |
|--|---------|---------|-------------|---------|-------------|
| <b>Financial assets</b>                |         |         |             |         |             |
| <b>Financial assets at FVTPL:</b>      |         |         |             |         |             |
| <b>Total financial assets</b>          |         | -       | -           | -       | -           |
| <b>Financial liabilities</b>           |         |         |             |         |             |
| <b>Financial liabilities at FVTPL:</b> |         |         |             |         |             |
| Lease liability                        | 16 & 19 | -       | 2,94,48,104 | -       | 2,94,48,104 |
| <b>Total financial liabilities</b>     |         | -       | 2,94,48,104 | -       | 2,94,48,104 |

### Assets and liabilities which are measured at amortised cost for which fair values are disclosed

| At March 31st, 2021                | Notes | Level 1 | Level 2 | Level 3     | Total       |
|------------------------------------|-------|---------|---------|-------------|-------------|
| <b>Financial Liabilities</b>       |       |         |         |             |             |
| Borrowings                         | 17    | -       | -       | 7,60,60,690 | 7,60,60,690 |
| <b>Total financial liabilities</b> |       | -       | -       | 7,60,60,690 | 7,60,60,690 |

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.

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 1.

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.

#### 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. Earnings growth factor of preference shares are based on cash flow projections of the Company and unlisted equity securities are estimated based on market information for similar type of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies leveraged financial data.

#### Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, deposits, cash and cash equivalents, employee advances, claims receivables and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature and insignificant change in interest rate.

FVTPL - Fair value through statement of Profit and Loss; FVOCI - Fair value through Other Comprehensive Income

### 34 Trade payable

#### a) Trade payable as on 31st March'22

| Particulars               | Outstanding for following periods from due date of payment |                 |           |                   |                    |
|---------------------------|--|-----------------|-----------|-------------------|--------------------|
|                           | Less than 1 year   | 1-2 years       | 2-3 years | More than 3 years | Total              |
| (i) MSME                  | 46,87,824  | 9,10,901        | -         | -                 | 55,98,725          |
| (ii) Others               | 3,18,86,315  | -               | -         | 4,42,900          | 3,23,29,215        |
| (iii) Disputed Dues MSME  | -  | -               | -         | -                 | -                  |
| (iv) Disputed Dues others | -  | -               | -         | -                 | -                  |
| <b>Total</b>              | <b>3,65,74,139</b>   | <b>9,10,901</b> | <b>-</b>  | <b>4,42,900</b>   | <b>3,79,27,940</b> |

#### b) Trade payable as on 31st March'21

| Particulars                 | Outstanding for following periods from due date of payment |                  |                 |                   |                    |
|-----------------------------|--|------------------|-----------------|-------------------|--------------------|
|                             | Less than 1 year   | 1-2 years        | 2-3 years       | More than 3 years | Total              |
| (i) MSME                    | -  | -                | -               | -                 | -                  |
| (ii) Others                 | 1,00,93,890  | 14,67,186        | 5,41,454        | -                 | 1,21,02,530        |
| (iii) Disputed dues – MSME  | -  | -                | -               | -                 | -                  |
| (iv) Disputed dues – Others | -  | -                | -               | -                 | -                  |
| <b>Total</b>                | <b>1,00,93,890</b>   | <b>14,67,186</b> | <b>5,41,454</b> | <b>-</b>          | <b>1,21,02,530</b> |

## INTELLICAR TELEMATICS PRIVATE LIMITED

### Notes forming part of the financial statements - (continued)

Rupees

#### Note 35: Financial ratios

| Ratio                            | Formulae   | FY 21-22 | FY 20-21 | Change in % | Reason  |
|----------------------------------|--|----------|----------|-------------|---|
| Current Ratio                    | Current Assets / Current Liabilities   | 0.99     | 1.49     | -34%        | Due to increase in Borrowings and Other financial liabilities   |
| Debt-Equity ratio                | Total Debt / Total Equity  | 0.23     | 0.02     | 902%        | Ratios is calculated as per 2(57) of Companies act and Redemabale Preference shares are considered as part of total equity                |
| Debt Service Coverage Ratio      | EBITDA / (Interest + Principal)  | 0.26     | -0.54    | -148%       | On account of positive EBITDA for the current year.   |
| Return on Equity Ratio           | Net Income / Shareholders Equity   | 10.96    | -58.64   | -119%       | On account of net profit for the current year Vs Loss for the previous FY.  |
| Inventory turnover ratio         | Cost of Sales / (Opg Inv + Clg Inv)/2  | 2.92     | 1.03     | 182%        | On account of low sales in last year i.e FY 21 due to pandemic leading to higher inventory built up as compared to sales in that year     |
| Trade Receivables turnover ratio | Net credit sales / Average account receivable                                  | 7.13     | 1.82     | 292%        | On account of collection of Old dues in current FY 22.  |
| Trade payables turnover ratio    | Net credit purchases / Average accounts payable                                | 4.97     | 0.42     | 1088%       | Better in current FY 21-22 as creditors got paid on a timely manner. However, in previous FY 20-21 payments were effected due to pandemic |
| Net capital turnover ratio       | Net annual sales / Working capital   | -195.85  | 5.73     | -3518%      | On account of Increase in turnover in current FY 21-22  |
| Net Profit Ratio                 | Net profit / Revenue   | 0.03     | -0.53    | -107%       | On account of higher profit and revenue in FY 21-22.  |
| Return on Capital Employed       | EBIT/Capital Employed<br>Capital Employed = Total Assets - current liabilities | 0.27     | -0.81    | -133%       | On account of higher profit and revenue in FY 21-22.  |

#### 36 Note on Financial risk management

##### (A) Credit risk (except Loans from financing activity)

a) Expected credit loss for investments, loans and other financial assets

| Particulars  | Assets/Asset group            | Gross carrying amount | Expected probability of default | Expected credit loss | Carrying amount net of impairment provision |
|--|-------------------------------|-----------------------|---------------------------------|----------------------|---|
| Loss allowance measured at 12 month expected credit loss | Investments at amortised cost | -                     | -                               | -                    | -   |
|  | <b>Other financial assets</b> |                       |                                 |                      |   |
|  | Advances to Employees         | 12,05,620.00          | 0%                              | -                    | 12,05,620.00                                |

| Particulars                                 | 0 to 180 days past due | More than 180 days past due | Total                 |
|---|------------------------|-----------------------------|-----------------------|
| Gross carrying amount                       | 3,05,23,120.44         | 31,01,390.56                | 3,36,24,511.00        |
| Expected loss rate                          | -                      | 67%                         | 6%                    |
| Expected credit losses                      | -                      | 20,63,073.00                | 20,63,073.00          |
| <b>Carrying amount of trade receivables</b> | <b>3,05,23,120.44</b>  | <b>10,38,317.56</b>         | <b>3,15,61,438.00</b> |

##### (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 31-03-2022 | As at 31-03-2021 |
|--|------------------|------------------|
| Floating rate  |                  |                  |
| - Expiring within one year (bank overdraft and other facilities) | 2,87,14,923.62   | -                |
| - Expiring beyond one year (bank loans)                          | -                | -                |

##### (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.



# INTELLICAR TELEMATICS PRIVATE LIMITED

## Notes forming part of the financial statements - (continued)

Rupees

| 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                                      | 83,072.00          | 84,797.00            | 1,74,913.00        | 5,03,166.00       | -                 | 8,45,948.00    |
| Lease Liabilities                               | 8,66,700.00        | 8,66,700.00          | 15,01,518.83       | 34,20,253.00      | -                 | 66,55,171.83   |
| Trade payables                                  | 3,46,03,675.72     | 19,34,638.21         | 35,825.00          | 13,53,801.00      | -                 | 3,79,27,939.93 |
| Other financial liabilities                     | 4,17,02,086.58     | -                    | -                  | -                 | -                 | 4,17,02,086.58 |
| Derivatives                                     | -                  | -                    | -                  | -                 | -                 | -              |

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) Interest Rate risk

|                          | As at<br>31st March, 2022 | As at<br>31st March, 2021 |
|--------------------------|---------------------------|---------------------------|
| Variable rate borrowings | 8.30%                     | -                         |
| Fixed rate borrowings    | 8.25%                     | 8.25%                     |

for **Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
FRN: 007761S

for and on behalf of the Board of Directors

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716  
Date: 27th April 2022  
Place: Bangalore  
UDIN :21027716AAAAIG7415

**Manu Saxena**  
Director  
DIN: 08456330  
Date: 27th April 2022  
Place: Singapore

**Harne Vinay Chandrakant**  
Director  
DIN: 09012669  
Date: 27th April 2022  
Place: Bangalore

## Directors' Report to the Shareholders

The directors are pleased to present the First annual report and the audited financial statements for the year ended 31<sup>st</sup> March 2022.

### Financial Highlights

The Company is incorporated on 13<sup>th</sup> December 2021 as a wholly-owned subsidiary of TVS Motor Company Limited to undertake Electric Mobility business.

The Company is yet to commence business.

### Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> 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 period ended 31<sup>st</sup> March 2022 have been prepared in compliance with the said rules.

### Dividend

The Directors of the Company do not recommend any dividend for the period ended 31<sup>st</sup> March 2022.

### Internal control systems

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of applicable laws and regulations, to the extent required and commensurate with its size and activities.

### 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 31<sup>st</sup> March 2022, 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;
- iii. 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 31<sup>st</sup> March 2022 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 Venu Srinivasan 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 period under review, Prof. Sir Ralf Dieter Speth was appointed as Additional Director to hold office till the conclusion of the first Annual General

Meeting. His appointment as a director is subject to the approval of the shareholders, liable to retire by rotation.

Mr Kuok Meng Xiong was appointed as an Additional Director – Independent Director in the Board Meeting held on 17<sup>th</sup> December 2021 till the ensuing Annual General Meeting, and appointment as Independent Director for a period of five consecutive years effective 17<sup>th</sup> December 2021 is subject to the approval of the shareholders, not liable to retire by rotation.

Mr Venu Srinivasan, Director of the Company who retires by rotation and being eligible for re-appointment offers himself for re-appointment as Director of the Company for approval by the Shareholders of the Company by an Ordinary Resolution.

Mr R Raja Prakash, Director has resigned from the Directorship on 17<sup>th</sup> December 2021.

As on 31<sup>st</sup> March 2022, Mr Venu Srinivasan, Mr Sudarshan Venu, Prof. Sir Ralf Dieter Speth and Mr Kuok Meng Xiong are the Directors of the Company.

### Board Meetings

During the period under review, the Board met 2 times on 17<sup>th</sup> December 2021 and 14<sup>th</sup> March 2022. The gap between two meetings did not exceed one hundred and twenty days.

### Statutory Auditors

The Company, in terms of Section 139(1) of the Companies Act, 2013 (the Act, 2013) is required to appoint a statutory auditor for a term of five consecutive years i.e., till the conclusion of sixth annual general meeting a by way of passing of an ordinary resolution.

In that regard, the Board has proposed the appointment of M/s V. Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as the Statutory Auditors for the approval of Members at the ensuing AGM.

The Company has obtained necessary certificate under Section 141 of the Act 2013 read with the Companies (Audit and Auditors) Rules, 2014, conveying their eligibility for being statutory auditors of the Company for the year 2022-23.

The Auditors' Report for the financial year 2021-22 does not contain any qualification, reservation or adverse remark and the same is attached as part of 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 31<sup>st</sup> March 2022 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 2021-22, the Company has not extended any guarantee or has given loans to other companies or made any investment during the year under review.

## TVS ELECTRIC MOBILITY LIMITED

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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 period under review, there were no foreign exchange earnings or expenditure in the Company.

### **Related Party Transactions**

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2022 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 Notes to the financial statements.

### **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.

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.

### **Insolvency and Bankruptcy Code**

There are no applications made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

### **Onetime settlement with any Bank or Financial Institution**

No disclosure or reporting is required in respect of the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions.

### **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  
Date : 05<sup>th</sup> May 2022

VENU SRINIVASAN  
Chairman  
DIN: 00051523

# TVS ELECTRIC MOBILITY LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

### To the Members of TVS Electric Mobility Limited

#### Report on the Audit of the financial statements

##### Opinion

We have audited the financial statements of TVS Electric Mobility Limited ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March 2022, 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 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 March 31, 2022, and 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 (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 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.

##### 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 Management and Discussion 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 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. 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 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 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 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 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 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 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 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, 2020 ("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 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 accounts and with the returns received from the branches not visited by us;
- (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 31<sup>st</sup> March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2022 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), 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company does not have any pending litigations which would impact its financial position.
  - b. The Company did not have any long-term contracts including derivative contracts
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
  - d. i Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts (refer note no --), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- ii Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, and
- iii Based on the audit procedures adopted by us, nothing has come to our notice that has caused us to believe that the representations made by the management under sub clause (i) and (ii) above, contain any material misstatement.
- e. No dividend has been declared or paid during the year 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 remuneration to its directors during the current year and hence, applicability of the provisions of Sec 197 of the Act does not arise. The Ministry of Corporate Affairs has not prescribed other details under Sec 197(6) which are required to be commented upon by us.

|      |                    |
|------|--------------------|
| UDIN | 22023116AKBOWE3216 |
|------|--------------------|

For V. SANKAR AIYAR & CO.,  
Chartered Accountants  
ICAI Regd. No.109208W

Place : Chennai  
Date : 05<sup>th</sup> May, 2022

S. VENKATARAMAN  
Partner  
Membership No. 023116

**Annexure A to Independent Auditor's Report - 31 March 2022**

(Referred to in our report of even date)

The Company was incorporated on 13<sup>th</sup> December 2021 and has not commenced its operation as on 31 March 2022. Further, during the year, the Company

- has not acquired Property, Plant and Equipment, intangible assets and inventory.
- has not made any investments, given any loans, advances in the nature of loan, guarantee and security.
- has not received any loans and deposits.
- has not raised any money during the year by way of initial public offer or further public offer (including debt instruments).
- has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures.

Therefore, the clauses 3 - (i), (ii), (iii), (iv), (v), (vi), (viii), (ix), (x), (xi), (xiv), (xv), (xix), (xx) and (xxi) of the Order, are not applicable. Hence, reporting requirement under these clauses does not arise. Other clauses are reported hereunder.

- (vii) According to the information and explanations given to us and based on the records of the Company examined by us, in our opinion, the Company is yet to commence its operations and hence statutory dues namely Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs duty and Cess and other material statutory dues have not been recovered or liability created as at year end, in the books of accounts. Hence, requirement to report under clauses 3 (vii) (a) and (b) of the order is not applicable to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (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.

- (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.
- (xvii) The Company has incurred cash losses of Rs.10,000/- in the current year. The Company has been registered for a period of less than one year i.e., incorporated on 13<sup>th</sup> December 2021 and hence, reporting on immediately preceding financial year does not arise.
- (xviii) There has been no resignation of the statutory auditor during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

For V. SANKAR AIYAR & CO.,  
Chartered Accountants  
ICAI Regd. No.109208W

|      |                    |
|------|--------------------|
| UDIN | 22023116AKBOWE3216 |
|------|--------------------|

Place : Chennai  
Date : 05<sup>th</sup> May, 2022

S. VENKATARAMAN  
Partner  
Membership No. 023116

# TVS ELECTRIC MOBILITY LIMITED

## Annexure "B" to Independent Auditors' Report 31<sup>st</sup> March 2022

(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 Electric Mobility Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the 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.

#### 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 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, 2022, 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  
ICAI Regd. No.109208W

|      |                    |
|------|--------------------|
| UDIN | 22023116AKBOWE3216 |
|------|--------------------|

Place : Chennai  
Date : 05<sup>th</sup> May, 2022

S. VENKATARAMAN  
Partner  
Membership No. 023116

## TVS ELECTRIC MOBILITY LIMITED

### Balance Sheet as at 31<sup>st</sup> March 2022

( in Rs.)

| Particulars  | Note No | As at<br>31st March 2022 |
|--|---------|--------------------------|
| <b>ASSETS</b>  |         |                          |
| <b>Current Assets</b>  |         |                          |
| <b>Financial Assets</b>  |         |                          |
| Cash and Cash Equivalents  | 1       | 1,00,00,000              |
| <b>TOTAL ASSETS</b>  |         | <b>1,00,00,000</b>       |
| <b>EQUITY AND LIABILITIES</b>  |         |                          |
| <b>Equity</b>  |         |                          |
| Equity Share Capital   | 2       | 1,00,00,000              |
| Other Equity   | 3       | (10,000)                 |
| <b>TOTAL EQUITY</b>  |         | <b>99,90,000</b>         |
| <b>LIABILITIES</b>   |         |                          |
| <b>Current Liabilities</b>   |         |                          |
| <b>Financial Liabilities</b>   |         |                          |
| Trade Payables   |         |                          |
| a. Total outstanding dues of micro and small enterprises             |         | -                        |
| b. Total outstanding dues of other than (a) above                    | 4       | 10,000                   |
| <b>TOTAL LIABILITIES</b>   |         | <b>10,000</b>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                  |         | <b>1,00,00,000</b>       |
| Significant Accounting Policies forming part of financial statements | 1       |                          |

As per our report even date  
**For V.Sankar Aiyar & Co**  
Chartered Accountants  
Firm Regn No.: 109208W

**S.VENKATARAMAN**  
Partner  
Membership No.: 023116

Chennai  
Dated: 05<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**venu srinivasan**  
Chairman



## TVS ELECTRIC MOBILITY LIMITED

### Statement of Profit and Loss for the period ended 31<sup>st</sup> March 2022

(In Rs.)

| Particulars                        | Note No | For the period<br>13th Dec 2021 to<br>31st Mar 2022 |
|------------------------------------|---------|---|
| <b>REVENUE</b>                     |         |   |
| Revenue from operations            |         | -   |
| TOTAL INCOME                       |         | -   |
| <b>EXPENSES</b>                    |         |   |
| Other expenses                     | 6       | 10,000  |
| TOTAL EXPENSE                      |         | 10,000  |
| <b>Loss before tax</b>             |         | <b>(10,000)</b>                                     |
| Tax expense                        |         | -   |
| <b>Loss after tax for the year</b> |         | <b>(10,000)</b>                                     |
| Other Comprehensive Income         |         | -   |
| <b>Total Comprehensive Income</b>  |         | <b>(10,000)</b>                                     |
| <b>Earning per equity share:</b>   |         |   |
| Basic & Diluted earnings per share | 7       | (0.00)  |

See the accompanying notes to the financial statements

As per our report even date  
**For V.Sankar Aiyar & Co**  
Chartered Accountants  
Firm Regn No.: 109208W

**S.VENKATARAMAN**  
Partner  
Membership No.: 023116

Chennai  
Dated: 05<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**venu srinivasan**  
Chairman

## TVS ELECTRIC MOBILITY LIMITED

### Cash Flow Statement

( In Rs. )

As at 31st March 2022

|   |             |
|---|-------------|
| <b>A. Cash Flow from Operating Activities</b>             |             |
| Loss Before Tax   | (10,000)    |
| <b>B. Operating loss before Working Capital Changes</b>   | (10,000)    |
| <b>C. Adjustments for changes in Working Capital</b>      |             |
| Trade payables  | 10,000      |
| <b>D. Cash generated from Operations (B+C)</b>            | -           |
| <b>E. Net Cash from Operating Activities</b>              | -           |
| <b>F. Net Cash from Investing Activities</b>              | -           |
| <b>G. Net Cash Flow from Financing Activities</b>         |             |
| Proceeds from Issue of Equity Shares                      | 10,000,000  |
| Net Cash from Financing Activities                        | 10,000,000  |
| <b>H. Net change in Cash and Cash Equivalents (E+F)</b>   | 10,000,000  |
| <b>I. Cash and Cash Equivalents as at End</b>             | 1,00,00,000 |
| <b>J. Less: Cash and Cash Equivalents as at Beginning</b> | -           |
| <b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS (H-I)</b>    | 10,000,000  |

Note: The above statement of cash flow is prepared using indirect method

As per our report even date  
For **V.Sankar Aiyar & Co**  
Chartered Accountants  
Firm Regn No.: 109208W

**S.VENKATARAMAN**  
Partner  
Membership No.: 023116

Chennai  
Dated: 05<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**venu srinivasan**  
Chairman

**Statement of Changes in Equity**

**A Equity Share Capital**

|  | Rs. In Crores |
|--|---------------|
| As at 31-03-2021   | -             |
| Changes in equity share capital due to prior period errors | -             |
|  | -             |
| Change in equity share capital during the year             | 10,000,000    |
| As at 31-03-2022   | 10,000,000    |

**B Other equity**

| Particulars   | Retained earnings | Other reserves | Total           |
|---|-------------------|----------------|-----------------|
| <b>Balance as at 01-04-2021</b>                       | -                 | -              | -               |
| Add : Profit for the year 2021-22                     | (10,000)          | -              | (10,000)        |
| Add : Other comprehensive income for the year 2021-22 | -                 | -              | -               |
| <b>Balance as at 31-03-2022</b>                       | <b>(10,000)</b>   | <b>-</b>       | <b>(10,000)</b> |

As per our report even date  
**For V.Sankar Aiyar & Co**  
Chartered Accountants  
Firm Regn No.: 109208W

**S.VENKATARAMAN**  
Partner  
Membership No.: 023116

Chennai  
Dated: 05<sup>th</sup> May, 2022

**For and on behalf of the Board of Directors**

**VENU SRINIVASAN**  
Chairman

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a) Brief description of the Company

TVS Electric Mobility Limited ('the Company') is a public limited company incorporated on 13<sup>th</sup> December 2021 and domiciled in India. The registered office is located at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India".

These financial statements have been approved for issue by the Board of Directors at its meeting held on 5<sup>th</sup> May 2022.

### 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 on completion of performance obligations as per the customer specifications as specified in the agreement and 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 (PPE)

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, based on internal technical valuation of useful life being shorter than specified in schedule. Improvement on leased property is depreciated over the primary lease period. Depreciation on PPE 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 on straight line method.

### 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) 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 Provident Fund authority.

vi) Bonus plans:

The Company recognizes a liability and an expense for bonus. 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 substantively 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.

## 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:

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the date of transaction.

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).

## TVS ELECTRIC MOBILITY LIMITED

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

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, the has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Payments associated with short-term leases 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.

### 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 signing 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.6)

- (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

|                                    | Amount as at<br>31 March 2022 |
|------------------------------------|-------------------------------|
| <b>2 CASH AND CASH EQUIVALENTS</b> |                               |
| Balances with banks                | 10,000,000                    |
| Total                              | 10,000,000                    |

### 3 EQUITY SHARE CAPITAL

- (a) Authorised, issued, subscribed and fully paid up

| Particulars                           | As at 31-03-2022 |                  |
|---------------------------------------|------------------|------------------|
|                                       | Number           | Rupees in crores |
| Authorised:                           |                  |                  |
| Equity shares of Re.1/- each          | 10,000,000       | 1.00             |
| Issued, subscribed and fully paid up: |                  |                  |
| Equity shares of Re.1/- each          | 10,000,000       | 1.00             |
|                                       | 10,000,000       | 1.00             |

- (b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

| Particulars                                     | As at 31-03-2022 |                  |
|---|------------------|------------------|
|   | Number           | Rupees in crores |
| Shares outstanding at the beginning of the year | 10,000,000       | 1.00             |
| Shares issued during the year                   | -                | -                |
| Shares outstanding at the end of the year       | 10,000,000       | 1.00             |

- (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                         | As at 31-03-2022   |              |
|---|--------------------|--------------|
|   | No. of shares held | % of holding |
| TVS Motor Company Limited (Holding Company) | 10,000,000         | 100.00       |

- (e) Shareholders holding more than five percent at the end of the year (other than (d))

| Name of shareholder | As at 31-03-2022   |              |
|---------------------|--------------------|--------------|
|                     | No. of shares held | % of holding |
| Nil                 |                    |              |

# TVS ELECTRIC MOBILITY LIMITED

## Notes to the Financial Statements - (Continued)

(In Rs.)

- (f) Shares held by promoters at the end of the year  
31.03.2022

| Promoter name                               | As at 31-03-2022   |              |
|---|--------------------|--------------|
|   | No. of shares held | % of holding |
| TVS Motor Company Limited (Holding Company) | 10,000,000         | 100.00       |

### 4 OTHER EQUITY

| Particulars       | As at 31-03-2022 |
|-------------------|------------------|
| Retained earnings | (10,000)         |
| Other Reserves    | -                |
|                   | (10,000)         |

### 5 TRADE PAYABLES

|  |        |
|--|--------|
| Dues to Micro and Small Enterprises **                     | -      |
| Dues to enterprises other than Micro and Small Enterprises | 10,000 |
|  | 10,000 |

\*\* There are no transactions with Micro Small and Medium enterprises during the year

## Notes to Statement of Profit & Loss

For the period 13st  
December 2021 to  
31st March 2022

### 6. Other Expenses

|                               |        |
|-------------------------------|--------|
| Payment to statutory auditors | 10,000 |
| Total Other Expenses          | 10,000 |

### 7. Earnings per share (Basic and Diluted)

|   |            |
|---|------------|
| Earnings attributable to equity share holders | (10,000)   |
| Number of Shares                              | 10,000,000 |
| Earnings per Share                            | (0.00)     |

### 8 Fair Value Measurements

| Particulars               | As at 31-03-2022   |         |                |
|---------------------------|--------------------|---------|----------------|
|                           | FVTPL <sup>§</sup> | FVOCI * | Amortised cost |
| Financial assets          |                    |         |                |
| Cash and cash equivalents | -                  | -       | 10,000,000     |
|                           | -                  | -       | -              |
|                           | -                  | -       | 10,000,000     |
| Financial liabilities     |                    |         |                |
| Trade payables            | -                  | -       | 10,000         |
|                           | -                  | -       | 10,000         |

\* FVOCI - Fair Valued Through Other Comprehensive Income § FVTPL- Fair Value Through Profit or Loss

- 9 The Company was incorporated on 13th December 2021. This is the first period of operation and the Financial Statements are not prepared for more than twelve months (from 13th December 2021 to 31st March 2022) and furnishing previous year comparative figures does not arise.
- 10 Financial Risk Management - The company is yet to commence the activity. Note relating to market risk, liquidity risk and credit risk along with mitigation parameters will be given on the commencement of operations.
- 11 Capital Management - Detailed note will be provided on commencement of operations
- 12 Key financial ratios - Not applicable for the current reporting period
- 13 Employee obligations - The company is yet to commence the obligations. Detailed note will be provided on commencement of operations
- 14 Related party disclosures  
(i) Related parties and their relationship where control exists :  
Holding company - TVS Motor Company Limited  
Ultimate holding company - TVS Holdings Private Limited  
  
(ii) Key Management Personnel:  
Mr. Venu Srinivasan , Director  
Mr. Sudarshan Venu, Director  
Prof. Sir Ralf Dieter Speth, Director  
  
(iii) Transactions with related parties:  
Infusion of share capital - TVS Motor Company Limited - Rs. 1,00,00,000
- 15 Disclosure under Micro, Small and Medium Enterprises Development Act,2006 - Not applicable
- 16 Payment to Auditors:  
For Statutory audit, taxation and certification matters - Rs. 10,000
- 17 Contingent liabilities, Contingent assets and other commitments - Not applicable



The Directors have the pleasure in presenting the Fourteenth Annual Report and the audited accounts of the Company for the year ended on 31<sup>st</sup> March, 2022.

## 1. BUSINESS AND FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company are given below:

₹ in Crore

| Particulars  | Year ended                   |                              |
|--|------------------------------|------------------------------|
|  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| Revenue from Operations  | 2,746.45                     | 2,237.82                     |
| Other Income   | 8.97                         | 3.11                         |
| <b>Total</b>   | <b>2,755.42</b>              | <b>2,240.93</b>              |
| Finance Costs  | 782.13                       | 729.44                       |
| Fees & Commission, Employee Benefit, Administrative & Other Operating Expenses | 1,243.81                     | 919.38                       |
| Impairment of Financial Instruments  | 554.15                       | 466.79                       |
| Depreciation and Amortisation Expenses   | 19.12                        | 19.92                        |
| <b>Total Expenses</b>  | <b>2,599.21</b>              | <b>2,135.53</b>              |
| <b>Profit / (Loss) before Tax &amp; Exceptional Item</b>                       | <b>156.21</b>                | <b>105.40</b>                |
| Less : Exceptional item  | 5.00                         | -                            |
| <b>Profit / (Loss) before tax</b>  | <b>151.21</b>                | <b>105.40</b>                |
| Less: Tax expense  |                              |                              |
| - Current Tax  | 64.84                        | 46.52                        |
| - Deferred Tax   | (34.36)                      | (38.10)                      |
| <b>Profit / (Loss) after tax</b>   | <b>120.73</b>                | <b>96.98</b>                 |
| Other Comprehensive Income   | 29.21                        | (5.28)                       |
| <b>Total Comprehensive Income</b>  | <b>149.94</b>                | <b>91.70</b>                 |
| Balance brought forward from Previous Year                                     | 508.98                       | 436.68                       |
| Transfer to Statutory Reserve  | (24.15)                      | (19.40)                      |
| <b>Surplus / (Deficit) carried to Balance Sheet</b>                            | <b>634.77</b>                | <b>508.98</b>                |

### Company's Performance

The Company ended the year with assets under management (AUM) of ₹13,911 Cr as against ₹11,202 Cr during the previous year, registering a growth of 24%. AUM of the Company is adequately diversified, with Two-Wheeler Loans, Used Car Loans, Tractor Loans, Used Commercial Vehicle Loans, Business Loans, Consumer Durable Loans and Personal Loans constituting 31%, 10%, 27%, 10%, 3%, 10% and 9% of the total loans as of March 2022 respectively. The Company has registered a growth of 45% in disbursements with disbursements of ₹12,533 Cr as against ₹8,627 Cr during the previous year.

Total income during the financial year 2021-22 increased to ₹2,755 Cr from ₹2,241 Cr, an increase of 23% over the previous year. The profit before tax and before exceptional items for the year stood at ₹156 Cr as against ₹105 Cr during the previous year, an expansion of 48%.

The above financial performance is based on Indian Accounting Standards - (IND-AS). The Company has adopted (IND-AS) from 1<sup>st</sup> April, 2018 with effective transition date of 1<sup>st</sup> April, 2017 pursuant to MCA notification dated 31<sup>st</sup> March, 2016 and the 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 11<sup>th</sup> October, 2018.

### Key Product-Wise Performance during the Financial Year

The Company disbursed ₹3,365 Cr of Two-Wheeler Loans as against ₹2,901 Cr in the previous year, registering a growth of 16%. The Company continues to be the leading financier for TVS Motor Company Ltd, the holding Company.

The Company expanded its Used Car Loans business in southern states and disbursed ₹826 Cr as against ₹366 Cr in the previous year, registering a growth of 126%.

The Company disbursed ₹2,344 Cr in the Tractor Loans segment, which consists of both New and Used Tractor Loans, as against ₹1,958 Cr in the previous year, registering a growth of 20%.

The Company scaled up its Used Commercial Vehicle Loans business and disbursed ₹980 Cr during the current year as against ₹623 Cr in the previous year, registering a growth of 57%.

The Company also scaled up its Business Loans segment and disbursed ₹1,662 Cr during the current year as against ₹898 Cr in the previous year, registering a growth of 85%.

In Consumer Durable Loans, the Company disbursed ₹2,556 Cr to 12.38 lakh customers as against ₹1,338 Cr to 6.7 lakh customers in the previous year, registering a growth of 91% with customer base expanding by 85%.

The Company also did Cross Selling to its existing customers to the tune of ₹801 Cr as against ₹536 Cr during the previous year, registering a growth of 49%.

## **2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The year was marked by the severe second wave of the pandemic, supply chain disruptions and the onset of a super cycle of commodity price increases. The last quarter also witnessed the outbreak of geopolitical unrest and strife, which though localised to some extent, affected the entire globe.

However, 2021-22 will be remembered for the unparalleled resilience of human spirit across the world, even more so in the Indian populace, the Indian economy, industry, and the Company. In response to the pandemic 11.4 billion and 1.86 billion doses of vaccine were delivered globally and in India, respectively.

### **Robust Growth of Indian economy in Fiscal 2022 as Activities Return to pre-COVID Levels**

The Indian economy bounced back after the COVID-induced shock in fiscal 2021. It withstood the second wave of the COVID pandemic that hit India in April-June 2021 and the third wave in January 2022 as vaccination levels increased and the people and the Government learned to adapt their responses through experiences gained during the first wave. Increased vaccination coverage, reduction in mortality rates and ease of restrictions gave a fillip to private consumption and supported recovery of aggregate demand. The recovery was also supported by increased spending by the Government, strong pick up in export demand, and the RBI continuing to support the incipient recovery by maintaining a low interest rate regime. The Indian economy regained its tag of being one of the fastest growing economies in the world.

As per the second advance of the National Statistical Office, the economy was estimated to have grown by 8.9% during fiscal 2022. Real GDP growth returned to pre-pandemic levels, though capacity utilisation and consumer confidence are yet to reach pre-pandemic levels, signalling further growth potential.

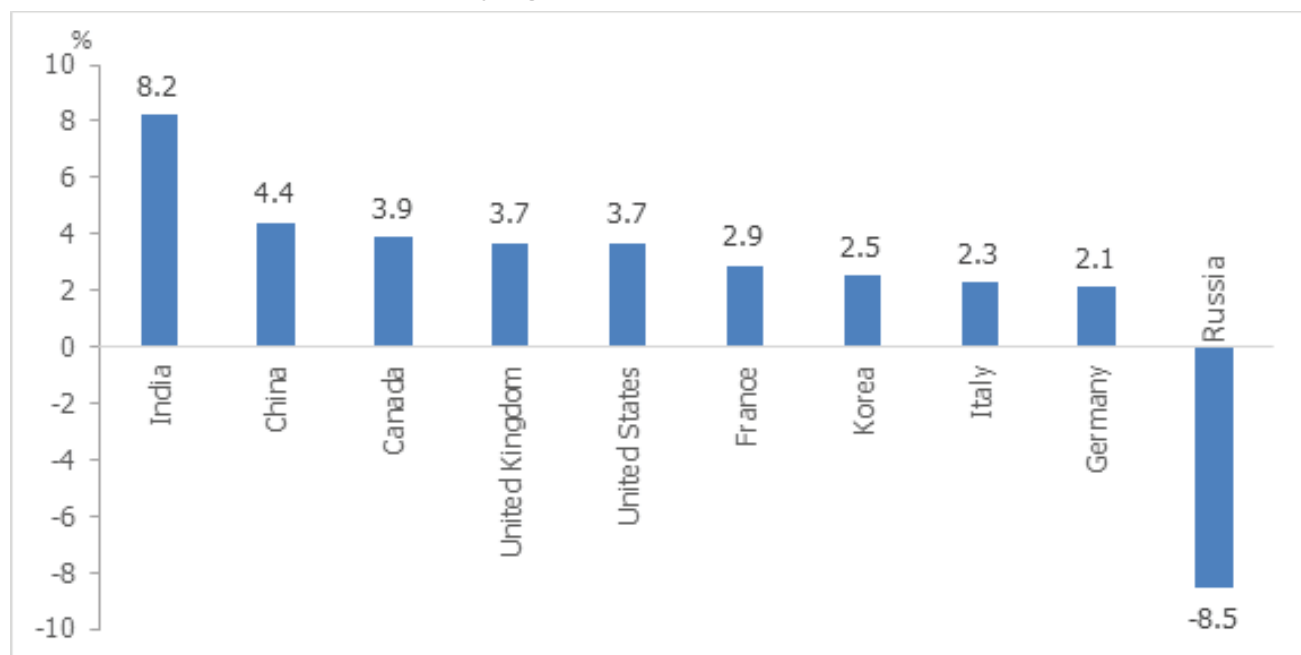
### **Economic Growth to continue to remain Robust in Fiscal 2023**

As we step into fiscal 2023, the Company remains sanguine about the prospects for its business. The RBI, in its April 2022 monetary policy announcement, has projected GDP growth for fiscal 2023 at 7.2%. Further, 19 of the 22 high frequency indicators including railway freight, e-way bill volumes and coal production have returned to pre-pandemic levels and point towards a strong continuing recovery in the broader economy. This gathering momentum is expected to drive the remaining 3 indicators (automotive sales, steel consumption and air passenger traffic) also to positive territory. Growth in fiscal 2023 is expected to be holistic, supported by following factors:

- Strong rural demand supported by favorable rabi output and increase in crop prices.
- A pickup in urban consumption demand due to increasing vaccination coverage, ease of restrictions and an increase in contact-intensive services that bore the brunt of the pandemic.
- Improving consumer sentiment as also indicated by RBI's Consumer Confidence survey (April 2022) and a return to pre-pandemic levels.
- Normal monsoon as per the initial forecast of the India Meteorological Department.
- Uptick in CapEX spends by the Central and State Governments as also private corporates.

The focus of the Union Budget for fiscal 2023 on increasing Capital Expenditure (CapEx) despite walking a fiscal tightrope is extremely heartening as it creates a platform for higher growth. The Government's thrust on CapEx coupled with initiatives such as the Production Linked Incentive (PLI) Scheme is expected to give a push for improvement in investment activity. The lift in the consumption cycle is tied to broad based pick-up in economic activity, which the Indian Government is trying to engineer through focus on investments. This is expected to enhance the growth potential of the Indian economy and, it is hoped, will bring endurance to growth in the medium term. The International Monetary Fund (IMF) projects India to remain the fastest growing major economy in the world in calendar year 2022.

#### **GDP Growth (constant prices) for major global economies (CY 2022)**



Source: IMF, CRISIL Research

Longer term, the Indian economy is expected to increase by ~2.5x to \$6.5 trillion by 2030 with a real GDP growth rate in the range of 6-6.5%. Per capita income and vehicle ownership is expected to double by 2030 led by formalisation, digitisation and urbanisation.

The two greatest risks for the economy at this stage stems from inflationary pressures and supply side concerns. The super cycle of commodity prices that began in fiscal 2022 was further fueled due to the war between Russia and Ukraine. It led to a significant spike in oil and commodity prices, thereby further exerting significant upward pressure on inflation. Taking cognisance of the spike in prices, the Government pro-actively increased subsidy on fertilizers in-order to absorb shocks on farm input prices due to rise in commodity prices. Supply chain challenges and increasing logistics costs due to the war and COVID-19 induced lockdowns in China are key areas of concern and will need to be monitored carefully.

#### **Rural India Remained Resilient in Fiscal 2022; Structural Foundation Becoming Stronger**

Rural demand remained strong in fiscal 2022 due to continued resilience from the agricultural sector and allied activities and rise in farm-based employment. Agriculture sector was least affected by the second wave of the pandemic. As per the second advance estimates of GVA at basic prices by economic activities (at current prices) provided by the National Statistical Office (NSO), agriculture sector witnessed growth of 9.8% in fiscal 2022 as agricultural activities continued unhindered with support from normal monsoons, reduced spread of COVID-19 due to lower population density in the rural areas, increased financial support by Government through Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) and PM-Kisan Scheme, and other Government policies that led to timely supply of seeds and fertilizers during disruptions caused by the pandemic.

The structural foundation of the rural economy has become stronger due to increased spends under MNREGA and irrigation programmes, Direct Benefit Transfer (DBT) to the bank accounts of the

targeted population, the PM-Kisan Scheme, PM Ujjwala Yojana for cooking gas, PM Awas Yojana for housing, and Ayushman Bharat Scheme for healthcare. To supplement this, there has been a continuous improvement in rural infrastructure such as electricity and roads. Due to the Government initiatives, higher incomes in the hands of the rural populace have resulted in enhancing their ability and willingness to spend on discretionary products and services.

The RBI has also increased its thrust on digital payments in the rural economy by undertaking a number of steps such as giving a fillip to offline digital payments, enabling digital payments through feature phones, setting up of Payment Infrastructure Development Fund (PIDF) to enhance setting up of supporting infrastructure, and enhancing the functionality of e-wallets to bring them almost on par with bank accounts.

These structural changes will create more growth opportunities for the Company as it strives to expand its presence deeper into the semi-urban and rural areas.

### **Rising Middle India Population to Propel Economic Growth**

Proportion of Middle India (defined as households with annual income of between ₹0.2 to 1 million) has been on a rise over the last decade and is expected to grow further with continuous increase in the GDP and household incomes, improvement in the literacy levels, increasing access to information and awareness and increase in the availability of necessities.

As per CRISIL Research estimates, there were 41 million households in India in this category as of fiscal 2012, and by fiscal 2022, this number touched 103 million. By fiscal 2030, the number of Middle India households is projected to increase to 181 million households. This growth in the number of middle-income households is expected to lead to enhanced opportunities for the Company, given that the Company's products are closely linked to consumption demand.

A large number of the households, which have entered the Middle-Income bracket in the last few years, are likely to be from semi-urban and rural areas, which are the key focus areas for the Company. Other indicators such as bank deposits, proportion of sales of e-retailers coming from small cities and towns, smartphone ownership, internet users and the proportion of users accessing social media portend a similar trend.

### **NBFCs Showed Strong Recovery in Credit in Fiscal 2022**

Over the past decade, NBFCs have witnessed exceptional credit growth. The NBFCs suffered a blow after the IL&FS default in September 2018, which heightened risk perceptions amongst lenders. The outbreak of COVID-19 pandemic intensified challenges further as several NBFCs slowed down the loan book growth. But in the second half of fiscal 2021, the Indian economy showed signs of improvement, the effect of which was seen in the credit growth.

In fiscal 2022, the second wave of the COVID-19 pandemic led to weak demand for credit in the first quarter of the year. However, the pace of credit recovered afterwards. At the end of fiscal 2022, NBFC's retail credit is estimated to have grown by ~8.5% on-year. The pace of growth is expected to strengthen further in fiscal 2023 with economic growth expected to remain strong.

More importantly, many NBFCs have taken advantage of the pandemic to rethink their business strategies and enhance their structural resilience to both capitalise on growth opportunities and control risks. Increasingly, the focus is on enhancing digitalisation across the value chain, leveraging Big Data and analytics in business applications, partnerships and alliances with FinTechs and aggregators, and upping the ante on collections. Certain NBFCs have also enhanced focus on co-lending partnerships with banks. The pandemic put NBFCs to the test, but the sector has emerged stronger as a result of decent balance sheet expansion, raising additional capital, enhanced focus on collections and expanding liquidity buffers.

### **Large NBFCs with Strong Parentage and Access to Funding are Likely to Outperform**

Nevertheless, the challenges being faced by NBFCs over the last 3-4 years are expected to hasten the pace of consolidation. Large players with a better credit profile, strong parentage and access to funding are likely to outperform the industry and grow at a much higher pace. The industry will, however, continue to witness the emergence of newer equity-funded NBFCs catering to specific customer segments. The COVID-19 pandemic and consequent acceleration in both adoption of technology and change in consumer habits is also increasing availability of data for credit decision-

making and it also has made it possible to build an NBFC lending business without investing large sums in having a brick-and-mortar presence on the ground.

The Company, given its strong parentage and access to funding, views the changes in the NBFC business landscape, as an opportunity to cultivate a stronger presence in focus areas through strategic interventions and partnerships with other firms.

The Company has undertaken several initiatives related to expanding the business and customer acquisition channels, strengthening the underwriting process, sharpening the collections and increasing the focus on analytics, and augmenting the skills of the human resources, which would further enhance the long-term, growth, efficiency and resilience of the business over the next few years.

### **Company's Disbursements Grew at a Healthy Pace of 45% on Year in Fiscal 2022**

Despite operations being disrupted for part of the year due to the pandemic, the Company registered an extremely strong 45% growth in disbursements with disbursals of ₹12,533 Cr as against ₹8,627 Cr last fiscal year.

The Company scaled up its Consumer vertical, comprising of Consumer Durable Loans and Personal Loans significantly through tie-ups with more OEMs, penetrating deeper in existing geographies, and increase in cross sell of Personal Loans to existing customers. In aggregate, the Consumer vertical registered disbursement growth of 78% on-year in fiscal 2022.

Disbursement for Retail vertical comprises of Two-wheeler Loans & Used Car Loans and Commercial vertical, which comprises of Tractor Loans, Used Commercial Vehicle Loans & Business Loans, witnessed a growth of 28% and 43% on-year respectively in fiscal 2022. In the Two-Wheeler Loan segment, the Company was able to increase disbursements despite lackluster two-wheeler sales through increased focus on enhancing penetration within sub-dealers and multi-brand outlets. In the Used Car Loans space, the strong presence was further fortified in the south through proactive moves towards channel management. Within Tractor Loans, the presence was expanded to multiple brands and also enhanced focus on Used Tractor Loans, which drove growth. In the Used Commercial Vehicle Loan space, the focus on ecosystem financing stood in good stead. In the Business Loans segment, while expanding the presence in focus segments, the Company also initiated a pilot in lending to small retail stores.

Geographically also, the Company has expanded its presence to 26 states, which has resulted in the portfolio becoming quite well diversified. The Southern states of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana accounted for 38% of the Company's AUM as of March 2022. No single state accounted for more than 15% of the portfolio as of March 2022.

With the aim to maintain well diversified mix of retail, consumer, and commercial business, the company will be focussing on building a long term profitable commercial vertical and cross selling of products to the existing customers. The Company's target population will continue to be mid income self-employed from semi-urban and rural areas. The Company is also scaling up its digital initiatives across the value chain and leveraging its existing physical presence to reduce overall costs and improve profitability.

### **Focus on Collections, Technology and Distribution aided the Company**

The Company's sharp focus on collections, increasing distribution reach and investing in appropriate technology tools stood in good stead in this fiscal.

There has been seen a significant uptick in collections across all the business verticals. The Company has categorised the borrowers into multiple risk brackets based on their origination characteristics and repayment patterns to focus on accounts that are likely to show higher propensity for delays. Further, requisite actions at relatively earlier stages were undertaken when an account is overdue so as to enhance collections and recovery. The Company tied-up with various UPI and payment wallets in order to increase digital collections. In few asset classes such as Consumer Durable Loans, Personal Loans, Used Car Loans the share of digital collections has significantly improved.

On the distribution side, there has been a deeper penetration into the hinterland in focus geographies, and augmented focus on partnerships and tie-ups to enhance reach and business in a cost-effective manner.



Adoption of technology across business was the other major focus area which has helped the Company to perform better in this fiscal. On the business acquisition side, technology has helped the Company to focus on right set of customers at the right time. For example, in Two-Wheeler Loan, Company has implemented the AD-Diya App, which enables self on-boarding of customers by its associate dealer partners, which has helped to grow the network in lower penetrated areas. There was a significant surge in digital leads especially across Used Car Loans, Personal Loans and Consumer Durable Loans. The Company also leveraged technology to improve engagement and penetration with the channel partners and also customers. On the underwriting and collections side as well, machine learning, artificial intelligence and analytics are increasingly being leveraged across various products with the objective of enhancing customer lifetime value.

Over fiscal 2023 as well, these efforts are expected to continue, thereby leading to more positive business outcomes for the Company.

### **Recovery Management**

The Company brought in innovative solutions through technology and analytics to improve the effectiveness and efficiency of the collections process.

### **Collections Strategies Based on Analytics**

The Company has put in place analytics to ascertain which customers are likely to miss payments, send reminders to customers, and drive payments from those who missed payments. Analytics induced collections for delinquent accounts has helped control forward flow across various buckets. The Company also started AI-driven actions for reducing net credit losses. Segmentation of customers and collection agents, and optimisation of collections allocation based on such segments and local geographies is also being done in an effective manner. Data analytics is being used for allocation of collection cases to the field staff, resulting in cost optimisation and improved productivity.

### **Push for Digital Repayments**

The Company tied up with some FinTech companies to push the growth of digital collections. The Company is continuously investing in encouraging customers to make cashless payments through payment gateways and is tying up with digital platforms for this purpose. This will continue to be a key focus area for the Company in coming fiscals.

### **Data & Analytics**

The Company aimed at leveraging analytical tools effectively and increased its focus on data and analytics by introducing a number of initiatives in this area.

### **Credit Underwriting Based on Machine Learning**

The Company expanded the use of Machine Learning (ML) based decisions across its products and functions. In fiscal 2022, the Company leveraged ML-based credit underwriting for both New Tractor and Used Tractor Loans along with Two-Wheeler and Consumer Durable Loans. These automated, algorithmic models have improved credit performance and efficiencies. The Company has effectively deployed ML-enabled cross-sell strategy, which helps in identifying the eligible customers for cross-sell and also suggests the right product to be pitched to these customers.

### **Fraud Detection and Prevention**

The Company has also invested in mitigating fraud risk with the launch of alert mechanisms to combat potential fraud at a customer, dealer or employee level. The Company has also put a fraud detection algorithm for overall enterprise operation. Fraud identification techniques have also been implemented to reduce occurrence of fraudulent activities.

### **Employee and Sales Force Management**

The Company leveraged ML engines to predict attrition, frame retention strategies and design experiments to determine appropriate interventions in case of field personnel incentives. Moreover, the Company undertook analytics-based sales and collections initiatives to bring in right sales executives and collections agents to improve efficiencies.

### **Information Technology**

The Company continues to focus on and invest in data privacy and information security, given their critical importance in enhancing the trust of customers on the Company. The Company strengthened its security landscape by implementing prioritised cyber security projects focussing on access management, network security, data protection and secured development. The technology assessments are being conducted for external technology partners. The Company successfully performed business continuity and disaster recovery drills at a regular frequency. The Company has implemented web-based controls to secure business critical applications and started performing continuous brand monitoring to avoid brand infringement and reputational risks. The Company has put in place additional system controls to enable work from home environment. Applicable regulatory and compliance standards have been adhered.

The Company has put in place a strong framework for data governance and management. Data privacy is also accorded the highest level of importance.

### **Marketing and Branding Initiatives**

The Company continues to strive to create best-in-class user experience for its customers and channel partners and build greater brand awareness and salience amongst the target audience. Towards this end, the focus has been to enhance customer experience, to increase digital penetration in business acquisition and run targeted campaigns to enhance the positioning of the brand. The Company also implemented innovative ambient branding across dealerships in order to increase brand visibility and saliency.

### **Increasing Digital Penetration in Business Acquisition**

Improvement in leads generated through digital channels and digital marketing was one of the major focus areas of the Company during the fiscal. With continued focus and efforts, the Company has witnessed over three times growth in digital sourcing. The Company also tied up with various inventory and aggregator platforms for sourcing business.

### **Focus on Digitalisation for improving customer experience**

Improving customer experience by adopting digital means was the other focus area for the Company during fiscal. On same lines, the Company has launched Smart IVR to assist customers for making payments without any manual interventions. The Company has also enhanced the purview of self-services and digitalisation to enable higher percentage of services availability.

### **New Products Offerings and Branding Initiatives**

With a focus to increase brand awareness, the Company has taken numerous steps such as deployment of innovative collaterals across 2,700+ consumer durable dealerships, 3,900+ Two-wheeler dealerships and 200+ tractor dealerships in India, usage of vernacular collaterals, BTL activation for Retailer Loans across 13 cities etc. The Company has also launched an engagement initiative for Two-Wheeler Loans, Tractor Loans and Used Car Loans channel partners to improve their experience at each stage right from empanelment. In terms of newer products, the Company launched a go-to market communication plan for Implement Loans by creating awareness at 60+ implement dealerships in Andhra Pradesh and 200+ dealerships in Tamil Nadu, distribution of vernacular collaterals etc.

### **Annual Campus Engagement Programme**

The Company regularly engages with college campuses in order to enhance the visibility of the brand amongst the employees of tomorrow and also encourage the talented youth to come up with breakthrough ideas to solve business challenges. E.P.I.C Season 3, the annual campus engagement programme, witnessed 34,000 student registrations from across 2100+ top colleges.

### **Recognition**

Over the last year, the Company has won several marketing awards including 7 awards under various categories at the 11<sup>th</sup> PRCI Excellence Awards and Summit and Dare2Compete Awards wherein the Company's Campus Challenge – E.P.I.C was listed amongst the Top 20 Prestigious B-School Competitions and Top 20 Prestigious E-School Competitions.

### **Human Resources**

People remain the most valuable asset of the Company. The Company has developed a robust human resource management framework to maximise employee performance. The Company is professionally managed with the senior management team having a rich experience and a long tenure with the Company. The Company has created a succession roadmap to build a leadership pipeline and has also undertaken many initiatives to develop organisational leadership and culture. As on 31<sup>st</sup> March, 2022, the Company had 17,158 employees on its rolls.

During the year the Human Resources team undertook several initiatives under three major pillars – Technology, Analytics, and People.

### **Technology Based Initiatives**

The Company uses contemporary technology and automation for recruitment process, training, and performance monitoring to improve productivity. The Company has a portal named Bandhan, a DIY web application for timely management of all the employee-related aspects. The Company also leveraged voice bots (My Buddy) in 6 different vernacular languages for resolving employee queries in local languages. The Company has launched a platform based on artificial intelligence, which has aided in hastening the recruitment process.

During these challenging times, the Company also started mandatory day offs, virtual fun session, and psychological counselling programmes (YourDost) in order to support the employees and ensure their well-being. The Company has also introduced a change management process programme named "Last Mile Connectivity" with the objective that the final employee desired to be benefitted from the required action understands the initiative and responds accordingly.

### **Analytics Based Initiatives**

The Company undertook several initiatives in order to improve and strengthen the internal process. With the help of complex data and analytics, initiatives for strategic allocation of critical accounts to field collection executives based on their performance on field were launched. The Company has successfully implemented attrition prediction model in order to retain critical talent in the organisation.

### **Initiatives for Rewarding and Upskilling the Employee**

The Company has launched employee recognition and training programmes to develop a talented workforce to meet day to day business challenges. The Company has launched a Career Accelerator Programme (CAP) named Aspire in order to up skill the employee base. A programme named New to Analytics has been launched in order to guide those employees who do not have much exposure in analytics.

### **Awards and Recognition**

The Company has seen several recognitions come its way in fiscal 2022. Some of the key awards include "India's Leading BFSI & FinTech Companies 2022" organised by Dun & Bradstreet, "L&D Strategy of the year award at HR L&D Excellence Summit" organised by Business World and CII - Kaizen Award for Process Improvement at 5<sup>th</sup> CII National Kaizen Circle Competition 2022.

The Company duly complied with all the statutory compliances related to employment and labour laws.

### **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 ISO/IEC 27001:2013 recertification for Management systems from Bureau Veritas for all processing hubs and central operations.



### Community Support Initiatives

As part of the community support initiative-Saksham, the Company partnered with Yuva Parivartan to upskill 110 students in the states of Maharashtra (Chandrapur, Gondia, Nagpur, Bhandara and Thane) and Karnataka (Bangalore). The objective of this initiative was to upskill youth especially school dropouts from low income communities by providing them vocational training in subjects such as nursing, tailoring, tally etc. and ensuring meaningful employment opportunities that would give them a sustained source of income. The Company has successfully trained and placed over 750 students since the inception of this programme.

### Funding

Over the last few years, there has been enhanced focus on diversification of borrowings across various sources, by looking at not only the banking channel but also capital markets and external commercial borrowings. The Company managed to achieve significant success towards this endeavor in fiscal 2022.

During the year, the Company has raised fresh borrowings to the tune of ₹5,350 Cr (including long & short-term borrowings) to meet its business requirement. Out of above, the Company raised subordinated debt (Tier 2) to the extent of ₹449 Cr with maiden investment by leading Mutual funds and External Commercial Borrowings (ECB) to the tune of ₹752 Cr on fully hedged basis at competitive rates.

With Equity infusion, participation from NBFCs, Banks, financial institutions and Mutual Funds in the form of Tier 1 (Perpetual Debt Instrument) and Tier 2 capital (Subordinated Debt), the Company has an adequate Capital Adequacy Ratio (CAR). The CAR as on 31<sup>st</sup> March, 2022 stood at 18.64%.

The borrowing strategy of the Company has always been in tandem with assets composition with appropriate consideration for mitigation of interest rate and liquidity risk. Prudent Asset Liability Mix (ALM) aided the Company to have cumulative ALM mismatch (within 1 year bucket) of positive 12.6% as on 31<sup>st</sup> March, 2022 as against accepted mismatch of negative 15.0% as per RBI Guidelines.

Besides, the Company focussed on increasing composition of fixed rate instruments with higher tenure in order to maximise the benefits from the low interest environment in fiscal 2022. There was also strong focus on maintaining adequate liquidity buffers. As on 31<sup>st</sup> March, 2022, Liquid Coverage Ratio (LCR) of the Company stood at 133%, which is more than stipulated limit of 60% set by the regulator. The Liquidity ratios of the company are within the approved tolerance limits set by the Asset Liability Committee of Board.

More importantly, the Company have been able to raise funds at much more competitive rates than the benchmark rates commensurate with the rating category. During fiscal 2022, CRISIL Ratings upgraded the Company's long-term rating Outlook to "Positive" from "Stable", while Brickwork Ratings India upgraded the long-term credit rating to BWR AA. The Company continues to engage with the credit rating agencies with a view to improve the credit rating and lower the cost of funds.

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.

### Credit Ratings

| Facility                               | Rating              |
|--|---------------------|
| Commercial Paper                       | CRISIL / ICRA A1+   |
| Working Capital Demand Loans           | CRISIL AA- / BWR AA |
| Cash Credit                            | CRISIL AA- / BWR AA |
| Long Term Loans                        | CRISIL AA- / BWR AA |
| Non-Convertible Debentures – Long term | CRISIL AA-          |
| Subordinated Debt (Tier 2)             | CRISIL AA- / BWR AA |
| Perpetual Debt (Tier 1)                | CRISIL A+ / BWR AA- |

### Share Capital

During the year under review, the Company issued and allotted 92,59,200 equity shares at a face value of ₹10 per share with premium of ₹152 per share.

The paid-up capital of the Company accordingly stood increased from ₹191.93 Cr (19,19,37,700 equity shares of ₹10/- each) to ₹201.19 Cr (20,11,96,900 equity shares of ₹10/- each) as on 31<sup>st</sup> March, 2022.

### Non-Convertible Debentures

During the year under review, the Company had issued Non-Convertible Debentures (NCDs) of ₹449 Cr on private placement basis. The NCDs have been listed on Wholesale Debt Market segment of National Stock Exchange of India Ltd (NSE). These NCDs have been rated as AA- by CRISIL as of 31<sup>st</sup> March, 2022.

### 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, ₹24.15 Cr 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: 22<sup>nd</sup> 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 ₹151.85 Cr for the financial year 2021-22 as compared to ₹106.17 Cr in the previous year.

### Subsidiary Companies

The following companies are the subsidiaries of the Company as on 31<sup>st</sup> March, 2022, and these subsidiaries have not commenced operations yet.

| S.No. | Name of the Company                  |
|-------|--------------------------------------|
| 1.    | TVS Two Wheeler Mall Private Limited |
| 2.    | Harita ARC Private Limited           |
| 3.    | TVS Housing Finance Private Limited  |

During the year, the Company has divested its entire stake in Harita Collection Services Private Limited, TVS Micro Finance Private Limited and TVS Commodity Financial Solutions 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**

TVS Motor Company Limited is the holding Company and holds 83.70% 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 endeavors 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**

#### **Directors' appointment / re-appointment / cessation**

During the year under review, Ms Sasikala Varadachari, ceased as a Director on expiry of her term as an Independent Director effective 28<sup>th</sup> July, 2021.

Mr T.K Balaji resigned from the Board effective 4<sup>th</sup> February, 2022 and thereby he also ceased as a member of Committees where ever he holds membership.

The Board of Directors in their meeting held on 28<sup>th</sup> July, 2021, had appointed Ms.Kalpana Unadkat, as an Additional Director and also as an Independent Director effective 28<sup>th</sup> July, 2021, on the recommendation of the Nomination and Remuneration Committee (NRC).

The Board noted the evaluation carried out by the Nomination and Remuneration Committee (NRC) of Ms Kalpana Unadkat on various parameters viz., integrity, qualification, expertise, experience and it has satisfied itself with the positive attributes of Ms Kalpana Unadkat in accordance with the Nomination and Remuneration (NR) Policy read with the provisions of Section 178 of the Act, 2013 and the Listing Regulations.

The Company is seeking approval of shareholders for the appointment of Ms Kalpana Unadkat, as Independent Director for a term of five consecutive years effective 28<sup>th</sup> July 2021, at the ensuing AGM.

The Board in the meeting held on 4<sup>th</sup> May, 2022 has appointed Mr.G Venkatraman, as an Additional Director and also as Director and Chief Executive Officer, in the rank of Whole-Time Director effective 4<sup>th</sup> May, 2022, on the recommendation of the Nomination and Remuneration Committee (NRC).

NRC has carried out evaluation of Mr G Venkatraman on various parameters viz., integrity, qualification, expertise, experience and it has satisfied itself with the positive attributes of Mr G Venkatraman in accordance with the Nomination and Remuneration (NR) Policy read with the provisions of Section 178 of the Act, 2013 and the Listing Regulations.

The Company is seeking approval of shareholders for the appointment of Mr G Venkatraman, as a Director and also as Director and Chief Executive Officer, in the rank of Whole-Time Director effective 4<sup>th</sup> May 2022 upto 2<sup>nd</sup> December 2025, 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 Independent Directors(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 the Chairman of the Board and he is not liable to retire by rotation as per Articles of Association of the Company.

Mr.Sudarshan Venu, Non-Executive Director, is liable to retire at the ensuing AGM and being eligible, offers himself for re-appointment.

The NRC at their meeting held on 29<sup>th</sup> April, 2022 recommended his re-appointment after evaluating his 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.Kalpana Unadkat, is the Independent Woman Director of the Company.

**Independent Directors**

In accordance with Section 149(7) of the Act, 2013, all Independent Directors 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 Independent Directors are disclosed on the Company's website in the following link [www.tvscredit.com](http://www.tvscredit.com). All the Independent Directors 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 Independent Director 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 Independent Directors**

During the year under review, a separate meeting of Independent Directors was held on 24<sup>th</sup> March, 2022. All Independent Directors were present and they were enlightened about the objectives and process involved in evaluating the performance of the Board, Non- Independent Directors, Chairman and timeliness of the 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 Independent Directors to facilitate their review / evaluation.

**Non-Independent Directors**

Independent Directors were accomplished with the criteria and methodology and inputs for evaluation of Non-Independent Directors namely, Mr.Venu Srinivasan, Mr.Sudarshan Venu, and Mr.K N Radhakrishnan.

Independent Directors evaluated the performance of all Non-Independent Directors individually, through a set of questionnaires. They reviewed the Non- Independent Directors 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.

Independent Directors were satisfied fully with the performance of all Non-Independent Directors.

### **Chairman**

The Independent Directors 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 Independent Directors 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.

Independent Directors also recorded the growth story of the Company under the stewardship of Chairman and significant increase in turnover and profit.

### **Board**

The Independent Directors also evaluated the 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 focussed 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, Banking, 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.

Independent Directors 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 Independent Directors unanimously evaluated the prerequisites of the Board viz., formulation of strategy, acquisition and 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 Independent Directors 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, Director & Chief Executive Officer and Mr.V Gopalakrishnan, Chief Financial Officer are the Key Managerial Personnel of the Company as on the date of this Report.

During the year, Mr. Ashwin, Company Secretary resigned from the post of Company Secretary and Compliance Officer.

### **Statutory Auditors**

During the year, M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants have tendered their resignation from the position of Statutory Auditors since they do not meet the eligibility criteria as per the RBI Circular. In view of this, on the recommendation of the Board of Directors of the Company, members of the Company in their meeting held on 12<sup>th</sup> November 2021, appointed M/s. Sundaram & Srinivasan Chartered Accountants, Chennai having Firm Registration No. 004207S allotted by the Institute of Chartered Accountants of India as Statutory Auditors of the Company at the Extraordinary General Meeting of the Company for a term of 3 consecutive years 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 Company has obtained the necessary certificate under Section 141 of the Act, 2013 and as per the RBI Circular conveying their eligibility for being Statutory Auditors of the Company for the year 2022-23.

The Auditors' Reports for the financial year 2021-22 do not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

### **Secretarial Auditors**

Mr.T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2021-22.

As required under Section 204 of the Act, 2013 the Secretarial Audit Report for the year 2021-22, 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 of Directors in their meeting held on 4<sup>th</sup> May 2022, on the recommendation of Audit Committee has appointed B. Chandra & Associates, Company Secretaries as Secretarial Auditor of the Company for the FY 2022-23.

### **Secretarial Standards**

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

### **3. 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 31<sup>st</sup> March, 2022, 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 31<sup>st</sup> March, 2022 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

### **4. 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 prescribed form (Annexure I) is available on the Company's website in the link as provided below:

[www.tvscredit.com](http://www.tvscredit.com).

### **5. Number of Meetings of the Board**

The Board met 5 (five) times during the financial year, the details of which are given in the Corporate Governance Report.

### **6. Corporate Governance**

#### **Board Meetings**

During the year under review, the Board met five times on 26<sup>th</sup> April 2021, 2<sup>nd</sup> June 2021, 28<sup>th</sup> July 2021, 19<sup>th</sup> October 2021, and 4<sup>th</sup> February 2022 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, Credit Sanction Committee and Stakeholders Relationship 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 2021-22, based on the recommendation of the Nomination and Remuneration Committee. The approval of the Shareholders by way of a special resolution was obtained at the twelfth Annual General Meeting held on 27<sup>th</sup> July, 2020, in terms of Sections 197 and 198 and any other applicable provisions of the Act, 2013.

**Commission:**

The Company benefits from the expertise, advice and inputs provided by the Independent Directors. The Independent Directors 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 Independent Directors are being paid by way of commission.

As approved by the Shareholders at the Annual General Meeting of the Company held on 27<sup>th</sup> July, 2020, 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 2021-22. 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.

**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 31<sup>st</sup> March, 2022 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 Notes to the financial statement.



## **Risk Management**

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 business loans 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 has put in place Enterprise Risk Management Framework to promote a proactive approach in reporting, measuring, evaluating and resolving risk associated with the business.

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.

## **7. 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. The Company ensures the reliability of financial reporting and compliance with laws and regulations.

The 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.

## **8. 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.

## **9. Corporate Social Responsibility Initiatives**

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 26 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 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. The projects/programmes undertaken by SST and other eligible Trusts are falling within the CSR activities as specified under Schedule VII to the Act, 2013.

Based on the recommendation of the CSR Committee, the Board has approved the projects/ programmes carried out as CSR for an amount of Rs. 3.50 Cr for 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 2021-22 and the Company has met the CSR spending through the Srinivasan Services trust registered with the Ministry of Corporate Affairs.

Presently, SST work with communities and governments to empower India's rural poor through awareness, skills and training programs. SST also do this by helping them find solutions that are sustainable, in areas ranging from economic development, and infrastructure to healthcare and education. SST encourage them to alter their attitudes and take ownership of changes that bring about lasting development.

SST is working in thousands of villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh, and Andhra Pradesh. SST has focused on the areas of economic development, health care, education, environment, social, infrastructure and water conservation actively in many villages. So far in the last 26 years, across SST, more than 60,000 women have been organized into Self-Help Group (SHGs), 2,500 village government infrastructures have been repaired and renovated, more than 290 water bodies have been desilted, to name a few of the activities.

SST has won the 'Outstanding Social Innovation' award at the CK Prahalad Awards 2021 under 'Bottom of the Pyramid' category. The award is a testament to the efforts SST has put in the last 26 years working in 2500 villages in and around Southern India bringing about holistic development.

All of the projects undertaken through SST, for its CSR obligations, are within the limit and do not require impact assessment.

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 the CSR Committee and approved by the Board for the financial year 2021-22 are given by way of Annexure III attached to this Report.

It may also be noted that the CSR Committee has approved the projects or programmes to be undertaken by the SST and other eligible trusts for the year 2022-23, preferably in local areas including the manner of execution, modalities of utilisation of funds and implementation schedules and also monitoring and reporting mechanism for the projects or programmes, as required under the Companies Amendment Act, 2020.

## **10. 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 behavior, 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](http://www.tvscredit.com).

## **11. Sexual Harassment Policy**

The 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, 4 complaints were received and all of them were disposed off.

## **12. 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.

**13. 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 FY22 is ₹35.19 Cr (previous year ₹22.87 Cr). The Company did not have any foreign exchange earnings.

**14. 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.

**15. 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 Chief Executive Officer at the Registered Office of the Company.

**16. Details of Loans / Guarantees / Investments Made**

Furnishing the details of investments under Section 186 of the Act, 2013 for the financial year 2021-22 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.

**17. Reporting of Fraud**

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

**18. 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.

**19. 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 18.64%, 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 relevant policies as approved by the Board of Directors.

## **20. 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 : 4<sup>th</sup> May, 2022

**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. Brief outline on CSR Policy of the Company:

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 programmes for the transformation and sustainable development of the rural communities at large.

2. Composition of CSR Committee:

| S.No. | Name of the Director | Designation              | Status   |
|-------|----------------------|--------------------------|----------|
| 1.    | Mr.Venu Srinivasan   | Non-Independent Director | Chairman |
| 2.    | Mr.R Gopalan         | Independent Director     | Member   |
| 3.    | Mr.K N Radhakrishnan | Non-Independent Director | Member   |

|    |   |   |                |   |  |
|----|---|---|----------------|---|--|
| 3. | Web-link where Composition of CSR Committee, Policy and Projects approved by the Board are disclosed on the website of the Company  | <a href="https://www.tvscredit.com/investors">https://www.tvscredit.com/investors</a> |                |   |  |
| 4. | Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).               | Not Applicable  |                |   |  |
| 5. | Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any | S. No.  | Financial Year | Amount available for set-off from preceding Financial Years (₹ in Cr) | Amount required to be set-off for the Financial Year, if any (₹ in Cr) |
|    |   | 1   | 2020-21        | 0.15  | Nil  |
| 6. | Average net profit of the Company as per Section 135(5).  | ₹171.07 Cr  |                |   |  |
| 7. | a. Two percent of average net profit of the Company as per section 135(5))  | ₹3.42 Cr  |                |   |  |
|    | b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years  | NIL   |                |   |  |
|    | c. Amount required to be set-off for the financial year, if any   | NIL   |                |   |  |
|    | d. Total CSR obligation for the financial year (7a+7b- 7c).   | ₹3.42 Cr  |                |   |  |

8 (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹)   |                  |   |        |                  |
|--|---|------------------|---|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per Section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) |        |                  |
|  | Amount  | Date of Transfer | Name of the Fund  | Amount | Date of Transfer |
| ₹3.50 Cr   | NA  | NA               | NA  | NA     | NA               |

8 (b) Details of CSR amount **spent against ongoing projects** for the financial year: Not Applicable

8 (c) Details of CSR amount **spent against other than ongoing projects** for the financial year:

| Name of the Project   | Activities Undertaken  | Item from the list of activities in Schedule VII to the Companies Act, 2013                                 |
|-----------------------|--|---|
| Livestock             | <ul style="list-style-type: none"> <li>Conducting veterinary camps</li> <li>Conducting awareness program to upgrade new technologies on livestock management</li> <li>Demo on feed management and training on proper cattle management</li> </ul>                | Rural development projects  |
| Youth Development     | <ul style="list-style-type: none"> <li>Training on vocational skills</li> <li>Creating job opportunities</li> </ul>  | Promotion of Education, including special education and employment, enhancing vocation skills.              |
| Health                | <ul style="list-style-type: none"> <li>Awareness program for Women &amp; Children</li> <li>Supply of Nutritious food to tribal people and providing medicines free of cost</li> <li>Conducting general health camp including anemia awareness program</li> </ul> | Eradicate poverty, promoting preventive healthcare and sanitation and making available safe drinking water. |
| Education             | <ul style="list-style-type: none"> <li>Renovation and maintenance of Anganwadi and primary &amp; Middle School &amp; Hr. Sec School</li> <li>Conducting Mother volunteers meeting</li> <li>Providing smart class and conducting competitions</li> </ul>          | Promotion of Education, including special education and employment, enhancing vocation skills.              |
| Water Conservation    | <ul style="list-style-type: none"> <li>De-silting of Minor Irrigation ponds and water channels</li> <li>Strengthening of bunds</li> <li>Construction of check dams and creation of rainwater harvesting structures</li> </ul>                                    | Rural development projects  |
| Local area (Yes / No) | Yes  |   |

|  |  |
|--|--|
| Location of the Project (State / District) | <ul style="list-style-type: none"> <li>- Tamil Nadu: Tiruchirapalli, Tiruvannamalai, Nilgiris, Chennai and Dindigul</li> <li>- Karnataka: Chamaraja Nagar</li> <li>- Maharashtra: Pune district</li> </ul> |
| Amount spent for the Project (in ₹)        | ₹3.50 Cr   |
| Mode of Implementation – Direct (Yes / No) | No   |
| Name of the Implementing Agency            | <b>Srinivasan Services Trust</b><br>Jayalakshmi Estates,<br>No. 29, Haddows Road,<br>Chennai - 600 006<br>Tamil Nadu<br>Phone No.: 044-28332115<br>Mail ID: swaran@tvssst.org                              |
| CSR Registration No.                       | CSR00001508  |

|       |   |                |
|-------|---|----------------|
| 8 (d) | Amount spent on Impact Assessment, if applicable        | Not Applicable |
| 8 (e) | Amount spent on Impact Assessment, if applicable        |                |
| 8 (f) | Total amount spent for the Financial Year (8b+8c+8d+8e) | ₹3.50 Cr       |

|       |                                   |
|-------|-----------------------------------|
| 8 (g) | Excess amount for set-off, if any |
|-------|-----------------------------------|

| S.No. | Particulars   | Amount (in ₹) |
|-------|---|---------------|
| i.    | Two percent of average net profit of the Company as per section 135(5)                                      | ₹3.42 Cr      |
| ii.   | Total amount spent for the Financial Year   | ₹3.50 Cr      |
| iii.  | Excess amount spent for the financial year [(ii)-(i)]   | ₹0.08 Cr      |
| iv.   | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NIL           |
| v.    | Amount available for set-off in succeeding financial years [(iii)-(iv)]                                     | ₹0.08 Cr      |

|                |  |  |  |   |        |                  |  |
|----------------|--|--|--|---|--------|------------------|--|
| 9 (a)          | Details of unspent CSR amount for the preceding three Financial Years (In ₹) |  |  |   |        |                  |  |
| S. No.         | Preceding Financial Year   | Amount transferred to unspent CSR Account under Section 135(6) | Amount spent in the reporting Financial Year | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any |        |                  | Amount remaining to be spent in succeeding Financial Years |
|                |  |  |  | Name of the Fund  | Amount | Date of Transfer |  |
| Not Applicable |  |  |  |   |        |                  |  |



|       |   |
|-------|---|
| 9 (b) | Details of CSR amount spent in the financial year for <b>ongoing projects</b> of the preceding financial year(s):<br>- Not Applicable |
|-------|---|

|     |  |                |
|-----|--|----------------|
| 10. | In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year; <b>(asset-wise details)</b> . |                |
|     | a. Date of creation or acquisition of the capital asset(s)   | Not Applicable |
|     | b. Amount of CSR spent for creation or acquisition of capital asset  |                |
|     | c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.  |                |
|     | d. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.  |                |
| 11. | Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per section 135(5).   | Not Applicable |

Place : Chennai  
Date : 4<sup>th</sup> May, 2022

**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 | Harita ARC Private Limited | TVS Housing Finance Private Limited |
| 2.    | Reporting Period for the Subsidiary concerned, if different from the Holding Company's Reporting Period                     | 01.04.2021 to 31.03.2022             | 01.04.2021 to 31.03.2022   | 01.04.2021 to 31.03.2022            |
| 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                                 |
| 4.    | Share Capital / Contribution  | 0.25                                 | 0.25                       | 1,200.00                            |
| 5.    | Reserves & Surplus  | (1.23)                               | (1.25)                     | 221.89                              |
| 6.    | Total Assets  | 0.24                                 | 0.24                       | 1,438.95                            |
| 7.    | Total Liabilities   | 0.24                                 | 0.24                       | 1,438.95                            |
| 8.    | Investments   | -                                    | -                          | -                                   |
| 9.    | Turnover  | -                                    | -                          | -                                   |
| 10.   | Profit/(Loss) before taxation   | (0.29)                               | (0.29)                     | 66.95                               |
| 11.   | Provision for taxation  | -                                    | -                          | 16.94                               |
| 12.   | Profit/(Loss) after taxation  | (0.29)                               | (0.29)                     | 50.01                               |
| 13.   | Proposed Dividend   | -                                    | -                          | -                                   |
| 14.   | % of shareholding   | 100%                                 | 100%                       | 100%                                |

As per our report annexed

**For Sundaram & Srinivasan**  
Chartered Accountants  
Firm Regn No.: 004207S

**S. Usha**  
Partner  
Membership No.: 211785  
4<sup>th</sup> May, 2022

For and on behalf of the Board

**V Gopalakrishnan**  
Chief Financial Officer

**G Venkatraman**  
Chief Executive Officer

**Venu Srinivasan**  
Chairman

Place : Chennai  
Date : 4<sup>th</sup> May, 2022

## Annexure-V to Directors' Report to the Shareholders

As part of 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 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 are 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 31<sup>st</sup> March, 2022, the Board comprises of Seven Directors, viz.,

| S.No. | Name of the Director  | Designation                        |
|-------|-----------------------|------------------------------------|
| 1.    | Mr.Venu Srinivasan    | Non-Executive Chairman             |
| 2.    | Mr.Sudarshan Venu     | Non-Executive Director             |
| 3.    | Mr.K N Radhakrishnan  | Non-Executive Director             |
| 4.    | Mr.V Srinivasa Rangan | Non-Executive Independent Director |
| 5.    | Mr.R Gopalan          | Non-Executive Independent Director |
| 6.    | Mr.B Sriram           | Non-Executive Independent Director |
| 7.    | Ms.Kalpana Unadkat*   | Non-Executive Independent Director |

Appointed w.e.f. 28<sup>th</sup> July, 2021

## 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 5 (Five) times on the following dates;

| FY 2021-22              | Meeting Date   |
|-------------------------|--|
| April – June (Q1)       | 26 <sup>th</sup> April, 2021<br>2 <sup>nd</sup> June, 2021 |
| July – September (Q2)   | 28 <sup>th</sup> July, 2021                                |
| October – December (Q3) | 19 <sup>th</sup> October, 2021                             |
| January – March (Q4)    | 4 <sup>th</sup> February, 2022                             |

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      | Board Meetings |          | Whether present at previous AGM held on 28 <sup>th</sup> July, 2021 |
|-------|-----------------------|----------------|----------|---|
|       |                       | Held           | Attended |   |
| 1.    | Mr.Venu Srinivasan    | 5              | 5        | Yes   |
| 2.    | Mr.Sudarshan Venu     | 5              | 5        | No  |
| 3.    | Mr.V Srinivasa Rangan | 5              | 5        | No  |
| 4.    | Mr.K N Radhakrishnan  | 5              | 5        | No  |
| 5.    | Mr.R Gopalan          | 5              | 5        | No  |
| 6.    | Mr.B Sriram           | 5              | 5        | Yes   |
| 7.    | Ms.Kalpana Unadkat    | 2              | 2        | NA  |

### 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, Credit Sanction Committee, Senior Management Committee and Stakeholders Relationship Committee.

#### a. 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 Companies Act, 2013. The composition of the Committee is in accordance with the requirements of Section 177 of the Companies 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 interalia 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.

#### 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 of 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 the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the 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 of 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 the 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 if any) 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.

During the year under review, the Committee met four times on 26<sup>th</sup> April 2021, 28<sup>th</sup> July 2021, 19<sup>th</sup> October 2021, and 4<sup>th</sup> February 2022.

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

| Date of the Meeting            | Members Present |               |                       |
|--------------------------------|-----------------|---------------|-----------------------|
|                                | Mr.R Gopalan    | Mr.V S Rangan | Mr. K N Radhakrishnan |
| 26 <sup>th</sup> April, 2021   | ✓               | ✓             | ✓                     |
| 28 <sup>th</sup> July, 2021    | ✓               | ✓             | ✓                     |
| 19 <sup>th</sup> October, 2021 | ✓               | ✓             | ✓                     |
| 4 <sup>th</sup> February, 2022 | ✓               | ✓             | ✓                     |

**b. Corporate Social Responsibility Committee:**

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder, 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 programmes 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.
- To identify CSR activities to be undertaken in terms of the provisions of the Act and Rules thereunder, provided such activities are indicated in the CSR Policy;
- Subject to the provisions of the Act, recommend the locations for carrying out CSR activities
- To recommend the expenditure to be incurred & monitor the CSR Policy from time to time.

Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes 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 ₹3.50 Cr. constituting more than 2% of average net profits, for the immediate past three financial years, towards CSR spending for the financial year 2021-22.

SST, over 26 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 26<sup>th</sup> April, 2021 and attendance by the members of the Committee, during the year under review, are given in the table below:

| Date of the Meeting          | Members Present    |              |                     |
|------------------------------|--------------------|--------------|---------------------|
|                              | Mr.Venu Srinivasan | Mr.R Gopalan | Mr.K N Radakrishnan |
| 26 <sup>th</sup> April, 2021 | ✓                  | ✓            | ✓                   |

**c. 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 Credit ("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 Credit based on (i) TVS Credit'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.

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

| Date of the Meeting          | Members present |               |                      |
|------------------------------|-----------------|---------------|----------------------|
|                              | Mr.R Gopalan    | Mr.V S Rangan | Mr.K N Radhakrishnan |
| 26 <sup>th</sup> April, 2021 | ✓               | ✓             | ✓                    |
| 16 <sup>th</sup> July, 2021  | ✓               | ✓             | ✓                    |

During the year, the Nomination and Remuneration Committee was reconstituted with Ms. Kalpan Unadkat as Chairperson and Mr.Sudarshan Venu and Mr.B Sriram as members of the Committee.

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 a member.

In addition to the sitting fees, the Non - Executive Independent Director(s) shall be entitled to a 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.

**d. Risk Management Committee:**

The Company has laid down procedures to inform the 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/minimisation 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.



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

| Date of the Meeting             | Members Present    |                      |               |
|---------------------------------|--------------------|----------------------|---------------|
|                                 | Ms.Kalpana Unadkat | Mr.K N Radhakrishnan | Mr.V S Rangan |
| 26 <sup>th</sup> April, 2021    | -                  | LOA                  | ✓             |
| 4 <sup>th</sup> October, 2021   | ✓                  | ✓                    | ✓             |
| 24 <sup>th</sup> December, 2021 | ✓                  | ✓                    | ✓             |
| 28 <sup>th</sup> March, 2022    | ✓                  | ✓                    | ✓             |

During the year, the Risk Management Committee was reconstituted with Mr.K N Radhakrishnan as Chairman and Mr.V S Rangan and Ms.Kalpana Unadkat as members of the Committee.

**e. 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.

During the year under review, the Committee met four times on 29<sup>th</sup> June, 2021, 4<sup>th</sup> October, 2021, 19<sup>th</sup> November, 2021 and 31<sup>st</sup> March, 2022.

Composition of ALCO and attendance of members are as below:

| Name of the Members | Position | Meeting Details |          |
|---------------------|----------|-----------------|----------|
|                     |          | Held            | Attended |
| Mr.B Sriram         | Chairman | 4               | 4        |
| Mr.Sudarshan Venu   | Member   | 4               | 1        |
| Mr.G Venkatraman    | Member   | 3               | 3        |

During the year, the Asset Liability Management Committee was reconstituted with Mr.B Sriram as Chairman and Mr.Sudarshan Venu and Mr.G Venkatraman as members of the Committee.

**f. Information Technology (IT) Strategy Committee:**

In line with the information technology / information systems directions issued by RBI vide their circular dated 8<sup>th</sup> June, 2017, in addition to the IT Governance, NBFCs are required to constitute 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.

As per the above requirement, the Company has constituted an Information Technology Strategy Committee.

During the year under review, the Committee met two times on 29<sup>th</sup> June, 2021 and 14<sup>th</sup> December, 2021.

The Information Technology Strategy Committee was reconstituted with the below-mentioned members.

Composition of IT Strategy Committee and attendance of members are as below:

| Name of the Members  | Position | Meeting Details |          |
|----------------------|----------|-----------------|----------|
|                      |          | Held            | Attended |
| Mr.B Sriram          | Chairman | 2               | 1        |
| Mr.Sudarshan Venu    | Member   | 2               | -        |
| Mr.K N Radhakrishnan | Member   | 2               | 2        |
| Mr.G Venkatraman     | Member   | 2               | 2        |
| Mr.V Gopalakrishnan  | Member   | 2               | 2        |
| Mr.C Arulanandam     | Member   | 2               | 2        |



**g. Credit Sanction Committee:**

The Company constituted the Credit Sanction Committee (CSC) to consider and approve credit proposals of material nature.

During the year under review, the Committee met one time on 14<sup>th</sup> December, 2021.

The Committee consists of the following Directors and officials:

| S.No. | Name                | Status                  |
|-------|---------------------|-------------------------|
| 1.    | Mr.B Sriram         | Chairman                |
| 2.    | Mr.Sudarshan Venu   | Member                  |
| 3.    | Mr.G Venkatraman    | Chief Executive Officer |
| 4.    | Mr.V Gopalakrishnan | Chief Financial Officer |
| 5.    | Mr.K Gopala Desikan | Special Officer         |

**h. 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 9<sup>th</sup> November, 2017 in this regard.

During the year under review, the Committee met four times on 29<sup>th</sup> June, 2021, 30<sup>th</sup> September, 2021, 24<sup>th</sup> December, 2021 and 7<sup>th</sup> March, 2022.

**i. Stakeholders Relationship Committee:**

The Stakeholders Relationship Committee is empowered to perform the functions of the Board relating to handling of stakeholders' queries and grievances. The terms of reference for the Committee is as follows:

- Oversee and review all matters connected with the transfer of the Company's securities.
- Monitor redressal of investors' / shareholders' / security holders' grievances.
- Oversee the performance of the Company's Registrar and Transfer Agents.
- Recommend methods to upgrade the standard of services to investors.
- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

Composition of the Stakeholders Relationship Committee are as follows:

| Name of the Director | Position |
|----------------------|----------|
| Mr.K N Radhakrishnan | Chairman |
| Mr.R Gopalan         | Member   |
| Ms.Kalpana Unadkat   | Member   |

**Related Party Transactions Policy**

- The Company has formulated a policy on related party transactions (RPTs). The Audit Committee reviews and approves the said transactions between the Company and related parties, as defined under the Companies 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/>.
- 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 31<sup>st</sup> March, 2022. 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 2021-22 are as follows:

| S.No. | Name of the Directors     | Sitting Fees<br>(Amount in ₹) | Commission<br>(Amount in ₹) |
|-------|---------------------------|-------------------------------|-----------------------------|
| 1.    | Mr.Venu Srinivasan        | 54,000                        | -                           |
| 2.    | Mr.Sudarshan Venu         | 54,000                        | -                           |
| 3.    | Mr. K N Radhakrishnan     | 1,53,000                      | -                           |
| 4.    | Mr. V Srinivasa Rangan    | 1,44,000                      | 12,00,000                   |
| 5.    | Mr. R Gopalan             | 1,17,000                      | 12,00,000                   |
| 6.    | Mr. B Sriram              | 1,08,000                      | 12,00,000                   |
| 7.    | Ms. Kalpana Unadkat*      | 63,000                        | 8,12,055                    |
| 8.    | Ms.Sasikala Varadachari** | 45,000                        | 3,87,945                    |
| 9.    | Mr. T K Balaji***         | 36,000                        | -                           |

\* Appointed as Director from 28<sup>th</sup> July, 2021

\*\* Ceased to be Director on 28<sup>th</sup> July, 2021

\*\*\* Resigned as Director on 4<sup>th</sup> February, 2022

- 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 <https://www.tvscredit.com/>

## SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2022**

[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: ₹250,00,00,000/-

Paid-up Capital: ₹201,19,69,000/-

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 authorised 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 31<sup>st</sup> March, 2022 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 31<sup>st</sup> March, 2022 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 provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iv) During the year under review, the Company has received External Commercial Borrowings of USD 100 Million from State Bank of India, London Branch in compliance with 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 is not applicable;
- v) 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.
- vi) Further, during the year under review, the Company has listed its Non-Convertible Debentures with National Stock Exchange of India Ltd.

Besides this, 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 (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, which was replaced by the Securities and Exchange Benefits and Sweat Equity) Regulations, 2021 (with effect from 13<sup>th</sup> August 2021;
  - (d) 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;
  - (e) 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.
- vii) 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) RBI - Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016
  - 3) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - 4) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
  - 5) Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993
  - 6) Contract Labour (Regulations & Abolition) Act, 1970
  - 7) Compliance with the requirements of Foreign Exchange Management Act and Non Banking Finance Companies (Reserve Bank) Directions 2016 with regard to non-acceptance of Deposits from Public;
  - 8) 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.
  - 9) Motor Vehicles Act, 1938;
  - 10) Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;
  - 11) Profession Tax, 1992;
  - 12) 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;
  - 13) Goods and Services Tax & Rules made thereunder;
  - 14) Indian & State Stamp Act and Rules;
  - 15) Competition Act, 2002;
  - 16) Trade & Merchandise Marks Act, 1958;
  - 17) Patents Act, 1970
  - 18) 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 in case where meeting was held on shorter notice, consent for shorter notice was obtained from all the Directors, 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 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 ₹3.50 Cr, constituting more than 2% of average net profits for the immediate past three financial years, has been spent for the financial year 2021-22 on the projects/programmes that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST),/other CSR compliant institutions in line with CSR Policy of the Company.

- 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 a 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 a 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 of 92,59,200 equity shares of ₹10/- each at a premium of ₹152/- per equity share total aggregating to ₹149,99,90,400/- on private placement basis, during the year, comprised in three 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 @ ₹152/- per Equity Share (₹) | Total Amount of Preferential Allotment (₹) |
|-------------------|--------------------------------|-------------------------------|---|---------------------------------------|--|
| 28/07/2021        | TVS Motor Company Limited      | 30,86,400                     | 3,08,64,000/-                                 | 46,91,32,800/-                        | 49,99,96,800/-                             |
| 04/10/2021        | TVS Motor Company Limited      | 30,86,400                     | 3,08,64,000/-                                 | 46,91,32,800/-                        | 49,99,96,800/-                             |
| 31/03/2022        | VS Investments Private Limited | 30,86,400                     | 3,08,64,000/-                                 | 46,91,32,800/-                        | 49,99,96,800/-                             |
| Total             |                                | 92,59,200                     | 9,25,92,000/-                                 | 140,73,98,400/-                       | 149,99,90,400/-                            |

- ii) Issued and allotted 449 Nos 8.85% listed unsecured redeemable non-convertible debentures of Nominal amount per NCD of ₹1,00,00,000/- aggregating to 449,00,00,000/- (Rupees four hundred and forty nine crores only) 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 there under.

| Date of Allotment | Name of the Allottee                     | No. of NCDs Allotted | Nominal Value of 1 NCD | Total Amount of Preferential Allotment (₹) |
|-------------------|--|----------------------|------------------------|--|
| 01/12/2021        | ICICI Prudential Credit Risk Fund        | 99                   | 1,00,00,000/-          | 99,00,00,000/-                             |
| 10/12/2021        | ICICI Prudential Credit Risk Fund        | 35                   | 1,00,00,000/-          | 35,00,00,000/-                             |
| 10/12/2021        | ICICI Prudential Balanced Advantage Fund | 35                   | 1,00,00,000/-          | 35,00,00,000/-                             |
| 10/12/2021        | ICICI Prudential All Seasons Bond Fund   | 30                   | 1,00,00,000/-          | 30,00,00,000/-                             |
| 10/12/2021        | HDFC Credit Risk Debt Fund               | 200                  | 1,00,00,000/-          | 200,00,00,000/-                            |
| 10/12/2021        | HDFC Medium Term Debt Fund               | 50                   | 1,00,00,000/-          | 50,00,00,000/-                             |
| Total             |  | 449                  |                        | 449,00,00,000/-                            |

- iii) Not done any Redemption/ buyback of securities;
- iv) No major decisions were taken by the members in pursuance to section 180 of the Companies Act 2013.
- v) No Merger/ amalgamation/ reconstruction etc. took place during the year under review.
- vi) Not entered into any Foreign technical collaborations during the year under review.

Place : Chennai  
Date : 28<sup>th</sup> April, 2022

Name of the Company Secretary: T N Sridharan  
Membership No. FCS 3797  
Certificate of Practice No. 4191  
UDIN: F003797D000225546



CIN: U65920TN2008PLC069758

Authorised Capital: ₹250,00,00,000/-

Paid-up Capital: ₹201,19,69,000/-

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.

Place : Chennai  
Date : 28<sup>th</sup> April, 2022

Name of the Company Secretary: T N Sridharan  
Membership No. FCS 3797  
Certificate of Practice No. 4191  
UDIN: F003797D000225546

To the Members of TVS Credit Services Limited

## Report on the Standalone Financial Statements

### Opinion

We have audited the accompanying Standalone financial statements of **TVS Credit Services Limited** ("the Company"), which comprise the Balance Sheet as on 31<sup>st</sup> March, 2022, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the 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 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 on 31<sup>st</sup> March, 2022 and its 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 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### 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. The following are the Key Audit Matters.

| Key Audit Matter  | How our audit addressed the Key matter  |
|---|---|
| <p><b>Impairment Loss Allowance</b></p> <p>Management's judgements in the calculation of impairment allowances have significant impact on the standalone financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach as required by IND-AS 109 relating to "Financial Instruments."</p> <p>Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. Categorisation of loans in Stage I, II and III based on identification of: <ol style="list-style-type: none"> <li>(a) Exposures with significant increase in credit risk since their origination and</li> <li>(b) Individually impaired / default exposures</li> </ol> </li> <li>2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on experience.</li> </ol> | <ul style="list-style-type: none"> <li>• We obtained an understanding of management's assessment of impairment of loans and advances including the IND-AS 109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology.</li> <li>• We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions.</li> <li>• We also verified the key judgements and assumptions relating to the macro-economic scenarios including the impact of COVID-19 pandemic and the associated probability weights.</li> <li>• We also assessed the approach of the Company for categorisation the loans in various stages reflecting the inherent risk in the respective loans.</li> <li>• For a sample of financial assets, we tested the correctness of staging, reasonableness of PD, accuracy of LGD and ECL computation.</li> <li>• We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject.</li> </ul> |



| Key Audit Matter  | How our audit addressed the Key matter  |
|---|---|
| <p>3. The impact of different future macroeconomic conditions in the determination of ECL.</p> <p>These judgements required the models to be reassessed including the impact of COVID-19 pandemic to measure the ECL.</p> <p>Management has made several interpretations and assumptions when designing and implementing models that are compliant with the standard.</p> <p>The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.</p> | <p>As a result of the above audit procedures no material differences were noted. We confirm the adequacy of disclosures made in the financial statements.</p>   |
| <p><b>IT Systems and Controls</b></p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems.</p> <p>Any control lapses, validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being mis-stated.</p>   | <p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, programme development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p> <p>Reliance was also placed on the System Audit report of the Company.</p> <p>Based on our review no material weakness was found in the IT Systems and Controls.</p> |

### Information Other than the Standalone 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 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 our audit or otherwise appears to be materially mis-stated.

If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and those charged with Governance for the Financial Statements

The Company's Board of Directors is 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015. 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 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 mis-statement, whether due to fraud or error.

In preparing the standalone 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material mis-statement, 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 mis-statement when it exists. Mis-statements 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material mis-statement 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 mis-statement 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 Companies Act, 2013, 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 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 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, 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 standalone financial statements comply with the Accounting Standards specified under including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;
  - e. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the Directors are disqualified as on 31<sup>st</sup> March, 2022 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 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 explanation given to us, the remuneration 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 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 in Note no.39.
    - 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. The derivative contracts being in the nature of the hedge contracts, the Company does not anticipate any material losses from the same.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.
    - iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- b. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to my/our notice that has caused me/us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- v. The Company has not declared or paid any dividend during the year.

For **Sundaram and Srinivasan**  
Chartered Accountants  
FRN: 004207S

**S. Usha**  
Partner  
Membership Number: 211785  
UDIN: 22211785AIJAKR5746

Date : 4<sup>th</sup> May, 2022  
Place : Chennai

With reference to the Annexure A referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of TVS Credit Services Limited on the Financial Statements for the year ended 31<sup>st</sup> March, 2022, we report that:

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant, and Equipment and relevant details of right-of-assets.  
(B) The Company is maintaining proper records showing full particulars of Intangible Assets.
  - b) Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed
  - c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
  - d) The Company has not revalued its Property, Plant, and equipment or Intangible assets or both during the year.
  - e) Based on our examination of the Books of Accounts and other Records of the Company and based on the information and explanation provided by the management, no proceedings has been initiated or pending against the Company for holding any benami property under Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Hence reporting under this clause is not applicable.
  - (ii) a) The company does not have any inventory and hence reporting under this clause is not applicable.
  - b) During the year, the Company had availed working capital limits in excess of Rupees five crore from banks and financial institutions on the basis of security of current assets. The quarterly returns and the statements submitted to lenders are in agreement with the books of accounts.
  - (iii) a) Clause 3(iii)(a) is not applicable to the Company since the Company's principal business is to give loans.
  - b) Based on our examination of the Books of Accounts and other Records of the Company and based on the information and explanation provided by the management, the investments made, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prima facie prejudicial to the Company's interest.
  - c) The schedule of repayment of principal and payment of interest has been stipulated for all Loans and advances in the nature of loans. The repayments of principal and payments of interest are regular except for loans amounting to ₹2874.59 crore for which repayment of principal and payments of interest are not regular.
- | Bucket           | Amount      |
|------------------|-------------|
| 1-90 DPD         | ₹2345.60 Cr |
| More than 90 DPD | ₹528.99 Cr  |
- d) The amounts overdue for more than 90 days aggregating principal repayment and interest payments is ₹528.99 crore. In our opinion reasonable steps have been taken by the Company for recovery of principal and interest.
  - e) Clause 3(iii)(e) is not applicable to the Company since the Company's principal business is to give loans.
  - f) The Company has not given loans or advances in the nature of loans repayable on demand or without specifying the terms or period of repayment.
  - (iv) The Company has complied with the provisions of section 185 and 186 of the Act in respect of loans granted, investments made, guarantees given and securities provided, wherever applicable.
  - (v) The Company has not accepted any deposits within the meaning of sections 73 to 76, or any other relevant provisions of the Act and the rules framed thereunder.
  - (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) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues applicable to it during the year with appropriate authorities.

b) According to the information and explanations given to us, dues of service tax has not been deposited with the appropriate authorities on account of dispute as per details below

| Description   | Amount in Cr |
|---|--------------|
| Disputed Service Tax Demand inclusive of Penalty – Commissioner order / Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.36 Cr) | ₹7.70        |

(viii) There was no transaction which were not recorded in the books of accounts or surrendered as income during the year in the tax assessments under Income Tax Act.

(ix) a) Based on our examination of the books of accounts and other records of the Company, The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

b) Based on our examination of the Books of Accounts and other Records of the Company and based on the information and explanation provided by the management, the Company has not been declared as a willful defaulter by any bank, financial institution, or any other lender.

c) Based on our examination of the Books of Accounts and other records of the Company and based on the information and explanation provided by the management, Term Loans obtained were applied for the purposes which it was obtained.

d) Based on our examination of the Books of Accounts and other records of the Company and based on the information and explanation provided by the management, no funds raised on short term basis have been utilised for long term purposes.

e) Based on our examination of the Books of Accounts and other Records of the Company and based on the information and explanation provided by the management, The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) The Company has not raised loans during the year on pledge of securities held in its subsidiaries, joint ventures or associate companies.

x) a) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer during the year.

b) The Company has made preferential allotment of equity shares. The requirements of 62 of the Companies Act have been duly complied with by the Company. The Company has not made any private placement during the year. Based on our examination of Books of Records and other Records of the according to the information and explanations provided by the management, the funds raised have been used for the purposes for which the funds were raised.

xi) a) To the best of our knowledge and belief and according to the information and explanations given to us, during the year, no fraud by the Company or fraud on the Company were noticed or reported during the course of our audit except as disclosed in the Clause "e" in Disclosure pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD) CC.No.002/03/10/001/2014-15 dated 10<sup>th</sup> November, 2014 .

b) No report under sub section (12) of Section 143 of the Companies Act in form ADT-4 was filed as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) The Company did not receive any whistle blower complaints during the year.

xii) The Company is not a Nidhi Company. Hence, clauses 3(xii)(a),(b),(c) of the order are not applicable.



- xiii) The transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) a) The Company has an Internal Audit System commensurate with the size and nature of its business.  
b) We have considered the reports of internal auditors for the financial year ended 31<sup>st</sup> March, 2022.
- xv) According to the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with Directors or persons connected with the Directors during the year.
- xvi) a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and has obtained registration.  
b) The Company has conducted Non-Banking Financial Activities with valid Certificate of Registration from Reserve Bank of India.  
c) The Company is not a Core Investment Company, hence reporting under clause 3(xvi)(c) is not applicable  
d) The Group does not have any Core Investment Companies as a part of the group.
- xvii) The Company has not incurred cash losses during the year and the immediately preceding financial year.
- xviii) There was resignation of statutory auditors during the year in pursuance of the circular issued by the RBI. We have considered the issues, objections or concerns raised by the outgoing auditors.
- xix) On the basis of our evaluation of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statement and our knowledge of Board of Directors and Management plans, we are of the opinion that, no material uncertainty exists as on the date of Audit Report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx) a) There is no unspent amount of Corporate Social Responsibility expenditure which requires to be transferred to a fund specified in schedule VII to the Companies Act, 2013  
b) The company does not have any ongoing project for CSR. Hence reporting under this clause is not applicable.
- xxi) The Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements did not include any qualification or adverse remarks.

For **Sundaram and Srinivasan**  
Chartered Accountants  
Firm Registration Number: 004207S

**S. Usha**  
Partner  
Membership Number: 211785  
UDIN: 22211785AIJAKR5746

Place : Chennai  
Date : 04<sup>th</sup> May, 2022

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

We have audited the internal financial controls over financial reporting of **TVS Credit Services Limited** ("the Company") as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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 ("the Act").

**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 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance

with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and may 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 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 31<sup>st</sup> March, 2022 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 issued by the ICAI.

For **Sundaram and Srinivasan**  
Chartered Accountants  
Firm Registration No.: 004207S

**S. Usha**  
Partner  
Membership Number: 211785  
UDIN: 22211785AIJAKR5746

Place : Chennai  
Date : 4<sup>th</sup> May, 2022

# STANDALONE BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| S.No.    | Particulars  | Note No.  | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|----------|--|-----------|------------------------------------|------------------------------------|
|          | <b>ASSETS</b>  |           |                                    |                                    |
| <b>1</b> | <b>Financial Assets</b>  |           |                                    |                                    |
| (a)      | Cash and Cash Equivalents  | 2         | 956.23                             | 653.14                             |
| (b)      | Bank Balances other than (a) above   | 3         | 6.00                               | 0.87                               |
| (c)      | Derivative Financial Instruments   | 4         | 64.06                              | -                                  |
| (d)      | Receivables  |           |                                    |                                    |
|          | i) Trade Receivables   | 5         | 37.90                              | 25.87                              |
| (e)      | Loans  | 6         | 14,014.30                          | 11,154.95                          |
| (f)      | Investments  | 7         | 12.01                              | 12.01                              |
| (g)      | Other Financial Assets   | 8         | 57.63                              | 95.68                              |
|          | <b>Total</b>   |           | <b>15,148.13</b>                   | <b>11,942.52</b>                   |
| <b>2</b> | <b>Non-Financial Assets</b>  |           |                                    |                                    |
| (a)      | Current Tax Assets (Net)   | 9         | 7.10                               | 17.26                              |
| (b)      | Deferred Tax Assets (Net)  | 10        | 140.23                             | 115.69                             |
| (c)      | Investment Property  | 11        | 85.16                              | 85.16                              |
| (d)      | Property, Plant and Equipment  | 12        | 20.22                              | 16.53                              |
| (e)      | Right-to-use Asset   | 12        | 18.12                              | 18.68                              |
| (f)      | Other Intangible Assets  | 12        | 1.36                               | 4.04                               |
| (g)      | Other Non-Financial Assets   | 13        | 39.81                              | 26.97                              |
|          | <b>Total</b>   |           | <b>312.00</b>                      | <b>284.33</b>                      |
|          | <b>Total Assets</b>  |           | <b>15,460.13</b>                   | <b>12,226.85</b>                   |
|          | <b>LIABILITIES AND EQUITY</b>  |           |                                    |                                    |
|          | <b>LIABILITIES</b>   |           |                                    |                                    |
| <b>1</b> | <b>Financial Liabilities</b>   |           |                                    |                                    |
| (a)      | Derivative Financial Instruments   | 4         | -                                  | 14.57                              |
| (b)      | Payables   |           |                                    |                                    |
|          | I. Trade Payables  |           |                                    |                                    |
|          | i) Total outstanding dues of micro enterprises and small enterprises                       | 14        | 3.55                               | -                                  |
|          | ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 14        | 330.23                             | 229.35                             |
| (c)      | Debt Securities  | 15        | 2,213.68                           | 1,170.85                           |
| (d)      | Borrowings other than debt securities  | 16        | 9,457.10                           | 8,041.11                           |
| (e)      | Subordinated Liabilities   | 17        | 1,293.34                           | 942.79                             |
| (f)      | Other Financial Liabilities  | 18        | 230.68                             | 207.09                             |
|          | <b>Total</b>   |           | <b>13,528.58</b>                   | <b>10,605.76</b>                   |
| <b>2</b> | <b>Non-Financial Liabilities</b>   |           |                                    |                                    |
| (a)      | Provisions   | 19        | 38.34                              | 33.75                              |
| (b)      | Other Non-Financial Liabilities  | 20        | 29.57                              | 23.64                              |
|          | <b>Total</b>   |           | <b>67.91</b>                       | <b>57.39</b>                       |
| <b>3</b> | <b>Equity</b>  |           |                                    |                                    |
| (a)      | Equity Share Capital   | 21        | 201.20                             | 191.94                             |
| (b)      | Other Equity   | 22        | 1,662.44                           | 1,371.76                           |
|          | <b>Total</b>   |           | <b>1,863.64</b>                    | <b>1,563.70</b>                    |
|          | <b>Total Liabilities and Equity</b>  |           | <b>15,460.13</b>                   | <b>12,226.85</b>                   |
|          | <b>Significant Accounting Policies forming part of financial statements</b>                | <b>1</b>  |                                    |                                    |
|          | <b>Additional Notes forming part of financial statements</b>                               | <b>38</b> |                                    |                                    |

As per our report of even date

For and on behalf of the Board of Directors of  
TVS Credit Services Limited

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

**S. Usha**  
Partner  
Membership No. 211785  
Place : Chennai  
Date : 4<sup>th</sup> May, 2022

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer

# STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| S.No.       | Particulars   | Note No.  | Year ended 31 <sup>st</sup> March, 2022 | Year ended 31 <sup>st</sup> March, 2021 |
|-------------|---|-----------|---|---|
|             | <b>Revenue from Operations</b>  |           |   |   |
| i)          | Interest Income   | 23        | 2,445.93                                | 2,041.06                                |
| ii)         | Fee and Commission Income   | 24        | 300.52                                  | 196.76                                  |
| <b>I)</b>   | <b>Total Revenue from Operations</b>  |           | <b>2,746.45</b>                         | <b>2,237.82</b>                         |
| II)         | Other Income  | 25        | 8.97                                    | 3.11                                    |
| <b>III)</b> | <b>Total Income (I + II)</b>  |           | <b>2,755.42</b>                         | <b>2,240.93</b>                         |
|             | <b>Expenses</b>   |           |   |   |
| i)          | Finance Costs   | 26        | 782.13                                  | 729.44                                  |
| ii)         | Fees and Commission Expenses  |           | 208.52                                  | 135.17                                  |
| iii)        | Impairment of Financial instruments   | 27        | 554.15                                  | 466.79                                  |
| iv)         | Employee Benefit Expenses   | 28        | 711.78                                  | 584.81                                  |
| v)          | Depreciation, Amortisation and Impairment   |           | 19.12                                   | 19.92                                   |
| vi)         | Other Expenses  | 29        | 323.51                                  | 199.40                                  |
| <b>IV)</b>  | <b>Total Expenses</b>   |           | <b>2,599.21</b>                         | <b>2,135.53</b>                         |
| V)          | Profit / (Loss) before exceptional items and tax  |           | <b>156.21</b>                           | <b>105.40</b>                           |
| VI)         | Exceptional items   |           | 5.00                                    | -                                       |
| <b>VII)</b> | <b>Profit / (Loss) before tax</b>   |           | <b>151.21</b>                           | <b>105.40</b>                           |
| VIII)       | Tax Expenses  | 30        |   |   |
|             | Current Tax   |           | 64.84                                   | 46.52                                   |
|             | Deferred Tax  |           | (34.36)                                 | (38.10)                                 |
| <b>IX)</b>  | <b>Profit/(Loss) for the year</b>   |           | <b>120.73</b>                           | <b>96.98</b>                            |
| X)          | Other Comprehensive Income  | 31        |   |   |
| A.          | Items that will not be reclassified to Profit or Loss - Itemwise  |           |   |   |
|             | Remeasurement of the defined benefit plans  |           | (1.67)                                  | (3.50)                                  |
|             | Income Tax relating to these items  |           | 0.42                                    | 0.88                                    |
| B.          | Items that will be reclassified to Profit or Loss - Itemwise  |           |   |   |
|             | Fair value change on cash flow hedge  |           | 40.71                                   | (3.55)                                  |
|             | Income Tax relating to these items  |           | (10.25)                                 | 0.89                                    |
|             | <b>Other Comprehensive Income (A+B)</b>   |           | <b>29.21</b>                            | <b>(5.28)</b>                           |
| <b>XI)</b>  | <b>Total Comprehensive Income for the year (Comprising Profit / (Loss) and Other Comprehensive Income for the Year)</b> |           | <b>149.94</b>                           | <b>91.70</b>                            |
| <b>XII)</b> | <b>Earnings Per Share</b>   | <b>32</b> |   |   |
|             | Basic (₹)   |           | 6.17                                    | 5.19                                    |
|             | Diluted (₹)   |           | 6.17                                    | 5.19                                    |
|             | <b>Significant Accounting Policies forming part of financial statements</b>   | <b>1</b>  |   |   |
|             | <b>Additional Notes forming part of financial statements</b>  | <b>38</b> |   |   |

As per our report of even date

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

**S. Usha**  
Partner  
Membership No. 211785  
Place : Chennai  
Date : 4<sup>th</sup> May, 2022

For and on behalf of the Board of Directors of  
**TVS Credit Services Limited**

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer

# STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Particulars   | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| <b>Cash Flow From Operating Activities</b>                                  |  |  |
| Profit Before Income Tax  | 151.21                                     | 105.40                                     |
| <b>Adjustment For:</b>  |  |  |
| Depreciation and Amortisation Expenses                                      | 19.12                                      | 19.92                                      |
| Impairment of Financial Assets  | 106.83                                     | 106.57                                     |
| (Profit) / Loss on disposal of Property, Plant and Equipment                | (0.02)                                     | (0.33)                                     |
| Finance Charges   | 782.13                                     | 729.43                                     |
| Unwinding of Discount on Security Deposits                                  | (6.80)                                     | (2.68)                                     |
| Remeasurement of defined Benefit Plans                                      | (1.67)                                     | (3.50)                                     |
| Employee Benefit Obligations  | 4.60                                       | 5.77                                       |
| <b>Cash generated from operations before working capital changes</b>        | <b>904.19</b>                              | <b>855.18</b>                              |
| <b>Change in operating assets and liabilities</b>                           |  |  |
| (Increase) / Decrease in Trade Receivables                                  | (13.43)                                    | 22.00                                      |
| (Increase) / Decrease in Loans  | (2,958.34)                                 | (1,796.96)                                 |
| (Increase) / Decrease in Other Financial Assets                             | 38.40                                      | 13.16                                      |
| (Increase) / Decrease in Other Non-Financial Assets                         | (12.84)                                    | 1.82                                       |
| Increase / (Decrease) in Trade Payables                                     | 104.44                                     | 60.72                                      |
| Increase / (Decrease) in Other Financial Liabilities                        | 30.39                                      | 41.70                                      |
| Increase / (Decrease) in Other Non-Financial Liabilities                    | 5.93                                       | 6.24                                       |
| Financing Charges paid  | (767.76)                                   | (688.59)                                   |
| <b>Cash used in operations</b>  | <b>(2,517.81)</b>                          | <b>(1,379.32)</b>                          |
| Income taxes paid   | (54.68)                                    | (48.91)                                    |
| <b>Net cash out flow from operating activities</b>                          | <b>(2,572.49)</b>                          | <b>(1,428.23)</b>                          |
| <b>Cash flows from investing activities</b>                                 |  |  |
| Payments for Property, Plant and Equipment and Investment Property          | (13.10)                                    | (8.00)                                     |
| Proceeds from sale of Property, Plant and Equipment and Investment Property | 0.05                                       | 0.36                                       |
| Decrease in Deposits with Bank  | (5.13)                                     | 10.75                                      |
| <b>Net cash inflow / (outflow) from investing activities</b>                | <b>(18.18)</b>                             | <b>3.11</b>                                |
| <b>Cash flows from financing activities</b>                                 |  |  |
| Proceeds from Issue of Shares   | 150.00                                     | 99.98                                      |
| Proceeds from Issue / (Repayment) of Debt Securities (net)                  | 1,042.83                                   | 674.66                                     |
| Proceeds / (Repayment) of Borrowings (net)                                  | 1,507.21                                   | 887.64                                     |
| Proceeds / (Repayment) of Subordinated Liabilities (net)                    | 350.55                                     | 330.02                                     |
| Payments of Lease Liabilities   | (8.55)                                     | (8.94)                                     |
| <b>Net cash inflow from financing activities</b>                            | <b>3,042.04</b>                            | <b>1,983.36</b>                            |
| <b>Net Increase or (Decrease) in Cash &amp; Cash equivalents</b>            | <b>451.37</b>                              | <b>558.24</b>                              |
| Cash and Cash equivalents at the beginning of the year                      | <b>496.24</b>                              | <b>(62.00)</b>                             |
| <b>Cash and Cash equivalents at the end of the year</b>                     | <b>947.61</b>                              | <b>496.24</b>                              |

As per our report of even date

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

For and on behalf of the Board of Directors of  
**TVS Credit Services Limited**

**S. Usha**  
Partner  
Membership No. 211785  
Place : Chennai  
Date : 4<sup>th</sup> May, 2022

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer

# STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

## I) Equity Share Capital

|   | Notes | Amounts |
|---|-------|---------|
| Balance as at 1 <sup>st</sup> April, 2020       |       | 185.18  |
| Changes in equity share capital during the year | 21    | 6.76    |
| Balance as at 31 <sup>st</sup> March, 2021      |       | 191.94  |
| Changes in equity share capital during the year | 21    | 9.26    |
| Balance as at 31 <sup>st</sup> March, 2022      |       | 201.20  |

## II) Other Equity

| Reserves and Surplus                       |       |                            |                   |                   |                                |          |
|--|-------|----------------------------|-------------------|-------------------|--------------------------------|----------|
|  | Notes | Securities Premium Account | Statutory Reserve | Retained earnings | Other Reserves - Hedge Reserve | Total    |
| Balance as at 1 <sup>st</sup> April, 2020  |       | 629.41                     | 120.75            | 451.69            | (15.00)                        | 1,186.85 |
| Change in accounting Policy                |       | -                          | -                 | -                 | -                              | -        |
| Profit for the year                        | 22    | -                          | -                 | 96.98             | -                              | 96.98    |
| Other comprehensive income                 | 22    | -                          | -                 | (2.62)            | (2.67)                         | (5.29)   |
| Transaction in the capacity as owners      |       |                            |                   |                   |                                | -        |
| Transfer to Statutory reserve              | 22    | -                          | 19.40             | (19.40)           | -                              | -        |
| Issuance of equity shares                  | 22    | 93.22                      | -                 | -                 | -                              | 93.22    |
| Balance as at 31 <sup>st</sup> March, 2021 |       | 722.63                     | 140.15            | 526.65            | (17.67)                        | 1,371.76 |
| Profit for the year                        | 22    | -                          | -                 | 120.73            | -                              | 120.73   |
| Other comprehensive income                 | 22    | -                          | -                 | (1.25)            | 30.46                          | 29.21    |
| Transaction in the capacity as owners      |       |                            |                   |                   |                                | -        |
| Transfer to statutory reserve              | 22    | -                          | 24.15             | (24.15)           | -                              | -        |
| Issuance of equity shares                  | 22    | 140.74                     | -                 | -                 | -                              | 140.74   |
| Balance as at 31 <sup>st</sup> March, 2022 |       | 863.37                     | 164.29            | 621.98            | 12.79                          | 1,662.44 |

As per our report of even date

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

**S. Usha**  
Partner  
Membership No. 211785  
Place : Chennai  
Date : 4<sup>th</sup> May, 2022

For and on behalf of the Board of Directors of  
**TVS Credit Services Limited**

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer

## 1 Significant Accounting Policies forming part of Financial Statements

### COMPANY BACKGROUND

TVS Credit Services Limited ('the Company') (CIN U65920TN2008PLC069758) 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 – 600 006, Tamil Nadu, India. The Company is a subsidiary of TVS Motor Company Limited.

The Company received Certificate of Registration (No. N-07-00783) dated 13<sup>th</sup> April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity there on. The Company is a Systemically Important Non-Deposit taking Non-Banking Finance Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged in providing Automobile Finance, Consumer Loans and Small Business Loans. The Company is categorised as "NBFC - Investment and Credit Company (NBFC-ICC)" vide RBI circular DNBR (PD) CC.No.097/03.10.001/2018-19 dated 22<sup>nd</sup> 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 financial statements have been prepared in accordance with Division III of Schedule III of Companies Act, 2013 notified by MCA on 11th October, 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:

- i. Certain financial assets and liabilities (including derivative instruments) are measured at fair value as stated in notes;
- ii. 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:

- i. Determining inputs into the ECL measurement model - (Refer Note 35)
- ii. Estimation of defined benefit obligation - (Refer Note 33)

The areas involving critical judgements are:

- i. 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.
- ii. Derecognition of financial assets and securitisation.
- iii. Categorisation 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. 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

- i. Amortised cost,
- ii. Fair value through Other Comprehensive Income (FVOCI), and
- iii. Fair value through Profit or Loss (FVTPL)

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.

Business Model Assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because it reflects the best way the business is managed, and information is provided to the management.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

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 FVTPL 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 FVTPL 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 Other Comprehensive Income (FVOCI):

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### iii. Fair Value through Profit or Loss (FVTPL):

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.

#### iv. Investment in Subsidiaries:

Investments in Subsidiary and Associate are measured at cost as per IND-AS 27 – Separate Financial Statements.

## 3. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

#### A. Interest Income:

1. Interest income is recognised 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.

2. For credit-impaired financial assets, interest income is calculated by applying the effective interest rate to their amortised cost of credit impaired assets. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.
3. Income by way of additional interest on account of delayed payment by the customers is recognised on realisation basis, due to uncertainty in collection.

**B. Dividend Income:**

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

**C. Fees and Commission Income:**

1. Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognised as the performance obligations are performed and there is no significant financing component of the consideration.
2. Income in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collection.
3. The Company recognises revenue from contract with customers based on five step model as set out in IND-AS 115, Revenue from Contracts with Customers to determine when to recognise revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customers. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

**D. Other Income:**

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

**4. Impairment of financial assets**

The Company recognises loss allowance for Expected Credit Loss "ECL" on the following financials instruments that are not measured at FVTPL:

- i. Loans and Other receivables
- ii. Trade receivables

**i. Loans and Other receivables**

Expected credit losses are measured through a loss allowance at an amount equal to:

1. The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
2. Full lifetime expected credit losses (expected credit losses that result from all possible default events over the expected life of the financial instrument).

Both Life Time ECLs (LTECL) and 12 months ECLs are calculated on collective basis.

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 categorises loan assets into stages based on the Days Past Due status:

| Stage   | Past due                   | ECL           |
|---------|----------------------------|---------------|
| Stage 1 | Up to 30 days past due     | 12 Month ECL  |
| Stage 2 | 31-90 Days Past Due        | Life-time ECL |
| Stage 3 | More than 90 Days Past Due | Life-time ECL |

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.

**Collateral repossessed:**

The Company does the regular repossession of collateral provided against the loans in case of default in agreed payments. The Company generally sell the asset repossessed to recover the underlying loan and does not use for internal operation. As per the Company's accounting policy, collateral repossessed are not recorded on the balance sheet.

**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 derecognised 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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.
- Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.
- 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 derecognised 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 34. 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 positive balance in bank cash credit. Bank cash credit with negative balances 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 is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- ii. 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 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.

**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 recognised in respect of employee's 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 lakh 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 rate 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).

**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 non-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 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 recognises 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 ₹500,000 in value) the Company recognises 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.

**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. 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.



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 2 Cash and Cash equivalents**

| S.No. | Description                              | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|--|---------------------------------------|---------------------------------------|
| a)    | Cash on hand*                            | 5.69                                  | 15.42                                 |
| b)    | Balance with banks<br>- Current accounts | 950.54                                | 637.72                                |
|       | <b>Total</b>                             | <b>956.23</b>                         | <b>653.14</b>                         |

\* Represents cash collected from borrowers as on Balance Sheet date subsequently deposited with Bank.

**Cash and Cash equivalents considered in the cash flow statement**

| S.No. | Description  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|--|---------------------------------------|---------------------------------------|
| a)    | Cash and Cash equivalents as shown above   | 956.23                                | 653.13                                |
| b)    | Less: Overdrafts utilised<br>(Grouped under Borrowings (other than debt securities) - Note 16) | 8.62                                  | 156.89                                |
|       | <b>Total</b>   | <b>947.61</b>                         | <b>496.24</b>                         |

**NOTE 3 Bank Balance other than Cash and Cash equivalents\***

| S.No. | Description                                       | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|---|---------------------------------------|---------------------------------------|
| a)    | Bank Balance other than Cash and Cash equivalents | 6.00                                  | 0.87                                  |
|       | <b>Total</b>                                      | <b>6.00</b>                           | <b>0.87</b>                           |

\* Balance maintained in Fixed Deposits as Cash Collateral towards Cash Credit (CC) facilities.

**NOTE 4 Derivative Financial Instruments**

| S.No. | Description   | As at 31 <sup>st</sup> March, 2022 |                        |                             |
|-------|---|------------------------------------|------------------------|-----------------------------|
|       |   | Notional<br>amounts                | Fair Value -<br>Assets | Fair Value -<br>Liabilities |
| a)    | Other Derivatives - Cross Currency Swap<br>Derivatives designated as cash flow hedges | 2,108.05                           | 64.06                  | -                           |
|       | <b>Total</b>  |                                    | <b>64.06</b>           | <b>-</b>                    |
| S.No. | Description   | As at 31 <sup>st</sup> March, 2021 |                        |                             |
|       |   | Notional<br>amounts                | Fair Value -<br>Assets | Fair Value -<br>Liabilities |
| a)    | Other Derivatives - Cross Currency Swap<br>Derivatives designated as cash flow hedges | 1,356.55                           | -                      | 14.57                       |
|       | <b>Total</b>  |                                    | <b>-</b>               | <b>14.57</b>                |

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprises of Cross Currency Interest Rate Swaps (CCIRS). The Company undertakes such transactions for hedging interest/foreign exchange risk on borrowings. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

The notional amount for CCIRS represents underlying foreign currency borrowings for which the Company has entered to hedge the variable interest rate and foreign exchange risks.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 5 Trade Receivables**

| S.No. | Particulars   | Outstanding for following periods from due date of payment as at 31 <sup>st</sup> March, 2022 |                  |           |           |                   |              |
|-------|---|---|------------------|-----------|-----------|-------------------|--------------|
|       |   | Less than 6 months  | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | Total        |
| i.    | Undisputed Trade receivables – considered good                                | 37.90   | -                | -         | -         | -                 | 37.90        |
| ii.   | Undisputed Trade Receivables – which have significant increase in credit risk | -   | -                | -         | -         | -                 | -            |
| iii.  | Undisputed Trade Receivables – credit impaired                                | -   | -                | -         | -         | -                 | -            |
| iv.   | Disputed Trade Receivables–considered good                                    | -   | -                | -         | -         | -                 | -            |
| v.    | Disputed Trade Receivables – which have significant increase in credit risk   | -   | -                | -         | -         | -                 | -            |
| vi.   | Disputed Trade Receivables – credit impaired                                  | -   | -                | -         | -         | -                 | -            |
|       | <b>Total</b>  | <b>37.90</b>  | <b>-</b>         | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>37.90</b> |

| S.No. | Particulars   | Outstanding for following periods from due date of payment as at 31 <sup>st</sup> March, 2021 |                  |             |             |                   |              |
|-------|---|---|------------------|-------------|-------------|-------------------|--------------|
|       |   | Less than 6 months  | 6 months -1 year | 1-2 years   | 2-3 years   | More than 3 years | Total        |
| i.    | Undisputed Trade receivables – considered good                                | 24.24   | 0.03             | 0.21        | 0.02        | -                 | 24.49        |
| ii.   | Undisputed Trade Receivables – which have significant increase in credit risk | 1.38  | -                | -           | -           | -                 | 1.38         |
| iii.  | Undisputed Trade Receivables – credit impaired                                | -   | -                | -           | -           | -                 | -            |
| iv.   | Disputed Trade Receivables–considered good                                    | -   | -                | -           | -           | -                 | -            |
| v.    | Disputed Trade Receivables – which have significant increase in credit risk   | -   | -                | -           | -           | -                 | -            |
| vi.   | Disputed Trade Receivables – credit impaired                                  | -   | -                | -           | -           | -                 | -            |
|       | <b>Total</b>  | <b>25.61</b>  | <b>0.03</b>      | <b>0.21</b> | <b>0.02</b> | <b>-</b>          | <b>25.87</b> |

**NOTE 6 Loans**

| S.No. | Description                        | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|-------|------------------------------------|------------------------------------|------------------------------------|
|       |                                    | Amortised Cost                     |                                    |
| a)    | Term Loans                         |                                    |                                    |
| i)    | Automobile Financing               | 11,143.53                          | 9,442.57                           |
| ii)   | Consumer Lending                   | 2,519.56                           | 1,532.76                           |
| iii)  | Small Business Lending             | 739.87                             | 469.29                             |
|       | <b>Total Loans - Gross</b>         | <b>14,402.96</b>                   | <b>11,444.62</b>                   |
| b)    | Less: Impairment Loss Allowance    | 388.66                             | 289.67                             |
| c)    | <b>Total Loans - Net (a) - (b)</b> | <b>14,014.30</b>                   | <b>11,154.95</b>                   |
|       | <b>Nature</b>                      |                                    |                                    |
| a)    | Secured by Tangible Assets         | 11,212.15                          | 9,509.84                           |
| b)    | Unsecured Loans                    | 3,190.81                           | 1,934.78                           |
| c)    | <b>Total Gross (a) + (b)</b>       | <b>14,402.96</b>                   | <b>11,444.62</b>                   |
| d)    | Less: Impairment Loss Allowance    | 388.66                             | 289.67                             |
| e)    | <b>Total - Net (c) - (d)</b>       | <b>14,014.30</b>                   | <b>11,154.95</b>                   |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 6 Loans (Contd.)**

| S.No. | Description                     | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|---------------------------------|---------------------------------------|---------------------------------------|
| i)    | Loans in India                  |                                       |                                       |
|       | Public Sector                   | -                                     | -                                     |
|       | Others                          | 14,402.96                             | 11,444.62                             |
|       | <b>Total Gross</b>              | <b>14,402.96</b>                      | <b>11,444.62</b>                      |
|       | Less: Impairment Loss Allowance | 388.66                                | 289.67                                |
|       | <b>Total - Net</b>              | <b>14,014.30</b>                      | <b>11,154.95</b>                      |
| ii)   | Loans Outside India             | -                                     | -                                     |
| iii)  | <b>Total Loans (i) + (ii)</b>   | <b>14,014.30</b>                      | <b>11,154.95</b>                      |

- a. Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and/or equitable mortgage of property and/or equipment.
- b. The stock of loan (automobile finance) includes 11,926 nos repossessed vehicles as at Balance Sheet date. (31<sup>st</sup> March, 2021: 13,292 nos).
- c. The term loans include loans given to related parties (refer note 38(8) and these loans which have been granted to related parties are specified with terms or period of repayment. These loans have been classified under Stage 1 category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created.

**NOTE 7 Investments**

| S.No. | Description  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|--|---------------------------------------|---------------------------------------|
| a)    | <b>Investment in equity instruments of Subsidiaries*</b>   |                                       |                                       |
| i)    | TVS Housing Finance Private Limited (1,20,00,000 (31 <sup>st</sup> March, 2021: 1,20,00,000) shares of ₹10 each fully paid up) | 12.00                                 | 12.00                                 |
| ii)   | TVS Two Wheeler Mall Private Ltd (2,500 (31 <sup>st</sup> March, 2021: 2,500) shares of ₹10 each fully paid up)                | 0.00                                  | 0.00                                  |
| iii)  | TVS Commodity Financial Solutions Private Limited (Nil (31 <sup>st</sup> March, 2021: 2,500) shares of ₹10 each fully paid up) | -                                     | 0.00                                  |
| iv)   | Harita ARC Private Limited (2,500 (31 <sup>st</sup> March, 2021: 2,500) shares of ₹10 each fully paid up)                      | 0.00                                  | 0.00                                  |
| v)    | TVS Micro Finance Private Limited (Nil (31 <sup>st</sup> March, 2021: 2,500) shares of ₹10 each fully paid up)                 | -                                     | 0.00                                  |
| vi)   | Harita Collection Services Private Limited (Nil (31 <sup>st</sup> March, 2021: 2,500) shares of ₹10 each fully paid up)        | -                                     | 0.00                                  |
|       | <b>Total - Gross (A)</b>   | <b>12.01</b>                          | <b>12.01</b>                          |
|       | (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)  | -                                     | -                                     |
|       | <b>Total - Net (D) = (A) - (C)</b>   | <b>12.01</b>                          | <b>12.01</b>                          |

\* Investments in subsidiaries is carried at cost as per IND-AS 27

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 8 Other Financial Assets**

| S.No. | Description                                  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|--|---------------------------------------|---------------------------------------|
| a)    | Employees related Receivables                | 4.85                                  | 4.13                                  |
| b)    | Security Deposit for Leased Premises         | 8.27                                  | 7.49                                  |
| c)    | Advances to Related Parties                  | 38.10                                 | 73.21                                 |
| d)    | Other Financial Assets - Related Parties     | 0.02                                  | 0.04                                  |
| e)    | Other Financial Assets - Non-Related Parties | 9.41                                  | 9.41                                  |
| f)    | Deposit with Service Providers               | 6.39                                  | 4.39                                  |
|       | <b>Total Gross (A)</b>                       | <b>67.04</b>                          | <b>98.67</b>                          |
|       | Less: Allowance for Impairment Loss (B)      | 9.41                                  | 2.99                                  |
|       | <b>Total (A)-(B)</b>                         | <b>57.63</b>                          | <b>95.68</b>                          |

**NOTE 9 Current Tax Assets (net)**

| S.No. | Description         | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|---------------------|---------------------------------------|---------------------------------------|
| a)    | Opening Balance     | 17.26                                 | 14.88                                 |
| b)    | Add: Taxes paid     | 54.68                                 | 48.90                                 |
| c)    | Less: Taxes Payable | (64.84)                               | (46.52)                               |
|       | <b>Total</b>        | <b>7.10</b>                           | <b>17.26</b>                          |

**NOTE 10 Deferred Tax Assets/(Liabilities)**

The balance comprises temporary differences attributable to:

| S.No. | Description  | As at<br>1 <sup>st</sup> April,<br>2020 | Charge/<br>(credit)<br>to profit<br>and loss | Charge/<br>(credit)<br>to OCI | As at<br>31 <sup>st</sup> March,<br>2021 | Charge/<br>(credit)<br>to profit<br>and loss | Charge/<br>(credit)<br>to OCI | As at<br>31 <sup>st</sup> March,<br>2022 |
|-------|--|---|--|-------------------------------|--|--|-------------------------------|--|
|       | <b>Deferred tax assets/(liabilities) on account of :</b>                             |   |  |                               |  |  |                               |  |
| a)    | Impairment allowance for financial instruments                                       | 46.77                                   | 31.54  | -                             | 78.31                                    | 22.81  | -                             | 101.12                                   |
| b)    | Difference between depreciation as per Books of Account and the Income Tax Act, 1961 | 4.60                                    | 0.47   | -                             | 5.07                                     | 0.17   | -                             | 5.24                                     |
| c)    | Provision for Compensated Absences and Gratuity                                      | 4.22                                    | 0.40   | 0.94                          | 5.55                                     | 1.50   | 0.15                          | 7.20                                     |
| d)    | Provision for Pension  | 2.82                                    | 0.17   | (0.06)                        | 2.93                                     | 0.26   | 0.28                          | 3.47                                     |
| e)    | Expenses Disallowed under Section 40 (a) (ia)  | 4.22                                    | 1.88   | -                             | 6.10                                     | 4.47   | -                             | 10.57                                    |
| f)    | Impact of effective interest rate adjustment on Financial Assets                     | 4.59                                    | 3.97   | -                             | 8.56                                     | 9.12   | -                             | 17.68                                    |
| g)    | Impact of unwinding the advances to related parties                                  | 2.73                                    | (0.35)                                       | -                             | 2.38                                     | (1.57)                                       | -                             | 0.81                                     |
| h)    | Mark to market on derivatives  | 5.05                                    | -  | 0.89                          | 5.94                                     | -  | (10.25)                       | (4.30)                                   |
| i)    | Impact of effective interest rate adjustment on Financial Liabilities                | -                                       | -  | -                             | -  | (2.52)                                       | -                             | (2.52)                                   |
| j)    | Impact of Lease Accounting as per IND-AS 116   | 0.82                                    | 0.02   | -                             | 0.84                                     | 0.12   | -                             | 0.96                                     |
|       | <b>Total deferred tax Assets/(liabilities)</b>                                       | <b>75.82</b>                            | <b>38.10</b>                                 | <b>1.77</b>                   | <b>115.69</b>                            | <b>34.36</b>                                 | <b>(9.82)</b>                 | <b>140.23</b>                            |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 11 Investment Property**

| Description   | Land         | Building | Total        |
|---|--------------|----------|--------------|
| Year ended 31 <sup>st</sup> March, 2022                             |              |          |              |
| Gross carrying amount as of 1 <sup>st</sup> April, 2021             | 85.16        | -        | 85.16        |
| Additions   | -            | -        | -            |
| <b>Sub-total</b>  | <b>85.16</b> | <b>-</b> | <b>85.16</b> |
| Disposals   | -            | -        | -            |
| <b>Closing gross carrying amount (A)</b>                            | <b>85.16</b> | <b>-</b> | <b>85.16</b> |
| Depreciation and amortisation                                       | -            | -        | -            |
| Opening accumulated depreciation                                    | -            | -        | -            |
| Depreciation/amortisation charge during the year                    | -            | -        | -            |
| <b>Sub-total</b>  | <b>-</b>     | <b>-</b> | <b>-</b>     |
| Disposals   | -            | -        | -            |
| <b>Closing accumulated depreciation and amortisation (B)</b>        | <b>-</b>     | <b>-</b> | <b>-</b>     |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2022 (A)-(B)</b> | <b>85.16</b> | <b>-</b> | <b>85.16</b> |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2021</b>         | <b>85.16</b> | <b>-</b> | <b>85.16</b> |

| Description   | Land         | Building | Total        |
|---|--------------|----------|--------------|
| Year ended 31 <sup>st</sup> March, 2021                             |              |          |              |
| Gross carrying amount as of 1 <sup>st</sup> April, 2020             | 85.16        | -        | 85.16        |
| Additions   | -            | -        | -            |
| <b>Sub-total</b>  | <b>85.16</b> | <b>-</b> | <b>85.16</b> |
| Disposals   | -            | -        | -            |
| <b>Closing gross carrying amount (A)</b>                            | <b>85.16</b> | <b>-</b> | <b>85.16</b> |
| Depreciation and amortisation                                       | -            | -        | -            |
| Opening accumulated depreciation                                    | -            | -        | -            |
| Depreciation/amortisation charge during the year                    | -            | -        | -            |
| <b>Sub-total</b>  | <b>-</b>     | <b>-</b> | <b>-</b>     |
| Disposals   | -            | -        | -            |
| <b>Closing accumulated depreciation and amortisation(B)</b>         | <b>-</b>     | <b>-</b> | <b>-</b>     |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b> | <b>85.16</b> | <b>-</b> | <b>85.16</b> |

(i) Fair value

|                       | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-----------------------|---------------------------------------|---------------------------------------|
| Investment properties | 411.15                                | 414.90                                |

a) The fair value of the investment property is based on the independent valuation obtained by the Company.

b) The title deed of the investment property is in the name of the Company.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 12 Property, Plant and Equipment, Right-to-use Asset and Intangible assets**

| Description  | Property, Plant and Equipment |                      |                  |             |              | Right-to-use Asset | Intangible Assets (Computer Software) |
|--|-------------------------------|----------------------|------------------|-------------|--------------|--------------------|---------------------------------------|
|  | Computer                      | Furniture & fixtures | Office equipment | Vehicles    | Total        |                    |                                       |
| <b>Year ended 31<sup>st</sup> March, 2022</b>                                |                               |                      |                  |             |              |                    |                                       |
| Gross Carrying Amount as on 31 <sup>st</sup> March, 2021                     | 23.41                         | 11.87                | 13.08            | 0.02        | 48.38        | 33.08              | 16.08                                 |
| Additions  | 9.38                          | 0.83                 | 1.64             | 1.15        | 13.00        | 6.49               | 0.10                                  |
| Adjustment due to revaluation and acquisitions through business combinations | -                             | -                    | -                | -           | -            | -                  | -                                     |
| <b>Sub-total</b>   | <b>32.79</b>                  | <b>12.70</b>         | <b>14.72</b>     | <b>1.17</b> | <b>61.38</b> | <b>39.57</b>       | <b>16.18</b>                          |
| Disposals  | 0.05                          | 0.14                 | 0.13             | -           | 0.32         | -                  | -                                     |
| <b>Closing Gross Carrying Amount (A)</b>                                     | <b>32.74</b>                  | <b>12.56</b>         | <b>14.59</b>     | <b>1.17</b> | <b>61.06</b> | <b>39.57</b>       | <b>16.18</b>                          |
| Depreciation and Amortisation  |                               |                      |                  |             |              |                    |                                       |
| Opening Accumulated Depreciation   | 16.85                         | 7.30                 | 7.69             | 0.01        | 31.85        | 14.40              | 12.04                                 |
| Depreciation/Amortisation charge during the year                             | 5.54                          | 1.38                 | 2.21             | 0.15        | 9.28         | 7.05               | 2.78                                  |
| <b>Sub-Total</b>   | <b>22.39</b>                  | <b>8.68</b>          | <b>9.90</b>      | <b>0.16</b> | <b>41.13</b> | <b>21.45</b>       | <b>14.82</b>                          |
| Disposals  | 0.04                          | 0.12                 | 0.13             | -           | 0.29         | -                  | -                                     |
| <b>Closing accumulated depreciation and amortisation (B)</b>                 | <b>22.35</b>                  | <b>8.56</b>          | <b>9.77</b>      | <b>0.16</b> | <b>40.84</b> | <b>21.45</b>       | <b>14.82</b>                          |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2022 (A)-(B)</b>          | <b>10.39</b>                  | <b>4.00</b>          | <b>4.82</b>      | <b>1.01</b> | <b>20.22</b> | <b>18.12</b>       | <b>1.36</b>                           |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2021</b>                  | <b>6.56</b>                   | <b>4.57</b>          | <b>5.39</b>      | <b>0.01</b> | <b>16.53</b> | <b>18.68</b>       | <b>4.04</b>                           |

| Description  | Property, Plant and Equipment |                      |                  |             |              | Right-to-use Asset | Intangible Assets (Computer Software) |
|--|-------------------------------|----------------------|------------------|-------------|--------------|--------------------|---------------------------------------|
|  | Computer                      | Furniture & fixtures | Office equipment | Vehicles    | Total        |                    |                                       |
| <b>Year ended 31<sup>st</sup> March, 2021</b>                                |                               |                      |                  |             |              |                    |                                       |
| Gross Carrying Amount as on 31 <sup>st</sup> March, 2020                     | 20.44                         | 11.29                | 11.17            | 0.02        | 42.92        | 32.90              | 14.26                                 |
| Additions  | 3.35                          | 0.63                 | 2.20             | -           | 6.18         | 0.18               | 1.82                                  |
| Adjustment due to revaluation and acquisitions through business combinations | -                             | -                    | -                | -           | -            | -                  | -                                     |
| <b>Sub-total</b>   | <b>23.79</b>                  | <b>11.92</b>         | <b>13.37</b>     | <b>0.02</b> | <b>49.10</b> | <b>33.08</b>       | <b>16.08</b>                          |
| Disposals  | 0.38                          | 0.05                 | 0.29             | -           | 0.72         | -                  | -                                     |
| <b>Closing Gross Carrying Amount (A)</b>                                     | <b>23.41</b>                  | <b>11.87</b>         | <b>13.08</b>     | <b>0.02</b> | <b>48.38</b> | <b>33.08</b>       | <b>16.08</b>                          |
| Depreciation and Amortisation  |                               |                      |                  |             |              |                    |                                       |
| Opening Accumulated Depreciation   | 11.96                         | 5.85                 | 6.02             | 0.00        | 23.83        | 7.12               | 8.09                                  |
| Depreciation/Amortisation charge during the year                             | 5.25                          | 1.49                 | 1.95             | 0.01        | 8.70         | 7.28               | 3.95                                  |
| <b>Sub-Total</b>   | <b>17.21</b>                  | <b>7.34</b>          | <b>7.97</b>      | <b>0.01</b> | <b>32.53</b> | <b>14.40</b>       | <b>12.04</b>                          |
| Disposals  | 0.36                          | 0.04                 | 0.28             | -           | 0.68         | -                  | -                                     |
| <b>Closing Accumulated Depreciation and Amortisation(B)</b>                  | <b>16.85</b>                  | <b>7.30</b>          | <b>7.69</b>      | <b>0.01</b> | <b>31.85</b> | <b>14.40</b>       | <b>12.04</b>                          |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>          | <b>6.56</b>                   | <b>4.57</b>          | <b>5.39</b>      | <b>0.01</b> | <b>16.53</b> | <b>18.68</b>       | <b>4.04</b>                           |

There are no proceedings that have been initiated or pending against the Company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1998 and rules made there under.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 13 Other Non-Financial Assets**

| S.No. | Description                          | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|--------------------------------------|---------------------------------------|---------------------------------------|
| a)    | Dealer Commission Advance            | 0.17                                  | 0.21                                  |
| b)    | Prepaid Expenses                     | 24.11                                 | 17.65                                 |
| c)    | Vendor Advance                       | 9.30                                  | 5.60                                  |
| d)    | Balances with Government authorities | 3.42                                  | 3.51                                  |
| e)    | Gratuity                             | 2.81                                  | -                                     |
|       | <b>Total</b>                         | <b>39.81</b>                          | <b>26.97</b>                          |

**NOTE 14 Trade Payables**

| S.No. | Particulars              | Outstanding for following periods from due date of payment as at 31 <sup>st</sup> March, 2022 |             |             |                   |               |
|-------|--------------------------|---|-------------|-------------|-------------------|---------------|
|       |                          | <1 Year   | 1-2 years   | 2-3 years   | More than 3 years | Total         |
| (i)   | Undisputed dues - MSME*  | 3.55  | -           | -           | -                 | 3.55          |
| (ii)  | Undisputed dues - Others | 324.26  | 1.15        | 0.03        | 4.79              | 330.23        |
| (iii) | Disputed dues – MSME*    | -   | -           | -           | -                 | -             |
| (iv)  | Disputed dues – Others   | -   | -           | -           | -                 | -             |
|       | <b>Total</b>             | <b>327.81</b>   | <b>1.15</b> | <b>0.03</b> | <b>4.79</b>       | <b>333.78</b> |

| S.No. | Particulars              | Outstanding for following periods from due date of payment as at 31 <sup>st</sup> March, 2021 |             |             |                   |               |
|-------|--------------------------|---|-------------|-------------|-------------------|---------------|
|       |                          | <1 Year   | 1-2 years   | 2-3 years   | More than 3 years | Total         |
| (i)   | Undisputed dues - MSME*  | -   | -           | -           | -                 | -             |
| (ii)  | Undisputed dues - Others | 221.65  | 0.16        | 1.62        | 5.92              | 229.35        |
| (iii) | Disputed dues – MSME*    | -   | -           | -           | -                 | -             |
| (iv)  | Disputed dues – Others   | -   | -           | -           | -                 | -             |
|       | <b>Total</b>             | <b>221.65</b>   | <b>0.16</b> | <b>1.62</b> | <b>5.92</b>       | <b>229.35</b> |

\* 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 15 Debt Securities**

| Description                          | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| <b>At Amortised Cost</b>             |                                       |                                       |
| Commercial Paper (Unsecured)         | 1,788.69                              | 746.11                                |
| Non-Convertible Debentures (Secured) | 424.99                                | 424.74                                |
| <b>Total (A)</b>                     | <b>2,213.68</b>                       | <b>1,170.85</b>                       |
| Debt Securities in India             | 2,213.68                              | 1,170.85                              |
| Debt Securities outside India        | -                                     | -                                     |
| <b>Total (B)</b>                     | <b>2,213.68</b>                       | <b>1,170.85</b>                       |



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 16 Borrowings (Other Than Debt Securities)**

| Description                                   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|---|---------------------------------------|---------------------------------------|
| <b>At Amortised Cost</b>                      |                                       |                                       |
| (a) Term Loans (Secured)                      |                                       |                                       |
| i) From Banks                                 | 6,069.73                              | 4,590.31                              |
| ii) From Other Parties                        | 4.93                                  | 24.59                                 |
| iii) External Commercial Borrowings           | 2,169.82                              | 1,364.32                              |
| (b) Loans Repayable on Demand                 |                                       |                                       |
| i) Cash Credit from Banks (Secured)           | 8.62                                  | 156.89                                |
| ii) Working Capital Demand Loans (Secured)    | 1,189.00                              | 1,565.00                              |
| iii) Working Capital Demand Loans (Unsecured) | 15.00                                 | 340.00                                |
| <b>Total (A)</b>                              | <b>9,457.10</b>                       | <b>8,041.11</b>                       |
| Borrowings in India                           | 7,287.28                              | 6,676.79                              |
| Borrowings outside India                      | 2,169.82                              | 1,364.32                              |
| <b>Total (B)</b>                              | <b>9,457.10</b>                       | <b>8,041.11</b>                       |

**NOTE 17 Subordinated Liabilities**

| Description  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--|---------------------------------------|---------------------------------------|
| <b>At Amortised Cost - Unsecured</b>                                       |                                       |                                       |
| (a) Perpetual Debt Instruments to the extent that do not qualify as equity | 99.86                                 | 99.84                                 |
| (b) Other Subordinated Liabilities   |                                       |                                       |
| From Banks   | 199.98                                | 199.93                                |
| From Others  | 993.50                                | 643.02                                |
| <b>Total (A)</b>   | <b>1,293.34</b>                       | <b>942.79</b>                         |
| Subordinated Liabilities in India  | 1,293.34                              | 942.79                                |
| Subordinated Liabilities outside India                                     | -                                     | -                                     |
| <b>Total (B)</b>   | <b>1,293.34</b>                       | <b>942.79</b>                         |

- Refer Annexure for the terms of the debt securities, borrowings and subordinated liabilities.
- The Company has utilised the borrowed funds for the purposes for which the fund is obtained.
- The Company has not been declared wilful defaulter by any Bank or financial Institution or other lender.
- There are no charges or satisfaction yet to be registered with ROC beyond the statutory time period.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

## Annexure

| Institution                         | As on<br>31 <sup>st</sup> March,<br>2022 | Type of<br>Security | Interest<br>Rate | Total<br>Instalment | No. of<br>Instalments<br>Remaining | Frequency   | Repayable<br>From | Repayable<br>To |
|-------------------------------------|--|---------------------|------------------|---------------------|------------------------------------|-------------|-------------------|-----------------|
| <b>Debt Securities</b>              |  |                     |                  |                     |                                    |             |                   |                 |
| Commercial Paper                    | 299.28                                   | Unsecured           | 4.41%            | 1                   | 1                                  | Bullet      | 21/04/2022        | 21/04/2022      |
| Commercial Paper                    | 199.43                                   | Unsecured           | 4.41%            | 1                   | 1                                  | Bullet      | 22/04/2022        | 22/04/2022      |
| Commercial Paper                    | 199.40                                   | Unsecured           | 4.41%            | 1                   | 1                                  | Bullet      | 23/04/2022        | 23/04/2022      |
| Commercial Paper                    | 49.85                                    | Unsecured           | 4.41%            | 1                   | 1                                  | Bullet      | 24/04/2022        | 24/04/2022      |
| Commercial Paper                    | 298.15                                   | Unsecured           | 4.65%            | 1                   | 1                                  | Bullet      | 25/04/2022        | 25/04/2022      |
| Commercial Paper                    | 148.98                                   | Unsecured           | 4.65%            | 1                   | 1                                  | Bullet      | 26/04/2022        | 26/04/2022      |
| Commercial Paper                    | 247.48                                   | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 27/04/2022        | 27/04/2022      |
| Commercial Paper                    | 148.37                                   | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 28/04/2022        | 28/04/2022      |
| Commercial Paper                    | 98.91                                    | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 29/04/2022        | 29/04/2022      |
| Commercial Paper                    | 49.42                                    | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 30/04/2022        | 30/04/2022      |
| Commercial Paper                    | 49.42                                    | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 01/05/2022        | 01/05/2022      |
| Non-Convertible<br>Debentures       | 300.00                                   | Secured             | 8.35%            | 1                   | 1                                  | Bullet      | 02/05/2022        | 02/05/2022      |
| Non-Convertible<br>Debentures       | 25.00                                    | Secured             | 8.35%            | 1                   | 1                                  | Bullet      | 03/05/2022        | 03/05/2022      |
| Non-Convertible<br>Debentures       | 99.99                                    | Secured             | 7.40%            | 1                   | 1                                  | Bullet      | 04/05/2022        | 04/05/2022      |
|                                     | <b>2,213.68</b>                          |                     |                  |                     |                                    |             |                   |                 |
| <b>Loan repayable on<br/>demand</b> | 1,197.62                                 | Secured             | 5.80% -<br>7.85% | Repayable on demand |                                    |             |                   |                 |
|                                     | 15.00                                    | Unsecured           |                  |                     |                                    |             |                   |                 |
|                                     | <b>1,212.62</b>                          |                     |                  |                     |                                    |             |                   |                 |
| <b>Term Loan</b>                    |  |                     |                  |                     |                                    |             |                   |                 |
| Bank                                | 199.98                                   | Secured             | 7.35%            | 1.00                | 1.00                               | Bullet      | 19/11/2022        | 19/11/2022      |
| Bank                                | 97.50                                    | Secured             | 6.30%            | 8.00                | 6.00                               | Quarterly   | 24/12/2021        | 24/09/2023      |
| Bank                                | 174.98                                   | Secured             | 5.90%            | 8.00                | 7.00                               | Quarterly   | 18/02/2022        | 18/11/2023      |
| Bank                                | 299.96                                   | Secured             | 5.60%            | 8.00                | 8.00                               | Quarterly   | 29/06/2022        | 29/03/2024      |
| Bank                                | 249.96                                   | Secured             | 6.30%            | 8.00                | 8.00                               | Quarterly   | 21/12/2022        | 21/09/2024      |
| Bank                                | 250.00                                   | Secured             | 6.30%            | 8.00                | 8.00                               | Quarterly   | 31/05/2023        | 28/02/2025      |
| Bank                                | 83.32                                    | Secured             | 7.40%            | 11.00               | 4.00                               | Quarterly   | 06/08/2020        | 06/02/2023      |
| Bank                                | 249.95                                   | Secured             | 7.45%            | 12.00               | 10.00                              | Quarterly   | 31/12/2021        | 24/09/2024      |
| Bank                                | 22.50                                    | Secured             | 6.90%            | 10.00               | 3.00                               | Quarterly   | 15/07/2020        | 15/10/2022      |
| Bank                                | 79.98                                    | Secured             | 6.90%            | 10.00               | 4.00                               | Quarterly   | 24/11/2020        | 24/02/2023      |
| Bank                                | 50.00                                    | Secured             | 7.90%            | 4.00                | 2.00                               | Half yearly | 18/06/2021        | 18/12/2022      |
| Bank                                | 41.66                                    | Secured             | 5.17%            | 36.00               | 5.00                               | Monthly     | 30/09/2019        | 30/08/2022      |
| Bank                                | 33.33                                    | Secured             | 6.28%            | 36.00               | 6.00                               | Monthly     | 30/10/2019        | 29/09/2022      |
| Bank                                | 166.67                                   | Secured             | 5.85%            | 36.00               | 12.00                              | Monthly     | 19/04/2020        | 19/03/2023      |
| Bank                                | 141.67                                   | Secured             | 5.90%            | 36.00               | 17.00                              | Monthly     | 21/09/2020        | 21/08/2023      |
| Bank                                | 116.67                                   | Secured             | 5.29%            | 36.00               | 21.00                              | Monthly     | 31/01/2021        | 31/12/2023      |
| Bank                                | 374.96                                   | Secured             | 5.25%            | 36.00               | 27.00                              | Monthly     | 25/07/2021        | 24/06/2024      |
| Bank                                | 416.67                                   | Secured             | 5.00%            | 36.00               | 30.00                              | Monthly     | 28/10/2021        | 28/09/2024      |
| Bank                                | 229.17                                   | Secured             | 5.29%            | 36.00               | 33.00                              | Monthly     | 31/01/2022        | 31/12/2024      |
| Bank                                | 499.89                                   | Secured             | 5.60%            | 37.00               | 37.00                              | Monthly     | 30/04/2022        | 30/04/2025      |
| Bank                                | 249.78                                   | Secured             | 6.10%            | 8.00                | 8.00                               | Quarterly   | 28/06/2023        | 28/03/2025      |
| Bank                                | 150.00                                   | Secured             | 6.95%            | 1.00                | 1.00                               | Bullet      | 25/10/2024        | 25/10/2024      |
| Bank                                | 100.00                                   | Secured             | 7.40%            | 6.00                | 4.00                               | Half yearly | 12/08/2021        | 01/02/2024      |
| Bank                                | 249.77                                   | Secured             | 6.80%            | 12.00               | 12.00                              | Quarterly   | 25/06/2022        | 25/03/2025      |
| Bank                                | 99.93                                    | Secured             | 7.35%            | 10.00               | 4.00                               | Quarterly   | 20/12/2020        | 20/03/2023      |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Institution                            | As on<br>31 <sup>st</sup> March,<br>2022 | Type of<br>Security | Interest<br>Rate | Total<br>Instalment | No. of<br>Instalments<br>Remaining | Frequency | Repayable<br>From | Repayable<br>To |
|--|--|---------------------|------------------|---------------------|------------------------------------|-----------|-------------------|-----------------|
| Bank                                   | 124.94                                   | Secured             | 7.25%            | 10.00               | 5.00                               | Quarterly | 04/02/2021        | 04/05/2023      |
| Bank                                   | 39.99                                    | Secured             | 7.25%            | 10.00               | 4.00                               | Quarterly | 31/12/2020        | 30/03/2023      |
| Bank                                   | 199.96                                   | Secured             | 7.30%            | 10.00               | 8.00                               | Quarterly | 19/12/2021        | 19/03/2024      |
| Bank                                   | 66.63                                    | Secured             | 7.40%            | 36.00               | 24.00                              | Monthly   | 30/04/2021        | 30/03/2024      |
| Bank                                   | 200.00                                   | Secured             | 6.95%            | 10.00               | 10.00                              | Quarterly | 29/04/2022        | 29/07/2024      |
| Bank                                   | 200.00                                   | Secured             | 6.95%            | 10.00               | 10.00                              | Quarterly | 13/05/2022        | 13/08/2024      |
| Bank                                   | 59.99                                    | Secured             | 7.35%            | 10.00               | 2.00                               | Quarterly | 20/05/2020        | 20/08/2022      |
| Bank                                   | 200.00                                   | Secured             | 7.00%            | 1.00                | 1.00                               | Bullet    | 27/10/2024        | 27/10/2024      |
| Bank                                   | 199.94                                   | Secured             | 6.45%            | 1.00                | 1.00                               | Bullet    | 24/05/2024        | 24/05/2024      |
| Bank                                   | 150.00                                   | Secured             | 6.10%            | 1.00                | 1.00                               | Bullet    | 23/09/2022        | 23/09/2022      |
| Others                                 | 4.93                                     | Secured             | 6.43%            | 10.00               | 1.00                               | Quarterly | 10/03/2020        | 10/06/2022      |
| Bank-ECB                               | 189.38                                   | Secured             | 8.57%            | 1.00                | 1.00                               | Bullet    | 31/05/2022        | 31/05/2022      |
| Bank-ECB                               | 189.38                                   | Secured             | 8.57%            | 1.00                | 1.00                               | Bullet    | 10/06/2022        | 10/06/2022      |
| Bank-ECB                               | 151.51                                   | Secured             | 8.06%            | 1.00                | 1.00                               | Bullet    | 26/08/2022        | 26/08/2022      |
| Bank-ECB                               | 151.51                                   | Secured             | 8.06%            | 1.00                | 1.00                               | Bullet    | 16/09/2022        | 16/09/2022      |
| Bank-ECB                               | 378.07                                   | Secured             | 6.94%            | 1.00                | 1.00                               | Bullet    | 13/07/2023        | 13/07/2023      |
| Bank-ECB                               | 356.04                                   | Secured             | 6.94%            | 1.00                | 1.00                               | Bullet    | 19/10/2023        | 19/10/2023      |
| Bank-ECB                               | 753.93                                   | Secured             | 6.92%            | 1.00                | 1.00                               | Bullet    | 02/12/2024        | 02/12/2024      |
|  | <b>8,244.50</b>                          |                     |                  |                     |                                    |           |                   |                 |
| <b>Subordinated Liabilities</b>        |  |                     |                  |                     |                                    |           |                   |                 |
| <b>Perpetual Debt</b>                  | 99.86                                    | Unsecured           | 11.50%           | 1                   | 1                                  | Bullet    | 25/11/2027        | 25/11/2027      |
| <b>Other Subordinated Liabilities:</b> |  |                     |                  |                     |                                    |           |                   |                 |
| Bank                                   | 49.99                                    | Unsecured           | 8.60%            | 1                   | 1                                  | Bullet    | 29/05/2023        | 29/05/2023      |
| Bank                                   | 50.00                                    | Unsecured           | 8.94%            | 1                   | 1                                  | Bullet    | 24/07/2023        | 24/07/2023      |
| Bank                                   | 25.00                                    | Unsecured           | 9.70%            | 1                   | 1                                  | Bullet    | 01/09/2022        | 01/09/2022      |
| Bank                                   | 24.99                                    | Unsecured           | 9.70%            | 1                   | 1                                  | Bullet    | 01/09/2022        | 01/09/2022      |
| Others                                 | 99.30                                    | Unsecured           | 10.90%           | 1                   | 1                                  | Bullet    | 07/08/2024        | 07/08/2024      |
| Others                                 | 112.91                                   | Unsecured           | 9.40%            | 1                   | 1                                  | Bullet    | 10/06/2026        | 10/06/2026      |
| Others                                 | 34.36                                    | Unsecured           | 9.40%            | 1                   | 1                                  | Bullet    | 10/06/2026        | 10/06/2026      |
| Others                                 | 99.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 02/06/2027        | 02/06/2027      |
| Others                                 | 35.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 35.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 30.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 200.00                                   | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 50.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 50.00                                    | Unsecured           | 10.02%           | 1                   | 1                                  | Bullet    | 28/04/2022        | 28/04/2022      |
| Others                                 | 147.93                                   | Unsecured           | 9.40%            | 1                   | 1                                  | Bullet    | 26/08/2026        | 26/08/2026      |
| Others                                 | 50.00                                    | Unsecured           | 11.25%           | 1                   | 1                                  | Bullet    | 01/05/2022        | 01/05/2022      |
| Others                                 | 100.00                                   | Unsecured           | 10.00%           | 1                   | 1                                  | Bullet    | 01/07/2026        | 01/07/2026      |
| <b>Total</b>                           | <b>1,193.45</b>                          |                     |                  |                     |                                    |           |                   |                 |
| <b>Subordinated Liabilities Total</b>  | <b>1,293.31</b>                          |                     |                  |                     |                                    |           |                   |                 |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Institution                     | Amount Outstanding as on 31 <sup>st</sup> March, 2021 | Type of Security | Interest Rate | Total Instalment    | No. of Instalments Remaining | Frequency   | Repayable From | Repayable To |
|---------------------------------|---|------------------|---------------|---------------------|------------------------------|-------------|----------------|--------------|
| <b>Debt Securities</b>          |   |                  |               |                     |                              |             |                |              |
| Commercial Paper                | 249.10  | Unsecured        | 4.75%         | 1                   | 1                            | Bullet      | 29/04/2021     | 29/04/2021   |
| Commercial Paper                | 248.54  | Unsecured        | 4.60%         | 1                   | 1                            | Bullet      | 18/05/2021     | 18/05/2021   |
| Commercial Paper                | 248.47  | Unsecured        | 4.60%         | 1                   | 1                            | Bullet      | 20/05/2021     | 20/05/2021   |
| Non Convertible Debentures      | 99.74   | Secured          | 7.40%         | 1                   | 1                            | Bullet      | 08/04/2022     | 08/04/2022   |
| Non Convertible Debentures      | 300.00  | Secured          | 8.35%         | 1                   | 1                            | Bullet      | 22/03/2023     | 22/03/2023   |
| Non Convertible Debentures      | 25.00   | Secured          | 8.35%         | 1                   | 1                            | Bullet      | 22/03/2023     | 22/03/2023   |
|                                 | <b>1,170.85</b>                                       |                  |               |                     |                              |             |                |              |
| <b>Loan repayable on demand</b> | 1,721.89  | Secured          | 6.25% - 7.50% | Repayable on demand |                              |             |                |              |
|                                 | 340.00  | Unsecured        |               |                     |                              |             |                |              |
|                                 | <b>2,061.89</b>                                       |                  |               |                     |                              |             |                |              |
| <b>Term Loan</b>                |   |                  |               |                     |                              |             |                |              |
| Bank                            | 100.00  | Secured          | 8.00%         | 1.00                | 1.00                         | Bullet      | 06/05/2021     | 06/05/2021   |
| Bank                            | 25.00   | Secured          | 6.62%         | 1.00                | 1.00                         | Bullet      | 25/05/2021     | 25/05/2021   |
| Bank                            | 37.50   | Secured          | 7.90%         | 4.00                | 1.00                         | Half Yearly | 17/03/2020     | 17/09/2021   |
| Bank                            | 41.67   | Secured          | 7.50%         | 36.00               | 6.00                         | Monthly     | 26/10/2018     | 26/09/2021   |
| Bank                            | 123.98  | Secured          | 7.50%         | 12.00               | 3.00                         | Quarterly   | 28/03/2019     | 27/12/2021   |
| Bank                            | 33.33   | Secured          | 8.00%         | 6.00                | 2.00                         | Half Yearly | 28/06/2019     | 28/12/2021   |
| Bank                            | 59.89   | Secured          | 7.35%         | 10.00               | 3.00                         | Quarterly   | 30/09/2019     | 30/12/2021   |
| Bank                            | 16.67   | Secured          | 8.00%         | 6.00                | 2.00                         | Half Yearly | 28/07/2019     | 28/01/2022   |
| Bank                            | 238.90  | Secured          | 7.85%         | 10.00               | 4.00                         | Quarterly   | 04/11/2019     | 04/02/2022   |
| Bank                            | 39.97   | Secured          | 7.90%         | 10.00               | 4.00                         | Quarterly   | 15/11/2019     | 15/02/2022   |
| Bank                            | 199.97  | Secured          | 7.35%         | 10.00               | 4.00                         | Quarterly   | 27/11/2019     | 27/02/2022   |
| Bank                            | 179.97  | Secured          | 7.35%         | 10.00               | 6.00                         | Quarterly   | 20/05/2020     | 20/08/2022   |
| Bank                            | 141.64  | Secured          | 5.10%         | 36.00               | 17.00                        | Monthly     | 30/09/2019     | 30/08/2022   |
| Bank                            | 100.00  | Secured          | 5.50%         | 36.00               | 18.00                        | Monthly     | 30/10/2019     | 30/09/2022   |
| Bank                            | 52.50   | Secured          | 6.90%         | 10.00               | 7.00                         | Quarterly   | 15/07/2020     | 15/10/2022   |
| Bank                            | 199.96  | Secured          | 7.45%         | 1.00                | 1.00                         | Bullet      | 19/11/2022     | 19/11/2022   |
| Bank                            | 100.00  | Secured          | 7.90%         | 4.00                | 4.00                         | Half Yearly | 18/06/2021     | 18/12/2022   |
| Bank                            | 166.63  | Secured          | 7.50%         | 12.00               | 8.00                         | Quarterly   | 06/05/2020     | 06/02/2023   |
| Bank                            | 159.97  | Secured          | 6.90%         | 10.00               | 8.00                         | Quarterly   | 24/11/2020     | 24/02/2023   |
| Bank                            | 333.33  | Secured          | 5.85%         | 36.00               | 24.00                        | Monthly     | 19/04/2020     | 19/03/2023   |
| Bank                            | 199.86  | Secured          | 7.35%         | 10.00               | 8.00                         | Quarterly   | 20/12/2020     | 20/03/2023   |
| Bank                            | 79.99   | Secured          | 7.25%         | 10.00               | 8.00                         | Quarterly   | 31/12/2020     | 31/03/2023   |
| Bank                            | 224.89  | Secured          | 8.00%         | 10.00               | 9.00                         | Quarterly   | 04/02/2021     | 04/05/2023   |
| Bank                            | 179.87  | Secured          | 7.80%         | 10.00               | 9.00                         | Quarterly   | 30/03/2021     | 30/06/2023   |
| Bank                            | 241.67  | Secured          | 5.90%         | 36.00               | 29.00                        | Monthly     | 21/09/2020     | 21/08/2023   |
| Bank                            | 130.00  | Secured          | 6.30%         | 8.00                | 8.00                         | Quarterly   | 24/12/2020     | 24/09/2023   |
| Bank                            | 199.96  | Secured          | 5.90%         | 8.00                | 8.00                         | Quarterly   | 18/02/2022     | 18/11/2023   |
| Bank                            | 183.33  | Secured          | 5.00%         | 36.00               | 33.00                        | Monthly     | 31/01/2021     | 31/12/2023   |
| Bank                            | 150.00  | Secured          | 7.40%         | 6.00                | 6.00                         | Half Yearly | 12/08/2021     | 12/02/2024   |
| Bank                            | 250.00  | Secured          | 7.30%         | 10.00               | 10.00                        | Quarterly   | 19/12/2021     | 19/03/2024   |
| Bank                            | 299.93  | Secured          | 5.60%         | 8.00                | 8.00                         | Quarterly   | 29/06/2022     | 29/03/2024   |
| Bank                            | 99.95   | Secured          | 7.40%         | 36.00               | 36.00                        | Monthly     | 30/04/2021     | 30/03/2024   |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Institution                           | Amount Outstanding as on 31 <sup>st</sup> March, 2021 | Type of Security | Interest Rate | Total Instalment | No. of Instalments Remaining | Frequency | Repayable From | Repayable To |
|---------------------------------------|---|------------------|---------------|------------------|------------------------------|-----------|----------------|--------------|
| Others                                | 24.59   | Secured          | 6.43%         | 10.00            | 5.00                         | Quarterly | 10/03/2020     | 10/06/2022   |
| Bank-ECB                              | 182.56  | Secured          | 8.57%         | 1.00             | 1.00                         | Bullet    | 29/05/2022     | 29/05/2022   |
| Bank-ECB                              | 182.56  | Secured          | 8.57%         | 1.00             | 1.00                         | Bullet    | 10/06/2022     | 10/06/2022   |
| Bank-ECB                              | 146.05  | Secured          | 8.06%         | 1.00             | 1.00                         | Bullet    | 26/08/2022     | 26/08/2022   |
| Bank-ECB                              | 146.05  | Secured          | 8.06%         | 1.00             | 1.00                         | Bullet    | 16/09/2022     | 16/09/2022   |
| Bank-ECB                              | 363.87  | Secured          | 6.94%         | 1.00             | 1.00                         | Bullet    | 13/07/2023     | 13/07/2023   |
| Bank-ECB                              | 343.22  | Secured          | 6.94%         | 1.00             | 1.00                         | Bullet    | 19/10/2023     | 19/10/2023   |
|                                       | <b>5,979.22</b>                                       |                  |               |                  |                              |           |                |              |
| <b>Subordinated Liabilities</b>       |   |                  |               |                  |                              |           |                |              |
| <b>Perpetual Debt</b>                 | 99.84   | Unsecured        | 11.50%        | 1                | 1                            | Bullet    | 25/11/2027     | 25/11/2027   |
| <b>Other Subordinated Liabilities</b> |   |                  |               |                  |                              |           |                |              |
| Bank                                  | 49.99   | Unsecured        | 10.02%        | 1                | 1                            | Bullet    | 28/04/2022     | 28/04/2022   |
| Bank                                  | 25.00   | Unsecured        | 9.70%         | 1                | 1                            | Bullet    | 29/09/2022     | 29/09/2022   |
| Bank                                  | 24.97   | Unsecured        | 9.70%         | 1                | 1                            | Bullet    | 29/09/2022     | 29/09/2022   |
| Bank                                  | 49.98   | Unsecured        | 8.70%         | 1                | 1                            | Bullet    | 29/05/2023     | 29/05/2023   |
| Bank                                  | 50.00   | Unsecured        | 9.76%         | 1                | 1                            | Bullet    | 24/07/2023     | 24/07/2023   |
| Others                                | 49.98   | Unsecured        | 11.25%        | 1                | 1                            | Bullet    | 01/05/2022     | 01/05/2022   |
| Others                                | 50.00   | Unsecured        | 11.75%        | 1                | 1                            | Bullet    | 01/07/2021     | 01/07/2021   |
| Others                                | 49.96   | Unsecured        | 11.30%        | 1                | 1                            | Bullet    | 27/09/2021     | 27/09/2021   |
| Others                                | 99.00   | Unsecured        | 10.90%        | 1                | 1                            | Bullet    | 07/08/2024     | 07/08/2024   |
| Others                                | 146.62  | Unsecured        | 9.40%         | 1                | 1                            | Bullet    | 10/06/2026     | 10/06/2026   |
| Others                                | 100.00  | Unsecured        | 10.00%        | 1                | 1                            | Bullet    | 01/07/2026     | 01/07/2026   |
| Others                                | 122.46  | Unsecured        | 9.40%         | 1                | 1                            | Bullet    | 26/08/2026     | 26/08/2026   |
| Others                                | 25.00   | Unsecured        | 9.40%         | 1                | 1                            | Bullet    | 26/08/2026     | 26/08/2026   |
| <b>Total</b>                          | <b>842.96</b>   |                  |               |                  |                              |           |                |              |
| <b>Subordinated Liabilities Total</b> | <b>942.79</b>   |                  |               |                  |                              |           |                |              |

## Details of Security

- Non-Convertible Debentures of ₹424.99 inclusive of Current and Non-Current Dues (Previous Year: ₹424.74 as on 31<sup>st</sup> March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.
- Term Loan received from Banks and Other Parties of ₹8,244.50 inclusive of Current and Non-Current Dues (Previous Year: ₹5,979.22 as on 31<sup>st</sup> March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.
- Working Capital Demand Loan and Cash Credit of ₹1,197.62 (Previous Year: ₹1,721.88 as at 31<sup>st</sup> March, 2021) is fully secured by exclusive floating charge against 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 ₹751.50 crore (equivalent to USD 100 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 ECB directions issued by the RBI.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 18 Other Financial Liabilities**

| S.No. | Description                     | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|---------------------------------|---------------------------------------|---------------------------------------|
| a)    | Interest Accrued But Not Due    | 69.69                                 | 76.43                                 |
| b)    | Employee Related Liabilities    | 57.66                                 | 55.18                                 |
| c)    | Security Deposit                | 81.37                                 | 53.46                                 |
| d)    | Lease liability (refer note 37) | 21.96                                 | 22.02                                 |
|       | <b>Total</b>                    | <b>230.68</b>                         | <b>207.09</b>                         |

**NOTE 19 Provisions**

| S.No. | Description          | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|----------------------|---------------------------------------|---------------------------------------|
| a)    | Pension              | 13.80                                 | 11.68                                 |
| b)    | Gratuity             | -                                     | 1.80                                  |
| c)    | Compensated absences | 24.54                                 | 20.27                                 |
|       | <b>Total</b>         | <b>38.34</b>                          | <b>33.75</b>                          |

**NOTE 20 Other Non-Financial Liabilities**

| S.No. | Description    | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|----------------|---------------------------------------|---------------------------------------|
| a)    | Statutory Dues | 29.57                                 | 23.64                                 |
|       | <b>Total</b>   | <b>29.57</b>                          | <b>23.64</b>                          |

**NOTE 21 Equity Share Capital**

|    | Description  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|----|--|---------------------------------------|---------------------------------------|
| a) | <b>Authorised Share Capital:</b><br>250,000,000 Equity Shares of ₹10 each<br>(Previous Year 200,000,000 Equity Shares)   | 250.00                                | 200.00                                |
|    |  | <b>250.00</b>                         | <b>200.00</b>                         |
| b) | <b>Issued, Subscribed and Fully Paid-up Share Capital:</b><br>201,196,900 number of equity shares of ₹10 each<br>(Previous year 191,937,700 equity shares of ₹10 each) | 201.20                                | 191.94                                |
| c) | <b>Par Value per Share</b>   | ₹10 each                              | ₹10 each                              |
| d) | <b>Number of equity shares at the beginning of the year</b>  | 191,937,700                           | 185,182,300                           |
|    | Changes in equity share capital due to prior period errors   | -                                     | -                                     |
|    | <b>Restated number of equity shares at the beginning of the year</b>   | 191,937,700                           | 185,182,300                           |
|    | Add: Preferential Allotment made during the year   | 9,259,200                             | 6,755,400                             |
|    | <b>Number of equity shares at the end of the year</b>  | 201,196,900                           | 191,937,700                           |
| e) | <b>Equity Shares held by Holding Companies</b>   |                                       |                                       |
|    | <b>Particulars</b>   | <b>No. of Shares</b>                  | <b>No. of Shares</b>                  |
|    | Holding Company - TVS Motor Company Limited  | 168,397,728                           | 162,224,928                           |
|    | Sundaram-Clayton Limited (Holding Company of TVS Motor Company Limited)  | 2,180,250                             | 2,180,250                             |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 21 Equity Share Capital (Contd.)**

| 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 31 <sup>st</sup> March, 2022 |              | As at 31 <sup>st</sup> March, 2021 |              |
|    |  | No. of Shares                      | % of Holding | No. of Shares                      | % of Holding |
|    | TVS Motor Company Limited  | 168,397,728                        | 83.70%       | 162,224,928                        | 84.52%       |
|    | Lucas-TVS Limited  | 11,337,297                         | 5.63%        | 11,337,297                         | 5.91%        |

| g) | Shares held by Promoters at the the End of Year |                            |               |                   |                          |
|----|---|----------------------------|---------------|-------------------|--------------------------|
|    | S.No.   | Promotor Name              | No. of Shares | % of Total Shares | % change during the year |
|    | 1   | TVS Motor Company Limited  | 168,397,728   | 83.70%            | (0.82%)                  |
|    | 2   | Sundaram Clayton Limited   | 2,180,250     | 1.08%             | (0.06%)                  |
|    | 3   | TVS Motor Services Limited | 1,090,125     | 0.54%             | (0.03%)                  |

**NOTE 22 Other Equity**

| Description                       | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| a) Securities Premium Reserves    | 863.37                                | 722.63                                |
| b) Statutory Reserve              | 164.29                                | 140.15                                |
| c) Retained Earnings              | 621.98                                | 526.65                                |
| d) Other Reserves                 | 12.79                                 | (17.67)                               |
| <b>Total reserves and surplus</b> | <b>1,662.44</b>                       | <b>1,371.76</b>                       |

| a) Securities Premium Reserves         | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--|---------------------------------------|---------------------------------------|
| Opening balance                        | 722.63                                | 629.41                                |
| Additions during the year              | 140.74                                | 93.22                                 |
| Deductions/Adjustments during the year | -                                     | -                                     |
| <b>Closing balance</b>                 | <b>863.37</b>                         | <b>722.63</b>                         |

| b) Statutory Reserve                   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--|---------------------------------------|---------------------------------------|
| Opening balance                        | 140.15                                | 120.75                                |
| Transfer from retained earnings        | 24.15                                 | 19.40                                 |
| Deductions/Adjustments during the year | -                                     | -                                     |
| <b>Closing balance</b>                 | <b>164.29</b>                         | <b>140.15</b>                         |

| c) Retained earnings   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--|---------------------------------------|---------------------------------------|
| Opening balance  | 526.65                                | 451.69                                |
| Net profit for the year  | 120.73                                | 96.98                                 |
| Items of other comprehensive income recognised directly in retained earnings |                                       |                                       |
| - Remeasurements of post-employment benefit obligation net off tax           | (1.25)                                | (2.62)                                |
| Transfer to Statutory Reserve  | (24.15)                               | (19.40)                               |
| <b>Closing balance</b>   | <b>621.98</b>                         | <b>526.65</b>                         |

| d) Other Reserves - Hedge Reserve   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|---|---------------------------------------|---------------------------------------|
| Opening balance   | (17.67)                               | (15.00)                               |
| Add: Change in fair value of hedging instruments, net of tax for the year | 30.46                                 | (2.67)                                |
| <b>Closing balance</b>  | <b>12.79</b>                          | <b>(17.67)</b>                        |



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 22 Other Equity (Contd.)**

**Securities Premium**

The reserve represents premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

**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.

**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<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| <b>On Financial assets measured at amortised cost:</b> |  |  |
| Interest on Loans                                      | 2,444.16                                   | 2,039.16                                   |
| Interest on Deposits with Bank                         | 1.77                                       | 1.90                                       |
| <b>Total</b>   | <b>2,445.93</b>                            | <b>2,041.06</b>                            |

**NOTE 24 Fees and Commission Income**

| Description       | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|-------------------|--|--|
| Fee based Income  | 255.95                                     | 146.68                                     |
| Commission Income | -  | 2.64                                       |
| Service Income    | 44.57                                      | 47.44                                      |
| <b>Total</b>      | <b>300.52</b>                              | <b>196.76</b>                              |

**NOTE 25 Other Income**

| Description   | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Unwinding of discount on security deposits and receivable for investments | 6.80                                       | 2.68                                       |
| Other Non-Operating Income  | 0.26                                       | 0.43                                       |
| Interest on Income tax refund   | 1.91                                       | -  |
| <b>Total</b>  | <b>8.97</b>                                | <b>3.11</b>                                |

**NOTE 26 Finance Costs**

| Description  | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| <b>On Financial liabilities measured at amortised cost</b> |  |  |
| Interest Cost  |  |  |
| - Interest on Borrowings (other than Debt Securities)      | 547.34                                     | 544.45                                     |
| - Interest on Debt Securities                              | 85.47                                      | 77.85                                      |
| - Interest on Subordinated Liabilities                     | 102.12                                     | 66.83                                      |
| - Interest on Lease Liabilities                            | 1.99                                       | 2.02                                       |
| Other Finance Charges                                      | 45.21                                      | 38.29                                      |
| <b>Total</b>   | <b>782.13</b>                              | <b>729.44</b>                              |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 27 Impairment of Financial Instruments**

| Description  | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| <b>On Financial Instruments measured at Amortised Cost</b>           |  |  |
| Bad Debts Written-off (net)  | 231.29                                     | 252.00                                     |
| Net Loss on Sale of Repossessed Assets                               | 216.03                                     | 108.23                                     |
| Impairment Provision on Loans  | 98.98                                      | 89.11                                      |
| Impairment Provision on Trade Receivables and Other Financial Assets | 7.85                                       | 17.45                                      |
| <b>Total</b>   | <b>554.15</b>                              | <b>466.79</b>                              |

**NOTE 28 Employee Benefit Expenses**

| Description                               | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Salaries and Wages                        | 638.95                                     | 537.00                                     |
| Contribution to Provident and other funds | 40.92                                      | 31.43                                      |
| Staff Welfare                             | 31.91                                      | 16.38                                      |
| <b>Total</b>                              | <b>711.78</b>                              | <b>584.81</b>                              |

**NOTE 29 Other Expenses**

| Description                                   | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Travelling and Conveyance                     | 91.45                                      | 38.18                                      |
| Communication Costs                           | 91.45                                      | 62.51                                      |
| Rent, Taxes and Energy Costs (Refer note 37c) | 25.48                                      | 21.54                                      |
| Repairs & Maintenance                         | 3.44                                       | 2.46                                       |
| Insurance Expenses                            | 0.51                                       | 1.37                                       |
| Legal and Prof Charges                        | 81.81                                      | 50.73                                      |
| Auditors Fees and Expenses*                   | 0.53                                       | 0.53                                       |
| Directors Sitting Fees & Commission Expenses  | 0.73                                       | 0.57                                       |
| Corporate Social Responsibility **            | 3.50                                       | 4.00                                       |
| Donation                                      | -  | 0.03                                       |
| Printing and Stationery                       | 5.81                                       | 3.78                                       |
| Others  | 18.80                                      | 13.70                                      |
| <b>Total</b>                                  | <b>323.51</b>                              | <b>199.40</b>                              |

**\*Auditors Fees and Expenses**

| Description                                   | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Statutory Audit                               | 0.24                                       | 0.24                                       |
| Tax Audit                                     | 0.07                                       | 0.07                                       |
| Certification                                 | 0.15                                       | 0.15                                       |
| Reimbursement of Expenses                     | 0.07                                       | 0.07                                       |
| <b>Auditors Fees and Expenses<sup>#</sup></b> | <b>0.53</b>                                | <b>0.53</b>                                |

<sup>#</sup> Includes audit fee of ₹0.23 Cr paid to previous auditor

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 29 Other Expenses (Contd.)**

**\*\* Expenditure incurred on Corporate Social Responsibility activities:**

| Particulars  | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| (i) Amount required to be spent by the Company during the year | 3.42                                       | 3.98                                       |
| (ii) Amount of expenditure incurred                            | 3.50                                       | 4.00                                       |
| (iii) Shortfall at the end of the year                         | -  | -  |
| (iv) Total of previous years shortfall                         | -  | -  |
| (v) Reason for shortfall                                       | NA   | NA   |
| (vi) Nature of CSR activities                                  |  |  |
| a. Expenses incurred through trusts                            | 3.50                                       | 4.00                                       |
| <b>Total</b>   | <b>3.50</b>                                | <b>4.00</b>                                |

**NOTE 30 Income Tax Expenses**

| Description  | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| (a) Income tax expense:  |  |  |
| Current tax on profits for the year  | 64.84                                      | 47.05                                      |
| Tax profits relating to prior period   | -  | (0.53)                                     |
| <b>Total current tax expense</b>   | <b>64.84</b>                               | <b>46.52</b>                               |
| Deferred tax   |  |  |
| Decrease/(increase) in deferred tax assets   | (34.36)                                    | (38.10)                                    |
| (Decrease)/increase in deferred tax liabilities  | -  | -  |
| <b>Total deferred tax expense/(benefit)</b>  | <b>(34.36)</b>                             | <b>(38.10)</b>                             |
| <b>Income tax expense for the year</b>   | <b>30.48</b>                               | <b>8.42</b>                                |
| (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:      |  |  |
| Profit before income tax expense   | 151.21                                     | 105.40                                     |
| Tax at the Indian tax rate of 25.168% (previous year – 25.168%)                                  | 38.06                                      | 26.53                                      |
| Tax effect of amounts which are permanent differences in nature in calculation of taxable income | (7.57)                                     | (18.11)                                    |
| <b>Income tax expense</b>  | <b>30.48</b>                               | <b>8.42</b>                                |

**NOTE 31 Other Comprehensive Income**

| Description  | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| <b>Items that will not be reclassified to profit or loss</b> |  |  |
| Remeasurement of the defined benefit plans                   | (1.67)                                     | (3.50)                                     |
| Income tax relating to these items                           | 0.42                                       | 0.88                                       |
| <b>Items that will be reclassified to profit or loss</b>     |  |  |
| Fair value change on cash flow hedge                         | 40.71                                      | (3.55)                                     |
| Income tax relating to these items                           | (10.25)                                    | 0.89                                       |
| <b>Other Comprehensive Income</b>                            | <b>29.21</b>                               | <b>(5.28)</b>                              |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 32 Earnings Per Share**

|   | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| <b>(a) Basic earnings per share</b>   |  |  |
| Basic earnings per share attributable to the equity holders of the Company  | 6.17                                       | 5.19                                       |
| <b>(b) Diluted earnings per share</b>   |  |  |
| Diluted earnings per share attributable to the equity holders of the Company  | 6.17                                       | 5.19                                       |
| <b>(c) Reconciliations of earnings used in calculating earnings per share</b>   |  |  |
| Basic earnings per share  |  |  |
| Profit attributable to equity holders of the Company used in calculating basis earnings per share                     | 120.73                                     | 96.98                                      |
| Diluted earnings per share  |  |  |
| Profit attributable to equity holders of the Company<br>- used in calculating basis earnings per share                | 120.73                                     | 96.98                                      |
| <b>(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>   | 195,548,365                                | 186,986,825                                |
| <b>(e) Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b> | 195,548,365                                | 186,986,825                                |

**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       |
| As on 1 <sup>st</sup> April, 2020  | 16.11                       | (15.38)                   | 0.73        | 11.22                       | -                         | 11.22         | 16.02                       | -                         | 16.02       |
| Current service cost   | 2.68                        | -                         | 2.68        | -                           | -                         | -             | -                           | -                         | -           |
| Interest expense/(income)  | 0.90                        | (0.84)                    | 0.06        | 0.69                        | -                         | 0.69          | 0.79                        | -                         | 0.79        |
| <b>Total amount recognised in profit or loss</b>                               | <b>3.58</b>                 | <b>(0.84)</b>             | <b>2.74</b> | <b>0.69</b>                 | <b>-</b>                  | <b>0.69</b>   | <b>0.79</b>                 | <b>-</b>                  | <b>0.79</b> |
| Remeasurements   |                             |                           |             |                             |                           |               |                             |                           |             |
| Return on plan assets, excluding amounts included in interest expense/(income) | -                           | (0.03)                    | (0.03)      | -                           | -                         | -             | -                           | -                         | -           |
| (Gain)/loss from change in financial assumptions                               | 0.19                        | -                         | 0.19        | 0.01                        | -                         | 0.01          | 0.14                        | -                         | 0.14        |
| Experience (gains)/losses  | 3.58                        | -                         | 3.58        | (0.24)                      | -                         | (0.24)        | 7.48                        | -                         | 7.48        |
| <b>Total amount recognised in other comprehensive (income)/Losses</b>          | <b>3.77</b>                 | <b>(0.03)</b>             | <b>3.74</b> | <b>(0.23)</b>               | <b>-</b>                  | <b>(0.23)</b> | <b>7.63</b>                 | <b>-</b>                  | <b>7.63</b> |
| Employer contributions   | -                           | (5.41)                    | (5.41)      | -                           | -                         | -             | -                           | -                         | -           |
| Benefit payments   | (1.33)                      | 1.33                      | 0.00        | -                           | -                         | -             | (4.17)                      | -                         | (4.17)      |
| As on 31 <sup>st</sup> March, 2021   | 22.13                       | (20.33)                   | 1.80        | 11.68                       | -                         | 11.68         | 20.27                       | -                         | 20.27       |

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

## NOTE 33 Employee Benefit Obligations (Contd.)

| 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        |
| As on 1 <sup>st</sup> Apr, 2021  | 22.13                       | (20.33)                   | 1.80          | 11.68                       | -                         | 11.68        | 20.27                       | -                         | 20.27        |
| Current service cost   | 3.66                        | -                         | 3.66          | -                           | -                         | -            | -                           | -                         | -            |
| Interest expense/(income)  | 1.25                        | (1.32)                    | (0.06)        | 0.76                        | -                         | 0.76         | 1.04                        | -                         | 1.04         |
| <b>Total amount recognised in profit or loss</b>                               | <b>4.92</b>                 | <b>(1.32)</b>             | <b>3.60</b>   | <b>0.76</b>                 | <b>-</b>                  | <b>0.76</b>  | <b>1.04</b>                 | <b>-</b>                  | <b>1.04</b>  |
| Remeasurements   |                             |                           |               |                             |                           |              |                             |                           |              |
| Return on plan assets, excluding amounts included in interest expense/(income) | -                           | (0.79)                    | (0.79)        | -                           | -                         | -            | -                           | -                         | -            |
| (Gain)/loss from change in financial assumptions                               | (0.26)                      | -                         | (0.26)        | (0.29)                      | -                         | (0.29)       | (0.18)                      | -                         | (0.18)       |
| Experience (gains)/losses  | 1.36                        | -                         | 1.36          | 1.65                        | -                         | 1.65         | 5.55                        | -                         | 5.55         |
| <b>Total amount recognised in other comprehensive (income)/Losses</b>          | <b>1.10</b>                 | <b>(0.79)</b>             | <b>0.31</b>   | <b>1.36</b>                 | <b>-</b>                  | <b>1.36</b>  | <b>5.37</b>                 | <b>-</b>                  | <b>5.37</b>  |
| Employer contributions   | -                           | (8.52)                    | (8.52)        | -                           | -                         | -            | (2.14)                      | -                         | (2.14)       |
| Benefit payments   | (0.40)                      | 0.40                      | (0.00)        | -                           | -                         | -            | -                           | -                         | -            |
| <b>As on 31<sup>st</sup> March, 2022</b>                                       | <b>27.74</b>                | <b>(30.56)</b>            | <b>(2.81)</b> | <b>13.80</b>                | <b>-</b>                  | <b>13.80</b> | <b>24.54</b>                | <b>-</b>                  | <b>24.54</b> |

| Details   | Gratuity                                      |                              | Pension                      |                              | Compensated Absences         |                              |
|---|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|   | 31 <sup>st</sup> March, 2022                  | 31 <sup>st</sup> March, 2021 | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| Discount Rate                                   | 5.36%   | 4.99%                        | 6.13%                        | 5.98%                        | 5.17%                        | 4.82%                        |
| Salary Growth Rate                              | 6.00%   | 6.00%                        | 5.50%                        | 5.50%                        | 6.00%                        | 6.00%                        |
| Attrition Rate                                  | 36.00%  | 36.00%                       | 0.00%                        | 0.00%                        | 36.00%                       | 36.00%                       |
| Retirement Age                                  | 58  | 58                           | 60                           | 60                           | 58                           | 58                           |
| Mortality inclusive of provision for disability | 100% of Indian Assured lives mortality (IALM) |                              |                              |                              |                              |                              |

### (i) Sensitivity Analysis

FY 2021-22

| Particulars        | Gratuity             |                               |                               | Pension              |                               |                               | Compensated Absences |                               |                               |
|--------------------|----------------------|-------------------------------|-------------------------------|----------------------|-------------------------------|-------------------------------|----------------------|-------------------------------|-------------------------------|
|                    | Change in Assumption | Due to increase in assumption | Due to decrease in assumption | Change in Assumption | Due to increase in assumption | Due to decrease in assumption | Change in Assumption | Due to increase in assumption | Due to decrease in assumption |
| Discount Rate      | 0.50%                | 27.41                         | 28.09                         | 1.00%                | 12.05                         | 15.91                         | 0.50%                | 24.28                         | 24.81                         |
| Salary Growth Rate | 0.50%                | 28.08                         | 27.41                         | 1.00%                | 15.99                         | 11.97                         | 0.50%                | 24.81                         | 24.28                         |
| Mortality          | 5.00%                | 27.74                         | 27.74                         | 5.00%                | 13.69                         | 13.91                         | 5.00%                | 24.54                         | 24.54                         |

FY 2020-21

| Particulars        | Gratuity 2019-20     |                               |                               | Pension 2019-20      |                               |                               | Compensated Absences 2019-20 |                               |                               |
|--------------------|----------------------|-------------------------------|-------------------------------|----------------------|-------------------------------|-------------------------------|------------------------------|-------------------------------|-------------------------------|
|                    | Change in Assumption | Due to increase in assumption | Due to decrease in assumption | Change in Assumption | Due to increase in assumption | Due to decrease in assumption | Change in Assumption         | Due to increase in assumption | Due to decrease in assumption |
| Discount Rate      | 0.50%                | 21.85                         | 22.40                         | 1.00%                | 10.11                         | 13.59                         | 0.50%                        | 20.05                         | 20.50                         |
| Salary Growth Rate | 0.50%                | 22.39                         | 21.86                         | 1.00%                | 13.66                         | 10.04                         | 0.50%                        | 20.49                         | 20.05                         |
| Mortality          | 5.00%                | 22.12                         | 22.12                         | 5.00%                | 11.58                         | 11.78                         | 5.00%                        | 20.27                         | 20.27                         |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 33 Employee Benefit Obligations (Contd.)**

(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) | 8.42         |
| Between 2 and 5 years                                    | 18.20        |
| Beyond 5 years   | 4.64         |
| <b>Total</b>   | <b>31.26</b> |

(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 ₹25.99 (31st March, 2021: ₹18.75) has been recognised in the Statement of Profit and Loss. There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28<sup>th</sup> February, 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.

**NOTE 34 Fair Value Measurements**

Financial assets and financial liabilities measured at amortised cost, including their levels in the fair value hierarchy:

| Particulars                                  | Carrying Amount              |                              | Fair Value Hierarchy | Fair Value                   |                              |
|--|------------------------------|------------------------------|----------------------|------------------------------|------------------------------|
|  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |                      | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| <b>Financial assets:</b>                     |                              |                              |                      |                              |                              |
| Cash and Cash equivalents                    | 956.23                       | 653.14                       | Level 3              | 956.23                       | 653.14                       |
| Other Bank Balances                          | 6.00                         | 0.87                         | Level 3              | 6.00                         | 0.87                         |
| Trade Receivables                            | 37.90                        | 25.87                        | Level 3              | 37.90                        | 25.87                        |
| Loans  | 14,014.30                    | 11,154.95                    | Level 3              | 14,014.30                    | 11,154.95                    |
| Investments                                  | 12.01                        | 12.01                        | Level 3              | 12.01                        | 12.01                        |
| <u>Other Financial Assets</u>                |                              |                              |                      |                              |                              |
| Employees Related Receivables                | 4.85                         | 4.14                         | Level 3              | 4.85                         | 4.14                         |
| Security Deposit for Leased Premises         | 8.27                         | 7.49                         | Level 3              | 8.27                         | 7.49                         |
| Advances to Related Parties                  | 38.10                        | 73.21                        | Level 3              | 38.75                        | 59.39                        |
| Other Financial Assets - Related Parties     | 0.02                         | 0.04                         | Level 3              | 0.02                         | 0.04                         |
| Other Financial Assets - Non-Related Parties | 0.00                         | 6.42                         | Level 3              | 0.00                         | 6.42                         |
| Deposit with Service Providers               | 6.39                         | 4.39                         | Level 3              | 6.39                         | 4.39                         |
| <b>Total</b>                                 | <b>15,084.07</b>             | <b>11,942.53</b>             |                      | <b>15,084.72</b>             | <b>11,928.71</b>             |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Fair Value Measurements (Contd.)**

| Particulars                           | Carrying Amount              |                              | Fair Value Hierarchy | Fair Value                   |                              |
|---------------------------------------|------------------------------|------------------------------|----------------------|------------------------------|------------------------------|
|                                       | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |                      | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| <b>Financial liabilities:</b>         |                              |                              |                      |                              |                              |
| Trade Payables                        | 333.78                       | 229.35                       | Level 3              | 333.78                       | 229.35                       |
| Debt Securities                       | 2,213.68                     | 1,170.85                     | Level 3              | 2,213.68                     | 1,170.85                     |
| Borrowings other than debt securities | 9,457.10                     | 8,041.11                     | Level 3              | 9,457.10                     | 8,041.11                     |
| Subordinated Liabilities              | 1,293.34                     | 942.79                       | Level 3              | 1,293.34                     | 942.79                       |
| Other financial liabilities           | 230.68                       | 207.09                       | Level 3              | 230.68                       | 207.09                       |
| <b>Total</b>                          | <b>13,528.58</b>             | <b>10,591.19</b>             |                      | <b>13,528.58</b>             | <b>10,591.19</b>             |

**Financial assets and liabilities measured at fair value (Level 2)**

| Particulars                      | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|----------------------------------|------------------------------|------------------------------|
| <b>Financial assets</b>          |                              |                              |
| Derivative Financial Instruments | 64.06                        | -                            |
| <b>Total financial assets</b>    | <b>64.06</b>                 | <b>-</b>                     |
| <b>Financial liabilities</b>     |                              |                              |
| Derivative Financial Instruments | -                            | 14.57                        |
| <b>Total financial assets</b>    | <b>-</b>                     | <b>14.57</b>                 |

There were no transfers between any levels during the year.

**(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:

**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 Management assessed that Cash and Cash equivalents, bank balance other than Cash and Cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments. The fair value of the investments have been considered as the carrying value of these investments since these investments have been made in the subsidiaries of the Company.
- The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.
- The fair values for advance to related parties 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 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.



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management**

The Company's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations. The Company's financial liabilities comprise mainly borrowings from banks, commercial papers and debentures.

The Company is exposed to various risks such as credit risk, liquidity risk, foreign currency risks and interest rate risks.

The Board of Directors have the overall responsibility for the establishment of governance and oversight in relation to the Company's Risk management framework. The Board of Directors have established Committees such as the Risk Management Committee and Asset Liability Committee for developing and monitoring the Company's risk management policies and treasury policies. The Committees reports regularly to the Board of Directors on its activities.

The Company's Risk management policies are established to identify and analyse the various risks faced by the Company, to set appropriate risk benchmarks limits and controls and to monitor risks and adherence to limits from time to time. The Risk Management Committee oversees how management monitors compliance with the risk management policies and procedures and other governance framework and reviews the adequacy of the risk management framework in relation to the various risks faced by the Company from time to time.

**(A) Credit Risk**

Credit risk refers to the risk when a counter party 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 Expected Credit Loss (ECL).

**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 the gross carrying value of assets as on each reporting date.

| Particulars                                      | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| <b>Gross Carrying value of Loans</b>             |                              |                              |
| Stage-1 (Less than 30 Days)                      | 12,776.83                    | 9,539.60                     |
| Stage-2 (30-90 Days) <sup>#</sup>                | 1,097.14                     | 1,481.27                     |
| Stage-3 (More than 90 Days) <sup>*</sup>         | 528.99                       | 423.75                       |
| <b>Total Gross carrying value as of year end</b> | <b>14,402.96</b>             | <b>11,444.62</b>             |

<sup>#</sup> Includes restructured contracts under one time resolution framework vide RBI circular dated 6<sup>th</sup> August, 2020 and RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated 5<sup>th</sup> May, 2021 irrespective of days past due on the reporting date.

<sup>\*</sup> Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR. No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019 irrespective of days past due on the reporting date.

**Other financial assets**

Credit risk with respect to other financial assets are extremely low except "Other Financial Assets - Non Related Parties". Based on the credit assessment the historical trend of low default is expected to continue. No provision for ECL has been created for Other financial Assets except full provision on "Other Financial Assets - Non Related Parties".

**Credit Quality**

The Company 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 loan assets under ECL model, the loan assets have been segmented into three stages.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

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 Company 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 Company 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 tenure.
- Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

The Company considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, government borrowing, private consumption expenditure, policy interest rates, etc., as considered relevant so as to determine the impact of macro-economic factors on the Company's ECL estimates. The internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market/external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

**Assessment of significant increase in credit risk**

When determining whether the risk of default has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort.

The Company 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 Company 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 27<sup>th</sup> March, 2020 and 17<sup>th</sup> April, 2020 relating to ‘COVID-19 – Regulatory Package’, the Company has offered moratorium upto six months on the payment of instalments falling due between 1<sup>st</sup> March, 2020 and 31<sup>st</sup> August, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for COVID-19-related Stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The Company has classified all restructured accounts done under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019 in Stage 3 and with regard to restructured contracts done under one time resolution framework vide RBI circular dated 6<sup>th</sup> August, 2020 and RBI/2021- 22/31/DOR.STR.REC.11 / 21.04.048/2021-22 dated 5<sup>th</sup> May, 2021 in Stage 2 irrespective of days past due status on the reporting date.

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. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

**Definition of default**

The Company considers a financial instrument is in defaulted when the borrower becomes 90 days past due on its contractual payments. The Company considers loans under default as 'credit impaired' and classified as Stage-3 except for restructured contracts as disclosed above.

**Impairment loss**

The expected credit loss allowance provision is determined as follows:

|  | Stage 1          | Stage 2         | Stage 3       | Grand Total      |
|--|------------------|-----------------|---------------|------------------|
| <b>Gross Balance as at 31<sup>st</sup> March, 2022</b> | <b>12,776.83</b> | <b>1,097.14</b> | <b>528.99</b> | <b>14,402.96</b> |
| Expected Credit Loss                                   | 87.80            | 33.25           | 267.61        | 388.66           |
| Expected Credit Loss Rate                              | 0.69%            | 3.03%           | 50.59%        | 2.70%            |
| Net of Impairment Provision                            | 12,689.03        | 1,063.89        | 261.38        | 14,014.30        |

|  | Stage 1         | Stage 2         | Stage 3       | Grand Total      |
|--|-----------------|-----------------|---------------|------------------|
| <b>Gross Balance as at 31<sup>st</sup> March, 2021</b> | <b>9,539.60</b> | <b>1,481.27</b> | <b>423.75</b> | <b>11,444.62</b> |
| Expected Credit Loss                                   | 81.90           | 42.34           | 165.43        | 289.67           |
| Expected Credit Loss Rate                              | 0.86%           | 2.86%           | 39.04%        | 2.53%            |
| Net of Impairment Provision                            | 9,457.70        | 1,438.93        | 258.32        | 11,154.95        |

**Reconciliation of Expected Credit Loss**

| Particulars                                      | Stage-1      | Stage-2      | Stage-3       | Grand Total   |
|--|--------------|--------------|---------------|---------------|
| <b>Balance as at 1st April, 2020</b>             | <b>39.23</b> | <b>9.50</b>  | <b>143.38</b> | <b>192.11</b> |
| Transfer from Stage 1                            | (9.66)       | 7.54         | 2.11          | -             |
| Transfer from Stage 2                            | 2.44         | (4.61)       | 2.17          | -             |
| Transfer from Stage 3                            | 0.99         | 0.45         | (1.43)        | -             |
| Loans that have derecognised during the period   | (8.35)       | (1.43)       | (41.06)       | (50.85)       |
| New Loans originated during the year             | 33.56        | 4.26         | 14.78         | 52.61         |
| Net Remeasurement of Loss Allowance              | 23.70        | 26.62        | 45.49         | 95.80         |
| <b>Balance as at 31<sup>st</sup> March, 2021</b> | <b>81.90</b> | <b>42.34</b> | <b>165.43</b> | <b>289.67</b> |
| Transfer from Stage 1                            | (29.74)      | 18.52        | 11.22         | -             |
| Transfer from Stage 2                            | 2.12         | (12.60)      | 10.48         | -             |
| Transfer from Stage 3                            | 4.64         | 2.41         | (7.05)        | -             |
| Loan that have derecognised during the period    | (21.70)      | (19.63)      | (90.95)       | (132.28)      |
| New Loans originated during the year             | 60.76        | 2.65         | 17.14         | 80.55         |
| Net Remeasurement of Loss Allowance              | (10.17)      | (0.44)       | 161.34        | 150.73        |
| <b>Balance as at 31<sup>st</sup> March, 2022</b> | <b>87.81</b> | <b>33.25</b> | <b>267.61</b> | <b>388.67</b> |

**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:

|   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| Carrying value                                |                              |                              |
| Concentration by geographical region in India |                              |                              |
| South   | 5,619.30                     | 4,426.79                     |
| West  | 3,870.72                     | 3,123.68                     |
| East  | 2,517.92                     | 2,042.22                     |
| North   | 2,395.02                     | 1,851.93                     |
| <b>Total Loans as at reporting period</b>     | <b>14,402.96</b>             | <b>11,444.62</b>             |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

**(B) Liquidity Risk**

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 instalment receivables/ sourcing through debts at each point of time. The fund requirement ascertained at the beginning of the period by taking into consideration instalment receivable, likely disbursement, loan instalment payment & other operational expenses. The Company is continuously getting good support 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:

|  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| <b>Floating rate</b>   |                              |                              |
| Expiring within one year (bank overdraft and other facilities) | 1,215                        | 1,428                        |
| Expiring beyond one year (bank loans)                          | -                            | -                            |
|  | 1,215                        | 1,428                        |

The bank cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice.

**ii. Maturities of financial liabilities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- All non-derivative financial liabilities, and
- 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 table below summarises the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments as at the balance sheet date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| Particulars                              | Contractual Cashflows |                 |                    |                       |                   |                       |
|--|-----------------------|-----------------|--------------------|-----------------------|-------------------|-----------------------|
|  | Less than 3 months    | 3 to 6 months   | 6 months to 1 year | Between 1 and 5 years | More than 5 years | Total Carrying Amount |
| <b>As at 31<sup>st</sup> March, 2022</b> |                       |                 |                    |                       |                   |                       |
| Borrowings                               | 3,003.33              | 975.61          | 3,061.07           | 5,375.24              | 548.86            | 12,964.11             |
| Security Deposit                         | 43.70                 | 29.13           | 5.26               | 3.28                  | -                 | 81.37                 |
| Trade payables                           | 146.85                | 68.12           | 108.65             | 10.16                 | -                 | 333.77                |
| Other Financial Liabilities              | 72.35                 | 2.32            | 57.53              | 19.23                 | 0.37              | 151.81                |
| <b>Total Non-Derivative Liabilities</b>  | <b>3,266.23</b>       | <b>1,075.18</b> | <b>3,232.51</b>    | <b>5,407.92</b>       | <b>549.23</b>     | <b>13,531.07</b>      |
|  |                       |                 |                    |                       |                   |                       |
| Particulars                              | Contractual Cashflows |                 |                    |                       |                   |                       |
|  | Less than 3 months    | 3 to 6 months   | 6 months to 1 year | Between 1 and 5 years | More than 5 years | Total Carrying Amount |
| <b>As at 31<sup>st</sup> March, 2021</b> |                       |                 |                    |                       |                   |                       |
| Borrowings                               | 1,386.89              | 694.91          | 3,161.99           | 4,417.06              | 493.90            | 10,154.75             |
| Security Deposit                         | 29.41                 | 19.61           | 4.44               | -                     | -                 | 53.46                 |
| Trade Payables                           | 94.40                 | 70.13           | 55.54              | 7.80                  | -                 | 227.87                |
| Other Financial Liabilities              | 79.14                 | 2.10            | 56.76              | 17.10                 | 2.27              | 157.37                |
| <b>Total Non-Derivative Liabilities</b>  | <b>1,589.84</b>       | <b>786.75</b>   | <b>3,278.73</b>    | <b>4,441.96</b>       | <b>496.17</b>     | <b>10,593.45</b>      |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

**(C) 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.

|  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| <b>Financial liabilities</b>   |                              |                              |
| Variable Foreign Currency Borrowings (USD 287 million) (Previous Year USD 187 million) | 2,108.05                     | 1,356.55                     |
| <b>Derivative liabilities</b>  |                              |                              |
| Hedged through forward contracts and CCS   | 2,108.05                     | 1,356.55                     |
| <b>Net exposure to foreign currency risk (Liabilities)</b>                             | -                            | -                            |

**Sensitivity analysis:**

The Company has hedged all its foreign currency exposures by entering into CCS/ Forwards contracts, it shall not be subject any sensitivity on settlement due to foreign currency fluctuation due to the movements in foreign exchanges i.e. USD. Forward Contract & Cross Current Swap are to buy USD for Hedging Foreign Currency Loan.

| Impact on Profit After Tax |                              |                              |
|----------------------------|------------------------------|------------------------------|
| USD sensitivity            | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| INR/USD Increases by 5%    | -                            | -                            |
| INR/USD Decreases by 5%    | -                            | -                            |

**(D) 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<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021, the Company's borrowings at variable rate were mainly denominated in ₹.

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 generally available at Floating rate Interest. And there are no such option available to obtain swap option for floating rate interest linked to respective bank MCLR with fixed interest. Hence except foreign currency loans, other loans are not hedged. The Company has increased the component of fixed rate borrowings compared to last year by 22%.

**(a) Interest rate risk exposure**

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

|                          | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--------------------------|------------------------------|------------------------------|
| Variable rate borrowings | 6,232.48                     | 7,126.66                     |
| <b>Total borrowings</b>  | <b>12,964.11</b>             | <b>10,154.75</b>             |

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

| 31 <sup>st</sup> March, 2022  |                                |          |                  |
|-------------------------------|--------------------------------|----------|------------------|
|                               | Weighted average interest rate | Balance  | % of total loans |
| Cash credits, bank loans etc. | 6.53%                          | 6,232.48 | 48.07%           |
| 31 <sup>st</sup> March, 2021  |                                |          |                  |
|                               | Weighted average interest rate | Balance  | % of total loans |
| Cash credits, bank loans etc. | 7.04%                          | 7,126.66 | 70.18%           |

An analysis by maturities is provided in note 35 B (ii) above.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 35 Financial Risk Management (Contd.)**

**(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                              |                              |                              |
|---|------------------------------|------------------------------|
| Particulars   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| Interest rates – increase by 50 basis points (50 bps) * | 31.16                        | 38.00                        |
| Interest rates – decrease by 50 basis points (50 bps) * | (31.16)                      | (38.00)                      |

\* Holding all other variables constant

**NOTE 36 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 design to identify, access and 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 maximum 7 times to the total equity, the Company monitors the ratio as below:

|   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| Net debt (total borrowings, less cash and cash equivalents) | 12,007.88                    | 9,501.62                     |
| Total Equity (as shown in the balance sheet)                | 1,863.64                     | 1,563.70                     |
| <b>Net debt to equity ratio</b>                             | <b>6.44</b>                  | <b>6.08</b>                  |

**(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.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 37 Leases**

**a) Lease Disclosures pertaining to Right-to-use Asset**

| Particulars                                       | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| <b>Building</b>                                   |                              |                              |
| Gross Block                                       |                              |                              |
| Opening/(On transition to IND-AS 116)             | 18.68                        | 25.78                        |
| Revaluation due to change in future lease rentals | -                            | (3.70)                       |
| Additions during the year                         | 6.49                         | 3.88                         |
| (Deletions during the year)                       | -                            | -                            |
| Closing Balance during the year                   | 25.17                        | 25.96                        |
| <i>Amortisation</i>                               |                              |                              |
| Additions   | -                            | -                            |
| Amortisation for the year                         | 7.05                         | 7.28                         |
| <b>Closing Balance during the year</b>            | <b>18.12</b>                 | <b>18.68</b>                 |

- b) The Company has offices across the country with varied lease period. The lease term considered for arriving at the Right to use Asset and Lease Liabilities are based on the non-cancellable period of the respective agreements.
- c) The Company has exercised the option of short term leases and low value asset exemption.

**Lease Disclosures pertaining to Statement of Profit & Loss**

| Particulars  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| <b>Finance charges</b>   |                              |                              |
| Interest expense   | 1.99                         | 2.02                         |
| <b>Depreciation</b>  |                              |                              |
| Amortisation of Right to use asset   | 7.05                         | 7.28                         |
| <b>Other expenses</b>  |                              |                              |
| <u>Rent expenses</u>   |                              |                              |
| Expense relating to short-term leases (included in other expenses)   | 11.65                        | 10.77                        |
| 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           | -                            | -                            |
| <b>Total</b>   | <b>20.69</b>                 | <b>20.07</b>                 |

**d) Additional disclosures in cash flow statement**

| Particulars                                       | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| Cash flow financing activities                    |                              |                              |
| Principal repayments related to lease liabilities | 6.56                         | 6.92                         |
| Interest payments related to lease liabilities    | 1.99                         | 2.02                         |



(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022**

**1. Capital Commitments**

| Description  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| Estimated amount of contracts remaining to be executed on Capital Account not provided for | 0.78                         | 2.52                         |

**2. Other Commitments**

| Description                           | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---------------------------------------|------------------------------|------------------------------|
| Undrawn Loans sanctioned to borrowers | 48.33                        | 22.89                        |

**3. Contingent Liabilities not provided for**

Claims against the Company not acknowledged as debts.

| Description   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.36 Cr) | 7.70                         | 7.70                         |
| Legal cases filed by borrowers against the Company  | 1.48                         | 1.23                         |

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.

- The Code on Social Security, 2020 ('The Code') relating to employee benefits during employment and post-employment benefits, received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has also released draft rules thereunder on 13<sup>th</sup> November, 2020 and has invited suggestions from stakeholders, which are under consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.
- Pursuant to a Business Transfer Agreement (BTA) entered into with TVS Finance and Services Limited (TVSFS) on 21<sup>st</sup> 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 7<sup>th</sup> and 12<sup>th</sup> year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), the Holding Company, during 2010-11 at book value and the same is repayable by TVSMS in 6 years. The advance from TVSMS to the Company pertaining to this transaction stands at ₹38.10 crores as at 31<sup>st</sup> March, 2022 as per IND-AS fair valuation and advance is fully secured.
- 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.
- Exceptional items of ₹5 crore represents the contribution made by the Company towards COVID related expenses for the year ended 31<sup>st</sup> March, 2022.

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**8. Related Party Disclosure**

Disclosure 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<br>Sundaram-Clayton Limited (holding company of TVS Motor Company Limited)  |
| Ultimate Holding Company     | TV Sundram Iyengar & Sons Private Limited   |
| Subsidiaries                 | TVS Housing Finance Private Limited<br>Harita ARC Private Limited<br>TVS Two Wheeler Mall Private Limited<br>TVS Micro Finance Private Limited (upto 3 <sup>rd</sup> September, 2021)<br>Harita Collection Services Private Limited (upto 3 <sup>rd</sup> September, 2021)<br>TVS Commodity Financial Solutions Private Limited (upto 9 <sup>th</sup> February, 2022) |
| Fellow Subsidiary            | TVS Motor Services Limited<br>Sundaram Auto Components Limited<br>TVS Automobile Solutions Private Limited  |
| Associate of Holding Company | 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                    | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|-------|----------------------------------|---|------------------------------|------------------------------|
| 1     | TVS Motor Services Limited       | Advance received                          | 41.33                        | 6.37                         |
|       |                                  | Unwinding of advance                      | 6.23                         | 1.38                         |
|       |                                  | Balance outstanding [Dr/(Cr)]             | 38.10                        | 73.21                        |
| 2     | TVS Motor Company Limited        | Contribution towards Equity Share Capital | 6.17                         | 6.78                         |
|       |                                  | Contribution towards Security Premium     | 93.83                        | 93.22                        |
|       |                                  | Services Rendered                         | 9.03                         | 21.55                        |
|       |                                  | Availing of Services                      | 8.34                         | 6.96                         |
|       |                                  | Balance outstanding [Dr/(Cr)]             | (2.80)                       | 8.49                         |
| 3     | Sundaram-Clayton Limited         | EMI Payment                               | 0.11                         | 0.10                         |
|       |                                  | Availing of Services                      | 3.92                         | 3.08                         |
|       |                                  | Balance outstanding [Dr/(Cr)]             | (0.48)                       | 0.03                         |
| 4     | Sundaram Auto Components Limited | EMI Payment                               | 0.11                         | 0.11                         |
|       |                                  | Balance outstanding [Dr/(Cr)]             | 0.04                         | 0.15                         |

The Company has not granted any Loans or Advances in the nature of loans to Promoters, Directors, Key Managerial Personnel and the related parties, either severally or jointly with any other person, which are (a) Repayable on demand; or (b) Without specifying any terms or period of repayment.

**9. Segment Reporting**

There is no separate reportable segment as per IND-AS 108 on 'Operating Segments' for the Company since it is primarily engaged in the business of financing.

- 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.
- The Company has no transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.
- The Company is in compliance with the number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- There have been no events after the reporting date that require disclosure in the Financial Statements.
- Prior period figures have been regrouped, wherever necessary, to confirm to the current period presentation.

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**15. Disclosure of ratios:**

| S.No. | Particulars   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|-------|---|------------------------------|------------------------------|
| a.    | Current Ratio   | NA                           | NA                           |
| b.    | Total Borrowings  | 12,964.11                    | 10,154.75                    |
|       | Shareholder's Equity  | 1,863.64                     | 1,563.70                     |
|       | Debt-Equity Ratio   | 6.96                         | 6.49                         |
|       | [total borrowings/shareholder's equity]   |                              |                              |
| c.    | Debt Service Coverage Ratio   | NA                           | NA                           |
| d.    | Return on Equity Ratio  | 7.04%                        | 6.61%                        |
| e.    | Inventory Turnover Ratio  | NA                           | NA                           |
| f.    | Trade Receivable Turnover Ratio   | NA                           | NA                           |
| g.    | Trade Payable Turnover Ratio  | NA                           | NA                           |
| h.    | Net Capital Turnover Ratio  | NA                           | NA                           |
| i.    | Net Profit Ratio  | 4.38%                        | 4.33%                        |
| j.    | Return on Capital Employed Ratio  | NA                           | NA                           |
| k.    | Return on Investment Ratio  | NA                           | NA                           |
| l.    | Capital to Risk-Weighted Assets Ratio (CRAR) (Calculated as per RBI guidelines) | 18.64%                       | 18.32%                       |
| m.    | Tier I CRAR (Calculated as per RBI guidelines)                                  | 12.31%                       | 13.27%                       |
| n.    | Tier II CRAR (Calculated as per RBI guidelines)*                                | 6.34%                        | 5.05%                        |
| o.    | Liquidity Coverage Ratio (LCR) (Calculated as per RBI guidelines)#              | 133%                         | 207%                         |

\* The Company has issued Subordinated Debenture of ₹449 Cr during FY 2021-22

# The LCR is more than regulatory requirement

**Notes:**

- Certain ratios/line items marked with remark "N/A" are not applicable since the Company is a Non-banking financial Company registered with the Reserve Bank of India
- Return on Equity Ratio = Profit after tax/Average Network
- Net profit ratio (%) = Profit after Tax/Total Income

**16.** No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**17.** No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**18.** There is no "undisclosed income" which has been reported by the Company during the assessment.

**19.** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**20.1 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial company (as required in terms of Annex II as amended from time to time of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016)**

| S.No. | Description  | Amount Outstanding                 | Amount Overdue |
|-------|--|------------------------------------|----------------|
|       |  | as at 31 <sup>st</sup> March, 2022 |                |
|       | <b>Liabilities</b>   |                                    |                |
| (1)   | <b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b> |                                    |                |
| A     | Debentures   | -                                  | -              |
|       | - Secured  | 449.02                             | -              |
|       | - Unsecured (other than falling within the meaning of public deposits)                             | -                                  | -              |
| B     | Deferred Credits   | -                                  | -              |
| C     | Term Loans (including Sub-Ordinated Debt)  | 10,778.41                          | -              |
| D     | Inter-Corporate Loans and Borrowings   | -                                  | -              |
| E     | Commercial Paper   | 1,795.29                           | -              |
| F     | Other Loans:   | -                                  | -              |
|       | i. Cash Credit & WCDL  | 11.08                              | -              |
|       | ii. Securitised Trust Borrowing  | -                                  | -              |
|       | <b>Total</b>   | <b>13,033.80</b>                   | <b>-</b>       |

| S.No. | Description   | Amount Outstanding as at 31 <sup>st</sup> March, 2022 | Amount Outstanding as at 31 <sup>st</sup> March, 2021 |
|-------|---|---|---|
|       |   |   |   |
|       | <b>Assets</b>   |   |   |
| (2)   | <b>Break-up of Loans and Advances including bills receivable (other than those included in (4) below) :</b> |   |   |
| (a)   | Secured   | 11,212.15   | 9,509.84  |
| (b)   | Unsecured considered good   | 3,190.81  | 1,934.78  |
| (3)   | <b>Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:</b>        |   |   |
|       | (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  | -   | -   |
|       | <b>Total</b>  | <b>14,402.96</b>                                      | <b>11,444.62</b>                                      |

(All amounts in ₹ Crore unless otherwise stated)

38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)

| S.No. | Description   | Amount Outstanding                 | Amount Overdue |
|-------|---|------------------------------------|----------------|
|       |   | as at 31 <sup>st</sup> March, 2022 |                |
| 4.    | <b>Current Investments:</b>                             |                                    |                |
|       | 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  | -                                  | -              |
|       | <b>Long-term Investments:</b>                           |                                    |                |
|       | 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                              | 12.01          |
|       | (b) Preference  | -                                  | -              |
|       | (ii) Debentures and Bonds                               | -                                  | -              |
|       | (iii) Units of Mutual Funds                             | -                                  | -              |
|       | (iv) Government Securities                              | -                                  | -              |
|       | (v) Others (Pass-through Certificates - Securitisation) | -                                  | -              |
|       | <b>Total</b>  | <b>12.01</b>                       | <b>12.01</b>   |

| (5) | <b>Borrower group-wise classification of assets financed as in (2) and (3) above</b> |  |                 |                  |
|-----|--|--|-----------------|------------------|
|     | Category   | Amount (Net of provisions for Non-performing assets) |                 |                  |
|     |  | Secured  | Unsecured       | Total            |
|     | 1. Related Parties   |  |                 |                  |
|     | (a) Subsidiaries   | -  | -               | -                |
|     | (b) Companies in the same group  | 0.59   | -               | 0.59             |
|     | (c) Other related parties  | -  | -               | -                |
|     | 2. Other than related parties  | 11,007.23  | 3,127.97        | 14,135.19        |
|     | <b>Total</b>   | <b>11,007.82</b>                                     | <b>3,127.97</b> | <b>14,135.79</b> |

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

| (6) | Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted) |   |                                |
|-----|---|---|--------------------------------|
|     | Category  | Market value / Breakup 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  | -   | -                              |
|     | <b>Total</b>  | <b>12.01</b>                                | <b>12.01</b>                   |

| (7)   | Other Information                       | Amount |
|-------|---|--------|
| (i)   | Gross Non-performing assets             |        |
|       | (a) Related Parties                     | -      |
|       | (b) Other than related parties          | 528.99 |
| (ii)  | Net Non-performing assets               |        |
|       | (a) Related Parties                     | -      |
|       | (b) Other than related parties          | 267.17 |
| (iii) | Assets acquired in satisfaction of debt | -      |

Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1<sup>st</sup> September, 2016 (Updated as on 22<sup>nd</sup> February, 2019) "Master Direction - Non-Banking Financial Company - Systemically Important Non - Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

**(A) Capital Adequacy Ratio**

| Description  | 2021-22          | 2020-21          |
|--|------------------|------------------|
| Tier I Capital   | 1,780.70         | 1526.16          |
| Tier II Capital  | 916.80           | 580.67           |
| <b>Total Capital</b>   | <b>2,697.51</b>  | <b>2,124.50</b>  |
| <b>Total Risk Weighted Assets</b>  | <b>14,469.18</b> | <b>11,504.54</b> |
| <b>Amount of Subordinated Debt as Tier II Capital (Discounted Value)</b>             | 829.00           | 530.00           |
| <b>Capital Ratios</b>  |                  |                  |
| Tier I Capital as a Percentage of Total Risk Weighted Assets (%)                     | 12.31%           | 13.27%           |
| Tier II Capital as a Percentage of Total Risk Weighted Assets (%)                    | 6.34%            | 5.05%            |
| <b>Total (%)</b>   | <b>18.64%</b>    | <b>18.32%</b>    |
| Amount of perpetual debt raised and qualifying as Tier I capital during the year     | -                | -                |
| Amount of subordinated debt raised and qualifying as Tier II capital during the year | 449.00           | 400.00           |

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**(B) Investment**

| S.No.     | Description  | 2021-22 | 2020-21 |
|-----------|--|---------|---------|
| <b>1.</b> | <b>Value of Investments</b>  |         |         |
|           | 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   | -       | -       |
| <b>2.</b> | <b>Movement of Provisions held towards depreciation on Investments</b> |         |         |
|           | 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  | -       | -       |

**(C) Derivative**

The company has fully hedged all its foreign currency borrowing at the time of withdrawal of each loan. Hence there is no risk to the Company on account of derivatives or mismatch in currency.

**(D) Exposure to Real Estate sector, both Direct and Indirect**

| Description  | 2021-22 | 2020-21 |
|--|---------|---------|
| <b>(a) Direct/Indirect Exposure (Net of Advances from Customers)</b>   |         |         |
| <b>(i) Residential Mortgages -</b>   |         |         |
| 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   | -       | -       |
| <b>(ii) Commercial Real Estate -</b>   |         |         |
| 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   | -       | -       |
| <b>(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures -</b>   |         |         |
| 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   |



(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**(E) Exposure to Capital Market**

| S.No. | Description  | 2021-22 | 2020-21 |
|-------|--|---------|---------|
| 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)  | -       | -       |

**(F) Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities**

| Time Bucket                  | As at 31 <sup>st</sup> March, 2022 |                  |              |                  |                         |                              |
|------------------------------|------------------------------------|------------------|--------------|------------------|-------------------------|------------------------------|
|                              | Deposits                           | Advances         | Invest-ments | Borrowings       | Foreign Currency Assets | Foreign Currency Liabilities |
| Up to 1 month                | -                                  | 956.56           | -            | 1,018.14         | -                       | -                            |
| Over 1 month up to 2 months  | -                                  | 823.86           | -            | 730.64           | -                       | 189.38                       |
| Over 2 months up to 3 months | -                                  | 941.62           | -            | 875.79           | -                       | 189.38                       |
| Over 3 months up to 6 months | -                                  | 1,727.76         | -            | 672.59           | -                       | 303.02                       |
| Over 6 months up to 1 year   | 6.00                               | 3,085.52         | -            | 3,061.07         | -                       | -                            |
| Over 1 year up to 3 years    | -                                  | 6,067.93         | -            | 3,478.83         | -                       | 1,488.04                     |
| Over 3 years up to 5 years   | -                                  | 791.81           | -            | 408.37           | -                       | -                            |
| Over 5 years                 | -                                  | 7.90             | 12.01        | 548.86           | -                       | -                            |
| <b>Grand Total</b>           | <b>6.00</b>                        | <b>14,402.96</b> | <b>12.01</b> | <b>10,794.29</b> | <b>-</b>                | <b>2,169.82</b>              |

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

(G) Category-wise classification of frauds reported during the year vide DNBS.PPD.01/66.15.001/2016-17 dtd 29<sup>th</sup> September, 2016

| Category  | Less than ₹ 1 Lakh |             | ₹ 1 Lakh- ₹ 25 Lakhs |             | ₹ 25 Lakhs and Above |             | Total      |             |
|---|--------------------|-------------|----------------------|-------------|----------------------|-------------|------------|-------------|
|   | Count              | Value       | Count                | Value       | Count                | Value       | Count      | Value       |
| <b>A Person Involved</b>                                  |                    |             |                      |             |                      |             |            |             |
| Staff   | 78                 | 0.27        | 26                   | 1.17        | 0                    | -           | 104        | 1.44        |
| Staff & Others  | 0                  | -           | 1                    | 0.04        | 0                    | -           | 1          | 0.04        |
| Others  | 1                  | 0.01        | 4                    | 0.27        | 2                    | 1.43        | 7          | 1.72        |
| <b>Staff and Customers</b>                                | <b>79</b>          | <b>0.28</b> | <b>31</b>            | <b>1.49</b> | <b>2</b>             | <b>1.43</b> | <b>112</b> | <b>3.20</b> |
| <b>B Type of Fraud</b>                                    |                    |             |                      |             |                      |             |            |             |
| Misappropriation and Criminal breach of trust             | 79                 | 0.28        | 26                   | 1.13        | 1                    | 0.57        | 106        | 1.97        |
| Fraudulent encashment / manipulation of books of accounts | 0                  | -           | 0                    | -           | 0                    | -           | 0          | -           |
| Unauthorised credit facility extended                     | 0                  | -           | 0                    | -           | 0                    | -           | 0          | -           |
| Cheating and Forgery                                      | 0                  | -           | 5                    | 0.36        | 1                    | 0.87        | 6          | 1.22        |
| <b>Total</b>  | <b>79</b>          | <b>0.28</b> | <b>31</b>            | <b>1.49</b> | <b>2</b>             | <b>1.43</b> | <b>112</b> | <b>3.20</b> |

**Note:**

Out of the above, ₹0.65 crore 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.

**20.2 Disclosure relating Securitisation**

**(a) Outstanding amount of Securitised assets of as per books of SPVs**

| S.No. | Description  | 2021-22 | 2020-21 |
|-------|--|---------|---------|
| 1.    | No. of SPVs sponsored by the NBFC for securitisation transactions                                  | -       | -       |
| 2.    | Total amount of securitised assets as per books of the SPVs sponsored by NBFC's                    | -       | -       |
| 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  | -       | -       |
|       | - Others   | -       | -       |
| 4.    | Amount of exposures to securitisation transactions other than MRR                                  |         |         |
|       | a) Off-balance sheet exposures   |         |         |
|       | i) Exposure to own securitisations   |         |         |
|       | - First loss   | -       | -       |
|       | - Loss   | -       | -       |
|       | ii) Exposure to third-party securitisations  |         |         |
|       | - First loss   | -       | -       |
|       | - Others   | -       | -       |
|       | b) On-balance sheet exposures  |         |         |
|       | i) Exposure to own securitisations   |         |         |
|       | - First loss   | -       | -       |
|       | - Others   | -       | -       |
|       | ii) Exposure to third-party securitisations  |         |         |
|       | - First loss   | -       | -       |
|       | - Others   | -       | -       |

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

- (b) The value of "excess interest spread receivable" and "unrealised gain" on securitisation transactions undertaken in terms of guidelines on securitisation transaction issued by Reserve bank of India on 21<sup>st</sup> August, 2012 are given below:

| S.No. | Description                                    | 2021-22     |         | 2020-21     |         |
|-------|--|-------------|---------|-------------|---------|
|       |  | Non-Current | Current | Non-Current | Current |
| 1     | Excess Interest Spread Receivable              | -           | -       | -           | -       |
| 2     | Unrealised gain on Securitisation Transactions | -           | -       | -           | -       |

**(c) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction**

| Description   | 2021-22 | 2020-21 |
|---|---------|---------|
| 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   | 2021-22 | 2020-21 |
|---|---------|---------|
| 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   | -       | -       |

**20.3 (a) Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated 10<sup>th</sup> April, 2015**

| S.No. | Movement of NPA                         | 2021-22      | 2020-21      |
|-------|---|--------------|--------------|
| (I)   | <b>Net NPA to Net advances (%)</b>      | <b>1.85%</b> | <b>2.29%</b> |
| (II)  | <b>Movement of gross NPA*</b>           |              |              |
|       | a. Opening Balance                      | 567.10       | 370.66       |
|       | b. Additions during the year            | 527.95       | 614.12       |
|       | c. Reductions during the year           | 267.52       | 152.10       |
|       | d. Write off during the year            | 298.54       | 265.58       |
|       | e. Closing Balance                      | 528.99       | 567.10       |
| (III) | <b>Movement of Net NPA</b>              |              |              |
|       | a. Opening Balance                      | 383.70       | 227.28       |
|       | b. Additions during the year            | 335.18       | 357.87       |
|       | c. Reductions during the year           | 158.96       | 114.75       |
|       | d. Write off during the year            | 298.54       | 86.70        |
|       | e. Closing Balance                      | 261.38       | 383.70       |
| (IV)  | <b>Movement of Provision for NPAs**</b> |              |              |
|       | a. Opening Balance                      | 183.40       | 143.38       |
|       | b. Provisions made during the Year      | 192.77       | 137.66       |
|       | c. Reductions/Write off during the year | 108.55       | 97.64        |
|       | d. Closing Balance                      | 267.61       | 183.40       |

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

- # The Reserve Bank of India (RBI) vide its circular no.RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22, dated 12<sup>th</sup> November, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances - Clarifications", had clarified / harmonised certain aspects of extant regulatory guidelines with a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions. The Company has since taken necessary steps to implement the provisions of this circular under IRACP norms for regulatory purpose. The aforementioned circular has no impact on the financial results for the quarter and year ended 31<sup>st</sup> March, 2022, as the Company continues to prepare financial statements in accordance with Indian Accounting Standards ('IND-AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and the RBI circular dated 13<sup>th</sup> March, 2020 on "Implementation of Indian Accounting Standards.
- \* NPA figures includes provision on assets taken over from Chennai Business Consulting Services Limited (erstwhile TVS Finance and Services Limited) vide BTA dated 21/04/2010.
- \*\* NPA figures mentioned above includes Restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019.

**(b) Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated 6<sup>th</sup> August, 2020 and RBI/2021- 22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated 5<sup>th</sup> May, 2021 are given below:**

|                   | (A)  | (B)   | (C)   | (D)   | (E)  |
|-------------------|--|---|---|---|--|
| Type of Borrower  | Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of previous half-year (A) | Of (A), aggregate debt that slipped into NPA during the half-year | Of (A), amount written off during the half-year | Of (A), amount paid by borrowers during the half-year | Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at the end of this half-year (A) |
| Personal Loans    | 279.45   | 32.18   | 14.22   | 76.15   | 163.47   |
| Corporate persons | 13.69  | 0.42  | -   | 1.07  | 12.20  |
| Of which, MSMEs   | 13.05  | 0.42  | -   | 0.97  | 11.66  |
| Others            | 0.64   | -   | -   | 0.10  | 0.54   |
| <b>Total</b>      | <b>293.14</b>  | <b>32.60</b>  | <b>14.22</b>                                    | <b>77.22</b>  | <b>175.67</b>  |

During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the applicable guidelines issued by the RBI.

**(c) Disclosure on restructured accounts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019**

| Particulars   | Amount                    |
|---|---------------------------|
| Restructured loans as 1 <sup>st</sup> April, 2021     | Amount Outstanding 180.66 |
|   | Provision thereon 29.63   |
| Fresh restructuring during the year                   | Amount Outstanding 18.45  |
|   | Provision thereon 8.27    |
| Reductions during the Year                            | Amount Outstanding 68.68  |
|   | Provision thereon (21.48) |
| Write-off of restructured accounts during the year    | Amount Outstanding 35.81  |
|   | Provision thereon 7.31    |
| Restructured loans as on 31 <sup>st</sup> March, 2022 | Amount Outstanding 94.62  |
|   | Provision thereon 52.07   |

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**(d) Provisions and Contingencies**

Break up of 'Provisions and Contingencies' shown under the Head Expenditure in Statement of Profit and Loss

| Description  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| Provision / Impairment allowance towards NPA (Net)                             | 102.18                       | 40.02                        |
| Provision / Impairment allowance towards Standard Assets                       | (3.19)                       | 57.54                        |
| Provision for General Loss   | -                            | (8.45)                       |
| Provision / Impairment allowance on Trade Receivables & Other Financial Assets | 7.85                         | 17.45                        |
| Provision made towards Income Tax  | 64.84                        | 46.52                        |
| <b>Total</b>   | <b>171.68</b>                | <b>153.08</b>                |

**20.4 Disclosure as required by DOR (NBFC).CC.PD.No.109/22.10.106/2019-20  
Comparison between ECL as per books and RBI provision As at 31<sup>st</sup> March, 2022**

| 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 |
|---------------------------------------|--|---|---|---------------------|--|--|
| <b>Performing Assets</b>              |  |   |   |                     |  |  |
| Standard                              | Stage 1                                | 12,776.83                               | 87.80   | 12,689.03           | 51.11                                  | 36.69  |
|                                       | Stage 2                                | 1,097.14                                | 33.25   | 1,063.89            | 21.25                                  | 11.99  |
| <b>Subtotal</b>                       |  | <b>13,873.97</b>                        | <b>121.05</b>   | <b>13,752.92</b>    | <b>72.36</b>                           | <b>48.69</b>   |
| <b>Non-Performing Assets (NPA)</b>    |  |   |   |                     |  |  |
| Substandard                           | Stage 3                                | 351.07                                  | 158.90  | 192.17              | 68.29                                  | 90.61  |
| Doubtful - up to 1 year               | Stage 3                                | 142.56                                  | 73.35   | 69.21               | 36.58                                  | 36.77  |
| 1 to 3 years                          | Stage 3                                | 7.45                                    | 7.45  | (0.00)              | 3.00                                   | 4.45   |
| More than 3 years                     | Stage 3                                | 2.42                                    | 2.42  | -                   | 1.38                                   | 1.04   |
| <b>Subtotal for doubtful</b>          |  | <b>152.44</b>                           | <b>83.22</b>  | <b>69.21</b>        | <b>40.96</b>                           | <b>42.26</b>   |
| Loss                                  | Stage 3                                | 25.48                                   | 25.48   | -                   | 25.48                                  | -  |
| <b>Subtotal for NPA</b>               |  | <b>528.99</b>                           | <b>267.61</b>   | <b>261.38</b>       | <b>134.74</b>                          | <b>132.87</b>  |
| <b>Total</b>                          | <b>Stage 1</b>                         | <b>12,776.83</b>                        | <b>87.80</b>  | <b>12,689.03</b>    | <b>51.11</b>                           | <b>36.69</b>   |
|                                       | <b>Stage 2</b>                         | <b>1,097.14</b>                         | <b>33.25</b>  | <b>1,063.89</b>     | <b>21.25</b>                           | <b>11.99</b>   |
|                                       | <b>Stage 3 *</b>                       | <b>528.99</b>                           | <b>267.61</b>   | <b>261.38</b>       | <b>134.74</b>                          | <b>132.87</b>  |
|                                       | <b>Total</b>                           | <b>14,402.96</b>                        | <b>388.66</b>   | <b>14,014.30</b>    | <b>207.10</b>                          | <b>181.56</b>  |

\* Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019 irrespective of days past due on the reporting date.

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

As at 31<sup>st</sup> March, 2021

| 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 |
|---------------------------------------|--|---|---|---------------------|--|--|
| <b>Performing Assets</b>              |  |   |   |                     |  |  |
| Standard                              | Stage 1                                | 9,538.49                                | 81.90   | 9,456.59            | 59.45                                  | 22.45  |
|                                       | Stage 2                                | 1,482.38                                | 42.34   | 1,440.04            | 16.70                                  | 25.64  |
| <b>Subtotal</b>                       |  | <b>11,020.87</b>                        | <b>124.24</b>   | <b>10,896.63</b>    | <b>76.15</b>                           | <b>48.09</b>   |
| <b>Non-Performing Assets (NPA)</b>    |  |   |   |                     |  |  |
| Substandard                           | Stage 3                                | 351.29                                  | 118.50  | 232.79              | 99.43                                  | 19.07  |
|                                       |  |   |   |                     |  |  |
| Doubtful - up to 1 year               | Stage 3                                | 40.23                                   | 17.23   | 23.00               | 13.53                                  | 3.70   |
| 1 to 3 years                          | Stage 3                                | 4.71                                    | 2.85  | 1.86                | 2.16                                   | 0.69   |
| More than 3 years                     | Stage 3                                | 2.04                                    | 1.38  | 0.66                | 1.34                                   | 0.04   |
| <b>Subtotal for doubtful</b>          |  | <b>46.98</b>                            | <b>21.46</b>  | <b>25.52</b>        | <b>17.03</b>                           | <b>4.43</b>  |
| Loss                                  | Stage 3                                | 25.48                                   | 25.48   | -                   | 25.48                                  | -  |
| <b>Subtotal for NPA</b>               |  | <b>423.75</b>                           | <b>165.43</b>   | <b>258.32</b>       | <b>141.94</b>                          | <b>23.49</b>   |
| <b>Total</b>                          | <b>Stage 1</b>                         | <b>9,538.49</b>                         | <b>81.90</b>  | <b>9,456.59</b>     | <b>59.45</b>                           | <b>22.45</b>   |
|                                       | <b>Stage 2</b>                         | <b>1,482.38</b>                         | <b>42.34</b>  | <b>1,440.04</b>     | <b>16.70</b>                           | <b>25.64</b>   |
|                                       | <b>Stage 3</b>                         | <b>423.75</b>                           | <b>165.43</b>   | <b>258.32</b>       | <b>141.94</b>                          | <b>23.49</b>   |
|                                       | <b>Total</b>                           | <b>11,444.62</b>                        | <b>289.67</b>   | <b>11,154.95</b>    | <b>218.09</b>                          | <b>71.58</b>   |

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<sup>st</sup> March, 2022 and as at 31<sup>st</sup> March, 2021 and accordingly, no amount is required to be transferred to Impairment reserve.

**20.5 Concentration of Advances, Exposures & NPAs (Stage 3 Assets)**

**(a) Concentration of Advances**

| Description  | 2021-22 | 2020-21 |
|--|---------|---------|
| Total Advances to Twenty Largest Borrowers                           | 131.36  | 110.79  |
| Percentage of Advances to Twenty Largest Borrowers to Total Advances | 0.91%   | 0.97%   |

**(b) Concentration of Exposures**

| Description   | 2021-22 | 2020-21 |
|---|---------|---------|
| Total Exposures to Twenty Largest Borrowers/Customers                 | 131.36  | 110.79  |
| Percentage of Exposures to Twenty Largest Borrowers to Total Advances | 0.91%   | 0.97%   |

**(c) Concentration of NPAs**

| Description                             | 2021-22 | 2020-21 |
|---|---------|---------|
| Total Exposure to Top Four NPA Accounts | 4.18    | 2.14    |

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**(d) Sector-wise distribution of NPA's**

| S.No. | Sector  | Percentage of NPA's to Total Advances in that Sector |         |
|-------|---|--|---------|
|       |   | 2021-22  | 2020-21 |
| 1     | Agriculture and Allied Activities   | 6.09%  | 5.90%   |
| 2     | MSME  | 0.00%  | 0.00%   |
| 3     | Corporate Borrowers   | 2.71%  | 1.60%   |
| 4     | Services  | 0.00%  | 0.00%   |
| 5     | Unsecured Personal Loans  | 3.76%  | 6.61%   |
| 6     | Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited) | 3.15%  | 4.89%   |
| 7     | Others  | 0.57%  | 2.93%   |

**20.6 Customer Complaints**

| Description  | 2021-22 | 2020-21 |
|--|---------|---------|
| No. of Complaints pending at the beginning of the year | 43      | 61      |
| No. of Complaints received during the year             | 3,733   | 2,295   |
| No. of Complaints redressed during the year            | 3,769   | 2,313   |
| No. of Complaints pending at the end of the year       | 7       | 43      |

**20.7 Details of non-performing financial assets purchased/sold**

| Description                      | 2021-22 | 2020-21 |
|----------------------------------|---------|---------|
| No. of Accounts                  | -       | -       |
| Aggregate Outstanding            | -       | -       |
| Aggregate Consideration Received | -       | -       |

**20.8 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 |

**20.9 Disclosure of penalties imposed by RBI and other regulators**

No penalties have been imposed by RBI and other regulators during the FY 2021-22 and FY 2020-21.

**20.10 Details of Financing of Parent Company Products**

During the year the Company has financed 4,76,643 nos. of two-wheelers and nil nos. of three-wheelers of TVS Motor Company Limited as against 4,53,202 nos. of two-wheelers and 214 nos. of three-wheelers in the previous year.



(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**20.11 Ratings assigned by Credit Rating Agencies**

| Description                            | 2020-21             | 2019-20             |
|--|---------------------|---------------------|
| Commercial Paper/Short term loans      | CRISIL A1+/ICRA A1+ | CRISIL A1+/ICRA A1+ |
| Working Capital Demand Loans           | CRISIL AA-/BWR AA   | CRISIL AA-/BWR AA-  |
| Cash Credit                            | CRISIL AA-/BWR AA   | CRISIL AA-/BWR AA-  |
| Bank Term Loans                        | CRISIL AA-/BWR AA   | CRISIL AA-/BWR AA-  |
| Non-Convertible Debentures - Long-Term | CRISIL AA-          | CRISIL AA-          |
| Perpetual Debt                         | CRISIL A+/BWR AA-   | CRISIL A+/BWR A+    |
| Subordinated Debt                      | CRISIL AA-/BWR AA   | CRISIL AA-/BWR AA-  |

**20.12 Directors' Sitting Fees and Commission**

| S.No. | Name of the Director       | Nature        | 2021-22 <sup>#</sup> | 2020-21 <sup>#</sup> |
|-------|----------------------------|---------------|----------------------|----------------------|
| 1     | Mr. Venu Srinivasan        | Sitting Fees  | 0.01                 | 0.01                 |
|       |                            | Commission    | -                    | -                    |
| 2     | Mr. T.K.Balaji             | Sitting Fees* | -                    | 0.01                 |
|       |                            | Commission    | -                    | -                    |
| 3     | Mr. R.Ramakrishnan         | Sitting Fees  | -                    | -                    |
|       |                            | Commission    | -                    | 0.03                 |
| 4     | Mr. Sudarshan Venu         | Sitting Fees  | 0.01                 | 0.01                 |
|       |                            | Commission    | -                    | -                    |
| 5     | Mr. K.N.Radhakrishnan      | Sitting Fees  | 0.02                 | 0.02                 |
|       |                            | Commission    | -                    | -                    |
| 6     | Mr. V.Srinivasa Rangan     | Sitting Fees  | 0.02                 | 0.02                 |
|       |                            | Commission    | 0.13                 | 0.13                 |
| 7     | Ms. Sasikala Varadhachari  | Sitting Fees  | 0.01                 | 0.02                 |
|       |                            | Commission    | 0.04                 | 0.13                 |
| 8     | Mr. Balasubramanyam Sriram | Sitting Fees  | 0.01                 | 0.02                 |
|       |                            | Commission    | 0.13                 | 0.06                 |
| 9     | Mr. R. Gopalan             | Sitting Fees  | 0.01                 | 0.02                 |
|       |                            | Commission    | 0.13                 | 0.09                 |
| 10    | Ms. Kalpana Unadkat        | Sitting Fees  | 0.01                 | -                    |
|       |                            | Commission    | 0.09                 | -                    |
|       | <b>Total</b>               |               | <b>0.62</b>          | <b>0.57</b>          |

\* The amounts mentioned are below the rounding off norms of the Company.

# Based on payment made during the respective financial year.

**20.13 Details of Single Borrower Limits (SBL)/Group Borrower Limits (GBL) exceeded**

The Company has not exceeded the Single Borrower Limit and Group Borrowers Limit as set by Reserve Bank of India for the year ended 31<sup>st</sup> March, 2022.

**20.14 Advance against Intangible Securities**

The Company has not given any loans against intangible securities.

**20.15 Related Party Transactions**

Refer note 38(8) to the IND-AS financial statements.

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**20.16 Derivatives**

**1. Forward Rate Agreement/Interest Rate Swap**

| S.No. | Description  | 2021-22  | 2020-21  |
|-------|--|----------|----------|
| 1.    | Notional principal of swap agreements  | 2,108.05 | 1,356.55 |
| 2.    | Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements | -        | -        |
| 3.    | Collateral required by the NBFC upon entering into swaps   | -        | -        |
| 4.    | Concentration of credit risk arising from the swaps  | -        | -        |
| 5.    | Fair value of the swap books   | 2,172.11 | 1,341.97 |

**2. Exchange Traded Interest Rate (IR) Derivatives**

| S.No. | Description  | Amount |
|-------|--|--------|
| 1.    | Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)                     | -      |
| 2.    | Notional principal amount of exchange traded IR derivatives outstanding as on 31 <sup>st</sup> March, 2022 (instrument wise) | -      |
| 3.    | Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument wise)         | -      |
| 4.    | 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                                      | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|-------|--|------------------------------|------------------------------|
| i)    | Outstanding Derivatives                          |                              |                              |
|       | For Hedging (Currency/Interest Rate Derivatives) | 2,172.11                     | 1,341.97                     |
| ii)   | Marked to Market Positions                       |                              |                              |
|       | a) Asset (+)                                     | 64.06                        | -                            |
|       | b) Liability (-)                                 | -                            | 14.57                        |
| iii)  | Credit Exposure                                  | 2,108.05                     | 1,356.55                     |
| iv)   | Unhedged Exposures                               | -                            | -                            |

**20.17 Overseas assets (for those with JV and Subsidiaries abroad)**

There are no overseas assets owned by the Company during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

**20.18 Drawdown from Reserves**

No draw down from reserves existed for the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

**20.19 Off balance sheet SPV sponsored**

There are no SPVs which are required to be consolidated by the Company during the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021.

**20.20 There are no prior period items accounted during the year.**

**20.21 There are no circumstances in which revenue recognition postponed pending the resolution of significant uncertainties.**

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**20.22 Disclosures as required for liquidity risk as required by Circular DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4<sup>th</sup> November, 2019**

**(i) Funding Concentration based on significant counterparty (both deposits and borrowings)**

| Particulars  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--|---------------------------------------|---------------------------------------|
| Number of significant counter parties*                     | 25                                    | 19                                    |
| Amount (₹ In Cr)   | 12,169.87                             | 9,587.59                              |
| Percentage of funding concentration to total deposits      | NA                                    | NA                                    |
| Percentage of funding concentration to total liabilities** | 89.51%                                | 89.92%                                |

\* 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<sup>th</sup> November, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

\*\* Total Liabilities has been computed as Total Assets less Equity Share Capital less Reserves & Surplus and computed basis extant regulatory ALM guidelines.

**(ii) Top 20 large deposits (amount in ₹ Cr and % of total deposits) - NA**

**(iii) Top 10 borrowings (amount in ₹ Cr and % of total borrowings)**

| Particulars   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|---|---------------------------------------|---------------------------------------|
| Total amount of top 10 borrowings                             | 4,360.57                              | 3,311.69                              |
| Percentage of amount of top 10 borrowings to total borrowings | 33.64%                                | 32.61%                                |

**(iv) Funding Concentration based on significant instrument/product\***

| Particulars                    | As at<br>31 <sup>st</sup> March,<br>2022 | Percentage of<br>total liabilities | As at<br>31 <sup>st</sup> March,<br>2021 | Percentage of<br>total liabilities |
|--------------------------------|--|------------------------------------|--|------------------------------------|
| Loans from Bank                | 7,282.34                                 | 53.56%                             | 6,676.80                                 | 62.62%                             |
| External Commercial Borrowings | 2,169.82                                 | 15.96%                             | 1,364.32                                 | 12.80%                             |
| Sub-ordinated Debts            | 1,193.48                                 | 8.78%                              | 842.95                                   | 7.91%                              |
| Commercial Paper               | 1,788.69                                 | 13.16%                             | 746.11                                   | 7.00%                              |
| Non-Convertible Debentures     | 424.99                                   | 3.13%                              | 424.74                                   | 3.98%                              |

\* 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<sup>th</sup> November, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**(v) Stock Ratios**

| S.No. | Particulars   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|---|---------------------------------------|---------------------------------------|
| 1.    | Commercial papers as a % of total public funds  | 13.80%                                | 7.35%                                 |
| 2.    | Commercial papers as a % of total liabilities   | 13.16%                                | 7.00%                                 |
| 3.    | Commercial papers as a % of total assets  | 11.57%                                | 6.10%                                 |
| 4.    | Non-convertible debentures (original maturity of less than one year) as a % of total public funds | 3.28%                                 | NA                                    |
| 5.    | Non-convertible debentures (original maturity of less than one year) as a % of total liabilities  | 3.13%                                 | NA                                    |
| 6.    | Non-convertible debentures (original maturity of less than one year) as a % of total assets       | 2.75%                                 | NA                                    |
| 7.    | Other short- term Liabilities as a % of total public funds  | 41.75%                                | 48.73%                                |
| 8.    | Other short- term Liabilities as a % of total liabilities   | 39.81%                                | 46.41%                                |
| 9.    | Other short- term Liabilities as a % of total assets  | 35.01%                                | 40.48%                                |

\* Other short-term liabilities is computed as current maturities of long-term debt, short-term bank borrowings including outstanding CC/WCDL and other short-term liabilities has been considered, but excludes commercial paper and non-convertible debentures (original maturity of less than one year).

\* Public funds are as defined in Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

**(vi) Institutional set-up for Liquidity Risk Management**

The Company constituted an Asset Liability Management Committee as guideline issued by RBI to NBFCs. ALCO consists of members having requisite skill set and expertise of the business and sector of the Company. ALCO monitors asset liability mismatches to ensure that there are no excessive imbalances on either side of the balance sheet and also reviews Asset Liability Management strategy. The borrowing strategy of the Company has always been in tandem with assets composition with appropriate consideration for mitigation of interest rate and liquidity risk. ALCO also reviews the liquidity risk of the Company at regular intervals. The Company is maintaining adequate liquidity to manage its commitments.

The Company has taken various initiatives to raise funds at the cost commensurate with its rating by way of diversified funding mix with borrowings from Public sector banks, Private sector banks, Foreign Banks, Financial Institutions, ECB and Capital Markets. The Company raised subordinated debt (Tier 2) to the extent of ₹449 crore with maiden investment by leading Mutual funds and External Commercial Borrowings (ECB) to the tune of ₹752 crore on fully hedged basis during year ended 31<sup>st</sup> March, 2022. Besides, the Company focused on increasing composition of fixed rate instruments with higher tenor in order to utilise benefit of the low interest environment.

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**(vii) Disclosure on Liquidity Coverage Ratio (LCR)**

| Sl No | LCR Disclosure Template   | Total Unweighted Value (average)<br>(i) | Total Weighted Value (average)<br>(ii) |
|-------|---|---|--|
|       | <b>High Quality Liquid Assets</b>   |   |  |
| 1.    | Total High Quality Liquid Assets (HQLA)   | 956.23                                  | 956.23                                 |
|       | <b>Cash Outflows</b>  |   |  |
| 2.    | Deposits (for deposit-taking companies)   | -                                       | -                                      |
| 3.    | Unsecured wholesale funding (iii)   | 797.96                                  | 917.66                                 |
| 4.    | Secured wholesale funding (iv)  | 220.17                                  | 253.20                                 |
| 5.    | Additional requirements, of which   | -                                       | -                                      |
| (i)   | Outflows related to derivative exposures and other collateral requirements  | -                                       | -                                      |
| (ii)  | Outflows related to loss of funding on debt products  | -                                       | -                                      |
| (iii) | Credit and liquidity facilities   | -                                       | -                                      |
| 6.    | Other contractual funding obligations   | 186.25                                  | 214.19                                 |
| 7.    | Other contingent funding obligations  | 48.22                                   | 55.45                                  |
| 8.    | <b>TOTAL CASH OUTFLOWS</b>  | <b>1,252.60</b>                         | <b>1,440.49</b>                        |
|       | <b>Cash Inflows</b>   |   |  |
| 9.    | Secured lending   | 604.53                                  | 453.40                                 |
| 10.   | Inflows from fully performing exposures   | 352.03                                  | 264.03                                 |
| 11.   | Other cash inflows  | 8.42                                    | 6.31                                   |
| 12.   | <b>TOTAL CASH INFLOWS</b>   | <b>964.98</b>                           | <b>723.74</b>                          |
|       |   |   | <b>Total Adjusted Value</b>            |
|       | <b>TOTAL HQLA</b>   |   | <b>956.23</b>                          |
|       | <b>TOTAL NET CASH OUTFLOWS</b><br>(Weighted Value of Total Cash Outflows – Minimum of (Weighted Value of Total Cash Inflows, 75% of Weighted Value of Total Cash Outflows)) |   | <b>716.76</b>                          |
|       | <b>LIQUIDITY COVERAGE RATIO (%)</b>   |   | <b>133%</b>                            |

(i) Unweighted values calculated as outstanding balances maturing within one month (for inflows and outflows).

(ii) Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

(iii) Unsecured wholesale funding includes cash outflow on account of Commercial Paper and other unsecured borrowing repayments.

(iv) Secured wholesale funding includes all Secured borrowing repayments.

(All amounts in ₹ Crore unless otherwise stated)

**38. Additional Notes forming part of Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**20.23 Summary of total borrowings, receivables and provision**

| Category-wise breakup       | 2021-22          | 2020-21          |
|-----------------------------|------------------|------------------|
| <b>Secured:</b>             |                  |                  |
| Term Loan from Banks        | 8,244.47         | 5,979.22         |
| Working Capital Demand Loan | 1,197.62         | 1,721.89         |
| Non-Convertible Debentures  | 424.99           | 424.74           |
| Securitized Trust Borrowing | -                | -                |
| <b>Unsecured:</b>           |                  |                  |
| Term Loan from Banks        | -                | -                |
| Working Capital Demand Loan | 15.00            | 340.00           |
| Commercial Paper            | 1,788.69         | 746.11           |
| Subordinated Debts          | 1,193.48         | 842.95           |
| Perpetual Debt              | 99.86            | 99.84            |
| <b>Total</b>                | <b>12,964.11</b> | <b>10,154.75</b> |

**Total Loans**

| Description                  | 2021-22          | 2020-21          |
|------------------------------|------------------|------------------|
| <b>Category-wise breakup</b> |                  |                  |
| Secured Loans                | 11,212.15        | 9,509.84         |
| Unsecured Loans              | 3,190.81         | 1,934.78         |
| <b>Total Loans</b>           | <b>14,402.96</b> | <b>11,444.62</b> |
| Less: Impairment Allowance   | 388.66           | 289.67           |
| <b>Net Loans</b>             | <b>14,014.30</b> | <b>11,154.95</b> |

**Total Assets Provisions**

| Description   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| Provision for Depreciation on Investments                                       | -                            | -                            |
| Provision/Impairment allowance towards NPA                                      | 267.61                       | 183.40                       |
| Provision/Impairment allowance towards Standard Assets                          | 121.05                       | 106.27                       |
| Provision/Impairment allowance for Trade Receivables and other Financial Assets | 29.25                        | 21.49                        |
| Provision for General Loss  | -                            | -                            |
| <b>Total</b>  | <b>417.91</b>                | <b>311.16</b>                |

As per our report of even date

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

**S. Usha**  
Partner  
Membership No. 211785

Place : Chennai  
Date : 4<sup>th</sup> May, 2022

For and on behalf of the Board of Directors of  
**TVS Credit Services Limited**

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer

To the Members of TVS Credit Services Limited

## Report on the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of **TVS Credit Services Limited** ("the Parent" / "the Holding Company") and its three subsidiaries, (the Parent / Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as on 31<sup>st</sup> March, 2022 and the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2022, and 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 and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, 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 the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as on 31<sup>st</sup> March, 2022 and their consolidated profit, and their consolidated cash flows for the year ended 31<sup>st</sup> March, 2022.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 the Institute of Chartered Accountants of India (ICAI) together with the ethical 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 these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter   | How our Audit Addressed the Key Matter  |
|--|---|
| <p><b>Impairment Loss Allowance</b></p> <p>Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with implementation of Expected Credit Loss ("ECL") approach as required by IND-AS 109 relating to "Financial instruments."</p> <p>Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. Categorisation of loans in Stage I, II and III based on identification of: <ol style="list-style-type: none"> <li>(a) Exposures with significant increase in credit risk since their origination and</li> <li>(b) Individually impaired/default exposures.</li> </ol> </li> </ol> | <ul style="list-style-type: none"> <li>• We obtained an understanding of management's assessment of impairment of loans and advances including the IND-AS 109 implementation process, internal rating model, impairment allowance policy and ECL modelling methodology.</li> <li>• We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions.</li> <li>• We also verified the key judgements and assumptions relating to the macro-economic scenarios including the impact of COVID-19 pandemic and the associated probability weights.</li> <li>• We also assessed the approach of the Group for categorisation the loans in various stages reflecting the inherent risk in the respective loans.</li> </ul> |



| Key Audit Matter   | How our Audit Addressed the Key Matter  |
|--|---|
| <p>2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL based on experience.</p> <p>3. The impact of different future macroeconomic conditions in the determination of ECL.</p> <p>These judgements required the models to be reassessed including the impact of COVID-19 pandemic to measure the ECL.</p> <p>Management has made several interpretations and assumptions when designing and implementing models that are compliant with the standard.</p> <p>The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Given the significance of judgements and the high complexity related particularly to the calculation of ECL we considered this area as a Key Audit Matter.</p> | <ul style="list-style-type: none"> <li>For a sample of financial assets, we tested the correctness of staging, reasonableness of PD, accuracy of LGD and ECL computation.</li> <li>We have also verified the compliance of circulars issued by Reserve Bank of India from time to time during the year on this subject.</li> </ul> <p>As a result of the above audit procedures no material differences were noted. We confirm the adequacy of disclosures made in the financial statements.</p>  |
| <p><b>IT Systems and Controls</b></p> <p>The Group's key financial accounting and reporting processes are highly dependent on the automated controls in information systems.</p> <p>Any control lapses, validation failures, incorrect input data and wrong extraction of data may result in the financial accounting and reporting records being misstated.</p>   | <p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.</p> <p>We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p> <p>Reliance was also placed on the System Audit report of the Group.</p> <p>Based on our review no material weakness was found in the IT Systems and Controls.</p> |

### Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's/ Holding Company's Board of Directors is responsible for the other information. The other information comprises the Board Report, but does not include the consolidated financial statements, standalone financial statements, and our auditor's report thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and 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. Other information so far as it relates to the subsidiaries are traced from their financial statements audited by the other auditor.
- If, based on the work we have performed, we conclude that there is a material mis-statement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Consolidated Financial Statements

The Parent's/ Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated

cash flows of the Group in accordance with the Accounting Standards and other accounting principles generally accepted in India. 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 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 mis-statement, 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 Parent/ 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibility 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 mis-statement, 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 mis-statement when it exists. Mis-statements 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material mis-statement 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 mis-statement 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 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 Parent/ Holding 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 ability of 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 entity 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 the entity included

in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the 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 mis-statements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 mis-statements in the consolidated financial statements.

We communicate with those charged with governance of the Parent/ Holding Company 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.

### Other Matter

- a. We did not audit the financial statements/financial information of three subsidiaries, whose financial statements / financial information reflect total assets of ₹14.39 crore as on 31<sup>st</sup> March, 2022, total revenues of ₹0.67 crore and net cash outflows amounting to ₹0.06 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has 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 the subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditor.
- b. Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditor on the separate financial statements of the subsidiaries referred to in the Other Matter section above 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 Parent/ Holding Company as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries, none of the Directors of the Group, is disqualified as on 31<sup>st</sup> March, 2022 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the Auditors' Reports of the Parent/ Holding company and subsidiaries. Our report expresses an

unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

- 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,
  - a. The managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- h. 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements in Note no.38.
  - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The derivative contracts being in the nature of the hedge contracts, the Group does not anticipate any material losses from the same.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiaries incorporated in India.
  - iv.
    - (a) The respective Managements of the Company and its Subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that and to their auditors, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that and their auditors, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
  - v) The Group has not declared or paid any dividend during the year.

For **Sundaram and Srinivasan**  
Chartered Accountants  
Firm Registration No.: 004207S

**S. Usha**  
Partner  
Membership Number: 211785  
UDIN: 22211785AIJALI8521

Place : Chennai  
Date : 04<sup>th</sup> May, 2022

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' Section of our Report of even date)

### 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 TVS Credit Services Limited as of and for the year ended 31<sup>st</sup> March, 2022, we have audited the internal financial controls over financial reporting of TVS Credit Services Limited (hereinafter referred to as "Parent") its three Subsidiaries, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent company and its Subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiaries, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 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 depends on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiaries, which is incorporated in India, in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and 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 mis-statements 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 Parent which is a Company incorporated in India, have, 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 on 31<sup>st</sup> March, 2022 based on the criteria for internal financial control over financial reporting 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 the Institute of Chartered Accountants of India.

### Other Matter

The Internal Financial Control Over Financial Reporting for the Subsidiaries in the Group is not applicable since the Company's turnover as per last audited financial statements is less than ₹50 crore and its borrowings from banks and financial institutions at any time during the year is less than ₹25 crore, 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 13<sup>th</sup> June, 2017.

For **Sundaram and Srinivasan**  
Chartered Accountants  
FRN: 004207S

**S. Usha**  
Partner  
Membership Number: 211785  
UDIN: 22211785AIJALI8521

Date : 4<sup>th</sup> May, 2022  
Place : Chennai

# CONSOLIDATED BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Particulars   |  | Note No.  | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|---|--|-----------|------------------------------------|------------------------------------|
| <b>ASSETS</b>   |  |           |                                    |                                    |
| <b>1</b>  | <b>Financial Assets</b>  |           |                                    |                                    |
| (a)   | Cash and Cash Equivalents  | 2         | 970.46                             | 666.87                             |
| (b)   | Bank Balances other than (a) above   | 3         | 6.00                               | 0.87                               |
| (c)   | Derivative Financial Instruments   | 4         | 64.06                              | -                                  |
| (d)   | Receivables  |           |                                    |                                    |
|   | i) Trade Receivables   | 5         | 37.90                              | 25.87                              |
| (e)   | Loans  | 6         | 14,014.30                          | 11,154.95                          |
| (f)   | Other Financial Assets   | 7         | 57.61                              | 96.12                              |
|   | <b>Total</b>   |           | <b>15,150.33</b>                   | <b>11,944.68</b>                   |
| <b>2</b>  | <b>Non-Financial Assets</b>  |           |                                    |                                    |
| (a)   | Current Tax Assets (Net)   | 8         | 7.10                               | 17.26                              |
| (b)   | Deferred Tax Assets (Net)  | 9         | 140.23                             | 115.69                             |
| (c)   | Investment Property  | 10        | 85.16                              | 85.16                              |
| (d)   | Property, Plant and Equipment  | 11        | 20.22                              | 16.53                              |
| (e)   | Right-to-use Asset   | 11        | 18.12                              | 18.68                              |
| (f)   | Other Intangible Assets  | 11        | 1.35                               | 4.04                               |
| (g)   | Other Non-Financial Assets   | 12        | 39.81                              | 26.98                              |
|   | <b>Total</b>   |           | <b>311.99</b>                      | <b>284.34</b>                      |
|   | <b>Total Assets</b>  |           | <b>15,462.32</b>                   | <b>12,229.02</b>                   |
| <b>LIABILITIES AND EQUITY</b>   |  |           |                                    |                                    |
| <b>LIABILITIES</b>  |  |           |                                    |                                    |
| <b>1</b>  | <b>Financial Liabilities</b>   |           |                                    |                                    |
| (a)   | Derivative Financial Instruments   | 4         | -                                  | 14.57                              |
| (b)   | Payables   |           |                                    |                                    |
|   | I. Trade Payables  |           |                                    |                                    |
|   | i) Total Outstanding dues of micro enterprises and small enterprises                       | 13        | 3.55                               | -                                  |
|   | ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises | 13        | 330.26                             | 229.37                             |
| (c)   | Debt Securities  | 14        | 2,213.68                           | 1,170.85                           |
| (d)   | Borrowings other than Debt Securities  | 15        | 9,457.10                           | 8,041.11                           |
| (e)   | Subordinated Liabilities   | 16        | 1,293.34                           | 942.79                             |
| (f)   | Other financial liabilities  | 17        | 230.68                             | 207.57                             |
|   | <b>Total</b>   |           | <b>13,528.61</b>                   | <b>10,606.26</b>                   |
| <b>2</b>  | <b>Non-Financial Liabilities</b>   |           |                                    |                                    |
| (a)   | Provisions   | 18        | 38.34                              | 33.74                              |
| (b)   | Other Non-Financial Liabilities  | 19        | 29.57                              | 23.64                              |
|   | <b>Total</b>   |           | <b>67.91</b>                       | <b>57.38</b>                       |
| <b>3</b>  | <b>Equity</b>  |           |                                    |                                    |
| (a)   | Equity Share Capital   | 20        | 201.20                             | 191.94                             |
| (b)   | Other Equity   | 21        | 1,664.60                           | 1,373.44                           |
|   | <b>Total</b>   |           | <b>1,865.80</b>                    | <b>1,565.38</b>                    |
|   | <b>Total Liabilities and Equity</b>  |           | <b>15,462.32</b>                   | <b>12,229.02</b>                   |
| <b>Significant Accounting Policies forming part of financial statements</b> |  | <b>1</b>  |                                    |                                    |
| <b>Additional Notes forming part of financial statements</b>                |  | <b>37</b> |                                    |                                    |

As per our report of even date

For and on behalf of the Board of Directors of  
TVS Credit Services Limited

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

**S. Usha**  
Partner  
Membership No. 211785  
Place : Chennai  
Date : 4<sup>th</sup> May, 2022

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Particulars  | Note No.  | For the year ended 31 <sup>st</sup> March, 2022 | For the year ended 31 <sup>st</sup> March, 2021 |
|--|-----------|---|---|
| <b>Revenue from Operations</b>   |           |   |   |
| i) Interest income   | 22        | 2,446.60  | 2,041.85  |
| ii) Fee and Commission Income  | 23        | 300.52  | 196.76  |
| <b>I) Total Revenue from Operations</b>  |           | <b>2,747.12</b>                                 | <b>2,238.61</b>                                 |
| II) Other Income   | 24        | 8.97  | 3.11  |
| <b>III) Total Income (I + II)</b>  |           | <b>2,756.09</b>                                 | <b>2,241.72</b>                                 |
| <b>Expenses</b>  |           |   |   |
| i) Finance Costs   | 25        | 782.13  | 729.44  |
| ii) Fees and Commission Expenses   |           | 208.52  | 135.17  |
| iii) Impairment of Financial instruments   | 26        | 554.15  | 466.79  |
| iv) Employee Benefit Expenses  | 27        | 711.78  | 584.81  |
| v) Depreciation, Amortisation and Impairment   |           | 19.12   | 19.92   |
| vi) Other Expenses   | 28        | 323.54  | 199.42  |
| <b>IV) Total Expenses</b>  |           | <b>2,599.24</b>                                 | <b>2,135.55</b>                                 |
| V) Profit/(Loss) before exceptional items and tax  |           | <b>156.85</b>                                   | <b>106.17</b>                                   |
| VI) Exceptional items  |           | 5.00  | -   |
| <b>VII) Profit/(Loss) before tax</b>   |           | <b>151.85</b>                                   | <b>106.17</b>                                   |
| VIII) Tax Expenses   | 29        |   |   |
| Current Tax  |           | 65.01   | 46.72   |
| Deferred Tax   |           | (34.36)   | (38.10)   |
| <b>IX) Profit/(Loss) for the year</b>  |           | <b>121.20</b>                                   | <b>97.55</b>                                    |
| X) Other Comprehensive Income  | 30        |   |   |
| A. Items that will not be reclassified to Profit or Loss - Itemwise  |           |   |   |
| Remeasurement of the defined benefit plans   |           | (1.67)  | (3.50)  |
| Income Tax relating to these items   |           | 0.42  | 0.88  |
| B. Items that will be reclassified to Profit or Loss - Itemwise  |           |   |   |
| Fair value change on cash flow hedge   |           | 40.71   | (3.55)  |
| Income Tax relating to these items   |           | (10.25)   | 0.89  |
| <b>Other Comprehensive Income (A+B)</b>  |           | <b>29.21</b>                                    | <b>(5.28)</b>                                   |
| XI) Total Comprehensive Income for the year (Comprising Profit/(Loss) and other comprehensive income for the year) |           | <b>150.41</b>                                   | <b>92.27</b>                                    |
| XII) Earnings Per Share  | 32        |   |   |
| Basic (₹)  |           | 6.20  | 5.22  |
| Diluted (₹)  |           | 6.20  | 5.22  |
| <b>Significant Accounting Policies forming part of financial statements</b>  | <b>1</b>  |   |   |
| <b>Additional Notes forming part of financial statements</b>   | <b>37</b> |   |   |

As per our report of even date

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

For and on behalf of the Board of Directors of  
**TVS Credit Services Limited**

**S. Usha**  
Partner  
Membership No. 211785  
Place : Chennai  
Date : 4<sup>th</sup> May, 2022

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Particulars   | Year ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| <b>Cash Flow From Operating Activity</b>                                    |  |  |
| Profit Before Income Tax  | 151.85                                     | 106.17                                     |
| <b>Adjustment For:-</b>   |  |  |
| Depreciation and Amortisation Expense                                       | 19.12                                      | 19.92                                      |
| Impairment of Financial Assets  | 106.83                                     | 106.57                                     |
| (Profit)/Loss on disposal of Property, Plant and Equipment                  | (0.14)                                     | (0.33)                                     |
| Finance Charges   | 782.13                                     | 729.43                                     |
| Unwinding of Discount on Security Deposits                                  | (6.80)                                     | (2.68)                                     |
| Remeasurement of defined Benefit Plans                                      | (1.67)                                     | (3.50)                                     |
| Employee Benefit Obligations  | 4.60                                       | 5.77                                       |
| <b>Cash generated from operations before working capital changes</b>        | <b>904.07</b>                              | <b>855.18</b>                              |
| <b>Change in Operating Assets and Liabilities</b>                           |  |  |
| (Increase)/Decrease in Trade Receivables                                    | (13.43)                                    | 22.02                                      |
| (Increase)/Decrease in Loans  | (2,958.35)                                 | (1,796.96)                                 |
| (Increase)/Decrease in other Financial Assets                               | 39.10                                      | 13.16                                      |
| (Increase)/Decrease in Other Non-Financial Assets                           | (12.83)                                    | 1.81                                       |
| Increase/(Decrease) in Trade Payables                                       | 104.44                                     | 60.74                                      |
| Increase/(Decrease) in Other Financial Liabilities                          | 29.83                                      | 41.69                                      |
| Increase/(Decrease) in Other Non-Financial Liabilities                      | 5.93                                       | 6.24                                       |
| Financing Charges paid  | (767.76)                                   | (688.58)                                   |
| <b>Cash used in Operations</b>  | <b>(2,517.15)</b>                          | <b>(1,378.53)</b>                          |
| Income Taxes paid   | (54.85)                                    | (49.09)                                    |
| <b>Net Cash Out Flow from Operating Activities</b>                          | <b>(2,572.00)</b>                          | <b>(1,427.62)</b>                          |
| <b>Cash flows from Investing Activities</b>                                 |  |  |
| Payments for Property, Plant and Equipment and Investment Property          | (13.10)                                    | (8.00)                                     |
| Proceeds from sale of Property, Plant and Equipment and Investment Property | 0.05                                       | 0.36                                       |
| Decrease in Deposits with Bank  | (5.13)                                     | 23.50                                      |
| <b>Net Cash Inflow / (Outflow) from Investing Activities</b>                | <b>(18.18)</b>                             | <b>15.86</b>                               |
| <b>Cash Flows from Financing Activities</b>                                 |  |  |
| Proceeds from Issue of Shares   | 150.00                                     | 99.98                                      |
| Proceeds from Issue/(Repayment) of Debt Securities (net)                    | 1,042.83                                   | 674.66                                     |
| Proceeds/(Repayment) of Borrowings (net)                                    | 1,507.21                                   | 887.64                                     |
| Proceeds/(Repayment) of Subordinated Liabilities (net)                      | 350.55                                     | 330.02                                     |
| Payments of Lease Liabilities   | (8.55)                                     | (8.94)                                     |
| <b>Net Cash Inflow from Financing Activities</b>                            | <b>3,042.04</b>                            | <b>1,983.36</b>                            |
| <b>Net increase or (decrease) in Cash &amp; Cash equivalents</b>            | <b>451.86</b>                              | <b>571.60</b>                              |
| Cash and Cash equivalents at the beginning of the year                      | <b>509.98</b>                              | <b>(61.62)</b>                             |
| <b>Cash and Cash equivalents at the end of the year</b>                     | <b>961.84</b>                              | <b>509.98</b>                              |

As per our report of even date

For and on behalf of the Board of Directors of  
TVS Credit Services Limited

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

**S. Usha**  
Partner  
Membership No. 211785  
Place : Chennai  
Date : 4<sup>th</sup> May, 2022

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

## 1. Equity Share Capital

|   | Notes | Amounts |
|---|-------|---------|
| Balance as at 1 <sup>st</sup> April, 2020       |       | 185.18  |
| Changes in equity share capital during the year | 21    | 6.76    |
| Balance as at 31 <sup>st</sup> March, 2021      |       | 191.94  |
| Changes in equity share capital during the year | 21    | 9.26    |
| Balance as at 31 <sup>st</sup> March, 2022      |       | 201.20  |

## 2. Other Equity

|  | Notes | Reserves and surplus       |                   |                         |                   |                                | Total    |
|--|-------|----------------------------|-------------------|-------------------------|-------------------|--------------------------------|----------|
|  |       | Securities Premium Account | Statutory Reserve | Share Application Money | Retained Earnings | Other Reserves - Hedge Reserve |          |
| Balance as at 1 <sup>st</sup> April, 2020  |       | 629.41                     | 120.75            | -                       | 452.78            | (15.00)                        | 1,187.94 |
| Change in accounting policy                |       | -                          | -                 | -                       | -                 | -                              | -        |
| Profit for the year                        | 21    | -                          | -                 | -                       | 97.55             | -                              | 97.55    |
| Other comprehensive income                 | 21    | -                          | -                 | -                       | (2.62)            | (2.66)                         | (5.28)   |
| Transaction in the capacity as owners      |       |                            |                   |                         |                   |                                |          |
| Transfer to statutory reserve              | 21    | -                          | 19.40             | -                       | (19.40)           | -                              | -        |
| Issuance of equity shares                  | 21    | 93.23                      | -                 | -                       | -                 | -                              | 93.23    |
| Balance as at 31 <sup>st</sup> March, 2021 |       | 722.64                     | 140.15            | -                       | 528.31            | (17.66)                        | 1,373.44 |
| Profit for the year                        | 21    | -                          | -                 | -                       | 121.20            | -                              | 121.20   |
| Other comprehensive income                 | 21    | -                          | -                 | -                       | (1.25)            | 30.46                          | 29.21    |
| Transaction in the capacity as owners      |       |                            |                   |                         |                   |                                |          |
| Transfer to statutory reserve              | 21    | -                          | 24.15             | -                       | (24.15)           | -                              | -        |
| Issuance of equity shares                  | 21    | 140.74                     | -                 | -                       | -                 | -                              | 140.74   |
| Balance as at 31 <sup>st</sup> March, 2022 |       | 863.38                     | 164.29            | -                       | 624.12            | 12.80                          | 1,664.59 |

As per our report of even date

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

**S. Usha**  
Partner  
Membership No. 211785

Place : Chennai  
Date : 4<sup>th</sup> May, 2022

For and on behalf of the Board of Directors of  
**TVS Credit Services Limited**

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer

**1 Significant Accounting Policies forming part of Financial Statements**

**COMPANY BACKGROUND**

TVS Credit Services Limited ('the Company') (CIN U65920TN2008PLC069758) 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 a Group.

The Company received Certificate of Registration (No. N-07-00783) dated 13th April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity there on. The Company is a Systemically Important Non-Deposit taking Non-Banking Finance Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged in providing Automobile Finance, Consumer Durable Loans and Small Business Loans. The Company is categorised as "NBFC - Investment and Credit Company (NBFC-ICC)" vide RBI circular DNBR (PD) CC.No.097/03.10.001/2018-19 dated 22nd 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 financial statements has been prepared in accordance with Division III of Schedule III of Companies Act, 2013 notified by MCA on 11th October, 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. Inter-Company 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<br>(Interest/Voting Power -%) |         | Reporting Date               |
|-------|---|---|---------|------------------------------|
|       |   | 2021-22   | 2020-21 |                              |
| 1     | Harita ARC Services Private Limited               | 100%  | 100%    | 31 <sup>st</sup> March, 2022 |
| 2     | Harita Collection Services Private Limited        | 0%  | 100%    | 31 <sup>st</sup> March, 2022 |
| 3     | TVS Commodity Financial Solutions Private Limited | 0%  | 100%    | 31 <sup>st</sup> March, 2022 |
| 4     | TVS Housing Finance Private Limited               | 100%  | 100%    | 31 <sup>st</sup> March, 2022 |
| 5     | TVS Micro Finance Private Limited                 | 0%  | 100%    | 31 <sup>st</sup> March, 2022 |
| 6     | TVS Two Wheeler Mall Private Limited              | 100%  | 100%    | 31 <sup>st</sup> March, 2022 |

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:

- (a) Certain financial assets and liabilities (including derivative instruments) are measured at fair value as stated in notes;
- (b) 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:

- (a) Determining inputs into the ECL measurement model - (Refer Note 33)
- (b) Estimation of defined benefit obligation - (Refer Note 32)

The areas involving critical judgements are:

- (a) 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.
- (b) Derecognition of financial assets and securitization.
- (c) 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. 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.

**Business Model Assessment**

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because it reflects the best way the business is managed, and information is provided to the management.

**Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)**

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 FVTPL 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 FVTPL 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 Other Comprehensive Income (FVOCI):

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Fair Value through Profit or Loss (FVTPL):

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.

iv. Investment in Subsidiaries:

Investments in Subsidiary and Associate are measured at cost as per Ind AS 27 – Separate Financial Statements.

**3) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

**A) Interest Income:**

- (1) Interest income is recognised 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.
- (2) For credit-impaired financial assets, interest income is calculated by applying the effective interest rate to their amortised cost of credit impaired assets. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.
- (3) Income by way of additional interest on account of delayed payment by the customers is recognised on realisation basis, due to uncertainty in collection.

**B) Dividend Income:**

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

**C) Fees and Commission Income:**

- (1) Fees and commission income that are not integral part of the effective interest rate on the financial asset are recognised as the performance obligations are performed and there is no significant financing component of the consideration.
- (2) Incomes in the nature of bounce and related charges are recognised on realisation, due to uncertainty in collection.



- (3) The Company recognises revenue from contract with customers based on five step model as set out in IND-AS 115, Revenue from Contracts with Customers to determine when to recognise revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customers. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

**D) Other Income:**

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

**4) Impairment of financial assets**

The Company recognises loss allowance for Expected Credit Loss "ECL" on the following financials instruments that are not measured at FVTPL:

- i. Loans and Other Receivables
- ii. Trade Receivables

**i. Loans and Other receivables**

Expected credit losses are measured through a loss allowance at an amount equal to:

- 1) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- 2) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the expected life of the financial instrument).

Both Life Time ECLs (LTECL) and 12 months ECLs are calculated on collective basis.

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 categorises loan assets into stages based on the Days Past Due status:

| Stage   | Past due                   | ECL           |
|---------|----------------------------|---------------|
| Stage 1 | 30 days past due           | 12 Month ECL  |
| Stage 2 | 31-90 Days Past Due        | Life-time ECL |
| Stage 3 | More than 90 Days Past Due | Life-time ECL |

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.

**Collateral repossessed:**

The Company does the regular repossession of collateral provided against the loans in case of default in agreed payments. The Company generally sell the asset repossessed to recover the underlying loan and does not use for internal operation. As per the Company's accounting policy, collateral repossessed are not recorded on the balance sheet.

**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 derecognised 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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.
- Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised, if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.
- 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 derecognised) 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 derecognised 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 33. Movements in the hedging reserve in shareholder's 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 positive balance in bank cash credit. Bank cash credit with negative balances 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 realised 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 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 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.

**n. 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 recognised 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 ₹ 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 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 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.

**m. 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 (₹) 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 rate 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).

**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 non-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 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 recognises 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 ₹5,00,000 in value) the Company recognises 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.

**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. 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.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 2 Cash and Cash equivalents**

| S.No. | Description        | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|--------------------|---------------------------------------|---------------------------------------|
| a)    | Cash on hand*      | 5.69                                  | 15.42                                 |
| b)    | Balance with banks |                                       |                                       |
|       | - Current accounts | 950.78                                | 638.02                                |
|       | - Deposits         | 13.99                                 | 13.43                                 |
|       | <b>Total</b>       | <b>970.46</b>                         | <b>666.87</b>                         |

\* Represents cash collected from borrowers as on Balance Sheet date subsequently deposited with Bank.

**Cash and Cash Equivalents considered in the cash flow statement**

| S.No. | Description  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|--|---------------------------------------|---------------------------------------|
| a)    | Cash and Cash equivalents as shown above   | 970.46                                | 666.87                                |
| b)    | Less: Overdrafts utilised<br>(Grouped under Borrowings (other than debt securities) - Note 16) | 8.62                                  | 156.89                                |
|       | <b>Total</b>   | <b>961.84</b>                         | <b>509.98</b>                         |

**NOTE 3 Bank Balance other than Cash and Cash equivalents\***

| S.No. | Description                                       | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|---|---------------------------------------|---------------------------------------|
| a)    | Bank Balance other than Cash and Cash equivalents | 6.00                                  | 0.87                                  |
|       | <b>Total</b>                                      | <b>6.00</b>                           | <b>0.87</b>                           |

\* Balance maintained in Fixed Deposits as Cash Collateral towards Cash Credit (CC) facilities.

**NOTE 4 Derivative Financial Instruments**

| S.No. | Description   | As at 31 <sup>st</sup> March, 2022 |                        |                             |
|-------|---|------------------------------------|------------------------|-----------------------------|
|       |   | Notional<br>Amounts                | Fair Value -<br>Assets | Fair Value -<br>Liabilities |
| a)    | Other Derivatives - Cross Currency Swap<br>Derivatives designated as cash flow hedges | 2,108.05                           | 64.06                  | -                           |
|       | <b>Total</b>  |                                    | <b>64.06</b>           | <b>-</b>                    |
|       |   |                                    |                        |                             |
| S.No. | Description   | As at 31 <sup>st</sup> March, 2021 |                        |                             |
|       |   | Notional<br>Amounts                | Fair Value -<br>Assets | Fair Value -<br>Liabilities |
| b)    | Other Derivatives - Cross Currency Swap<br>Derivatives designated as cash flow hedges | 1,356.55                           | -                      | 14.57                       |
|       | <b>Total</b>  |                                    | <b>-</b>               | <b>14.57</b>                |

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprises of Cross Currency Interest Rate Swaps (CCIRS). The Company undertakes such transactions for hedging interest/foreign exchange risk on borrowings. The Asset Liability Management Committee periodically monitors and reviews the risks involved.

The notional amount for CCIRS represents underlying foreign currency borrowings for which the Company has entered to hedge the variable interest rate and foreign exchange risks.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 5 Trade Receivables**

| S.No. | Particulars   | Outstanding for following periods from due date of payment as at 31 <sup>st</sup> March, 2022 |                   |           |           |                   |              |
|-------|---|---|-------------------|-----------|-----------|-------------------|--------------|
|       |   | Less than 6 months  | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total        |
| i.    | Undisputed Trade receivables – considered good                                | 37.90   | -                 | -         | -         | -                 | 37.90        |
| ii.   | Undisputed Trade Receivables – which have significant increase in credit risk | -   | -                 | -         | -         | -                 | -            |
| iii.  | Undisputed Trade Receivables – credit impaired                                | -   | -                 | -         | -         | -                 | -            |
| iv.   | Disputed Trade Receivables – considered good                                  | -   | -                 | -         | -         | -                 | -            |
| v.    | Disputed Trade Receivables – which have significant increase in credit risk   | -   | -                 | -         | -         | -                 | -            |
| vi.   | Disputed Trade Receivables – credit impaired                                  | -   | -                 | -         | -         | -                 | -            |
|       | <b>Total</b>  | <b>37.90</b>  | <b>-</b>          | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>37.90</b> |

| S.No. | Particulars   | Outstanding for following periods from due date of payment as at 31 <sup>st</sup> March, 2021 |                   |             |             |                   |              |
|-------|---|---|-------------------|-------------|-------------|-------------------|--------------|
|       |   | Less than 6 months  | 6 months - 1 year | 1-2 years   | 2-3 years   | More than 3 years | Total        |
| i.    | Undisputed Trade receivables – considered good                                | 24.24   | 0.03              | 0.21        | 0.02        | -                 | 24.49        |
| ii.   | Undisputed Trade Receivables – which have significant increase in credit risk | 1.38  | -                 | -           | -           | -                 | 1.38         |
| iii.  | Undisputed Trade Receivables – credit impaired                                | -   | -                 | -           | -           | -                 | -            |
| iv.   | Disputed Trade Receivables – considered good                                  | -   | -                 | -           | -           | -                 | -            |
| v.    | Disputed Trade Receivables – which have significant increase in credit risk   | -   | -                 | -           | -           | -                 | -            |
| vi.   | Disputed Trade Receivables – credit impaired                                  | -   | -                 | -           | -           | -                 | -            |
|       | <b>Total</b>  | <b>25.61</b>  | <b>0.03</b>       | <b>0.21</b> | <b>0.02</b> | <b>-</b>          | <b>25.87</b> |

**NOTE 6 Loans**

| S.No. | Description                        | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|-------|------------------------------------|------------------------------------|------------------------------------|
|       |                                    | Amortised Cost                     |                                    |
| a)    | Term Loans                         |                                    |                                    |
| i)    | Automobile Financing               | 11,143.53                          | 9,442.57                           |
| ii)   | Consumer Lending                   | 2,519.56                           | 1,532.76                           |
| iii)  | Small Business Lending             | 739.87                             | 469.29                             |
|       | <b>Total Loans - Gross</b>         | <b>14,402.96</b>                   | <b>11,444.62</b>                   |
| b)    | Less: Impairment Loss Allowance    | 388.66                             | 289.67                             |
| c)    | <b>Total Loans - Net (a) - (b)</b> | <b>14,014.30</b>                   | <b>11,154.95</b>                   |
|       | <b>Nature</b>                      |                                    |                                    |
| a)    | Secured by Tangible Assets         | 11,212.15                          | 9,509.84                           |
| b)    | Unsecured Loans                    | 3,190.81                           | 1,934.78                           |
| c)    | <b>Total Gross (a) + (b)</b>       | <b>14,402.96</b>                   | <b>11,444.62</b>                   |
| d)    | Less: Impairment Loss Allowance    | 388.66                             | 289.67                             |
| e)    | <b>Total - Net (c) - (d)</b>       | <b>14,014.30</b>                   | <b>11,154.95</b>                   |



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 6 Loans (Contd.)**

| S.No. | Description                     | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|---------------------------------|---------------------------------------|---------------------------------------|
| i)    | Loans in India                  |                                       |                                       |
|       | Public Sector                   | -                                     | -                                     |
|       | Others                          | 14,402.97                             | 11,444.62                             |
|       | <b>Total Gross</b>              | <b>14,402.97</b>                      | <b>11,444.62</b>                      |
|       | Less: Impairment Loss Allowance | 388.67                                | 289.67                                |
|       | <b>Total - Net</b>              | <b>14,014.30</b>                      | <b>11,154.95</b>                      |
| ii)   | Loans Outside India             | -                                     | -                                     |
| iii)  | <b>Total Loans (i) + (ii)</b>   | <b>14,014.30</b>                      | <b>11,154.95</b>                      |

- Secured indicates loans secured, wholly or partly, by way of hypothecation of automobile assets and/or equitable mortgage of property and/or equipment.
- The stock of loan (automobile finance) includes 11,926 nos repossessed vehicles as at Balance Sheet date. (31<sup>st</sup> March, 2021: 13,292 nos).
- The term loans include loans given to related parties (refer note 37(6)) and these loans which have been granted to related parties are specified with terms or period of repayment. These loans have been classified under Stage 1 category at the various reporting periods and related impairment provision as per the Company's accounting policy has been created.

**NOTE 7 Other Financial Assets**

| S.No. | Description                                  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|--|---------------------------------------|---------------------------------------|
| a)    | Employees Related Receivables                | 4.85                                  | 4.62                                  |
| b)    | Security Deposit for Leased Premises         | 8.27                                  | 7.49                                  |
| c)    | Advances to Related Parties                  | 38.10                                 | 73.21                                 |
| d)    | Other Financial Assets - Non Related Parties | 9.41                                  | 9.41                                  |
| e)    | Deposit with Service Providers               | 6.39                                  | 4.38                                  |
|       | <b>Total Gross (A)</b>                       | <b>67.02</b>                          | <b>99.11</b>                          |
|       | Less: Allowance for Impairment Loss (B)      | 9.41                                  | 2.99                                  |
|       | <b>Total (A)-(B)</b>                         | <b>57.61</b>                          | <b>96.12</b>                          |

**NOTE 8 Current Tax Assets (net)**

| S.No. | Description         | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|---------------------|---------------------------------------|---------------------------------------|
| a)    | Opening Balance     | 17.26                                 | 14.88                                 |
| b)    | Add: Taxes paid     | 54.85                                 | 49.10                                 |
| c)    | Less: Taxes Payable | (65.01)                               | (46.72)                               |
|       | <b>Total</b>        | <b>7.10</b>                           | <b>17.26</b>                          |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 9 Deferred Tax Assets/(Liabilities)**

The balance comprises temporary differences attributable to:

| S.No. | Description  | As at<br>31 <sup>st</sup> March,<br>2022 | Charge/<br>(credit)<br>to profit<br>and loss | Charge/<br>(credit)<br>to OCI | As at<br>31 <sup>st</sup> March,<br>2021 | Charge/<br>(credit)<br>to profit<br>and loss | Charge/<br>(credit)<br>to OCI | As at<br>31 <sup>st</sup> March,<br>2022 |
|-------|--|--|--|-------------------------------|--|--|-------------------------------|--|
|       | <b>Deferred tax assets/(liabilities) on account of :</b>                             |  |  |                               |  |  |                               |  |
| a)    | Difference between depreciation as per Books of Account and the Income Tax Act, 1961 | 4.60                                     | 0.47   | -                             | 5.07                                     | 0.17   | -                             | 5.24                                     |
| b)    | Provision for Compensated Absences and Gratuity                                      | 4.22                                     | 0.40   | 0.94                          | 5.55                                     | 1.50   | 0.15                          | 7.20                                     |
| c)    | Impairment allowance for financial instruments                                       | 46.77                                    | 31.54  | -                             | 78.31                                    | 22.81  | -                             | 101.12                                   |
| d)    | Expenses Disallowed under Section 40 (a) (ia)  | 4.22                                     | 1.88   | -                             | 6.10                                     | 4.47   | -                             | 10.57                                    |
| e)    | Provision for Pension  | 2.82                                     | 0.17   | (0.06)                        | 2.93                                     | 0.26   | 0.28                          | 3.47                                     |
| f)    | Impact of effective interest rate adjustment on Financial Assets                     | 4.59                                     | 3.97   | -                             | 8.56                                     | 9.12   | -                             | 17.68                                    |
| g)    | Impact of unwinding the advances to related parties                                  | 2.73                                     | (0.35)                                       | -                             | 2.38                                     | (1.57)                                       | -                             | 0.81                                     |
| h)    | Mark to market on derivatives  | 5.05                                     | -  | 0.89                          | 5.94                                     | -  | (10.25)                       | (4.30)                                   |
| i)    | Impact of effective interest rate adjustment on Financial Liabilities                | -  | -  | -                             | -  | (2.52)                                       | -                             | (2.52)                                   |
| j)    | Impact of Lease Accounting as per IND-AS 116   | 0.82                                     | 0.02   | -                             | 0.84                                     | 0.12   | -                             | 0.96                                     |
|       | <b>Total deferred tax Assets/(liabilities)</b>                                       | <b>75.82</b>                             | <b>38.10</b>                                 | <b>1.77</b>                   | <b>115.69</b>                            | <b>34.36</b>                                 | <b>(9.82)</b>                 | <b>140.23</b>                            |

**NOTE 10 Investment Property**

| Description   | Land         | Building | Total        |
|---|--------------|----------|--------------|
| Year ended 31 <sup>st</sup> March, 2022                             |              |          |              |
| Gross carrying amount as of 1 <sup>st</sup> April, 2021             | 85.16        | -        | 85.16        |
| Additions   | -            | -        | -            |
| <b>Sub-total</b>  | <b>85.16</b> | <b>-</b> | <b>85.16</b> |
| Disposals   | -            | -        | -            |
| <b>Closing gross carrying amount (A)</b>                            | <b>85.16</b> | <b>-</b> | <b>85.16</b> |
| Depreciation and amortisation                                       | -            | -        | -            |
| Opening accumulated depreciation                                    | -            | -        | -            |
| Depreciation/amortisation charge during the year                    | -            | -        | -            |
| <b>Sub-total</b>  | <b>-</b>     | <b>-</b> | <b>-</b>     |
| Disposals   | -            | -        | -            |
| <b>Closing accumulated depreciation and amortisation (B)</b>        | <b>-</b>     | <b>-</b> | <b>-</b>     |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2022 (A)-(B)</b> | <b>85.16</b> | <b>-</b> | <b>85.16</b> |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2021</b>         | <b>85.16</b> | <b>-</b> | <b>85.16</b> |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 10 Investment Property (Contd.)**

| Description   | Land         | Building    | Total        |
|---|--------------|-------------|--------------|
| Year ended 31 <sup>st</sup> March, 2021                             |              |             |              |
| Gross carrying amount as of 1 <sup>st</sup> April, 2020             | 85.16        | 0.00        | 85.16        |
| Additions   | -            | -           | -            |
| <b>Sub-total</b>  | <b>85.16</b> | <b>0.00</b> | <b>85.16</b> |
| Disposals   | -            | -           | -            |
| <b>Closing gross carrying amount (A)</b>                            | <b>85.16</b> | <b>0.00</b> | <b>85.16</b> |
| Depreciation and amortisation                                       | -            | -           | -            |
| Opening accumulated depreciation                                    | -            | -           | -            |
| Depreciation/amortisation charge during the year                    | -            | -           | -            |
| <b>Sub-total</b>  | <b>-</b>     | <b>-</b>    | <b>-</b>     |
| Disposals   | -            | -           | -            |
| <b>Closing accumulated depreciation and amortisation(B)</b>         | <b>-</b>     | <b>-</b>    | <b>-</b>     |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b> | <b>85.16</b> | <b>0.00</b> | <b>85.16</b> |

(i) Fair value

|                       | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-----------------------|---------------------------------------|---------------------------------------|
| Investment properties | 411.15                                | 414.90                                |

a) The fair value of the investment property is based on the independent valuation obtained by the Company.

b) The title deed of the investment property is in the name of the Company.

**NOTE 11 Property, Plant and Equipment, Right-to-use Asset and Intangible assets**

| Description  | Property, Plant and Equipment |                      |                  |             |              | Right-to-use Asset | Intangible Assets<br>(Computer Software) |
|--|-------------------------------|----------------------|------------------|-------------|--------------|--------------------|--|
|  | Computer                      | Furniture & fixtures | Office equipment | Vehicles    | Total        |                    |  |
| <b>Year ended 31<sup>st</sup> March, 2022</b>                                |                               |                      |                  |             |              |                    |  |
| Gross Carrying Amount as on 31 <sup>st</sup> March, 2021                     | 23.41                         | 11.87                | 13.08            | 0.02        | 48.38        | 33.08              | 16.08                                    |
| Additions  | 9.38                          | 0.83                 | 1.64             | 1.15        | 13.00        | 6.49               | 0.10                                     |
| Adjustment due to revaluation and acquisitions through business combinations | -                             | -                    | -                | -           | -            | -                  | -  |
| <b>Sub-total</b>   | <b>32.79</b>                  | <b>12.70</b>         | <b>14.72</b>     | <b>1.17</b> | <b>61.38</b> | <b>39.57</b>       | <b>16.18</b>                             |
| Disposals  | 0.05                          | 0.14                 | 0.13             | -           | 0.32         | -                  | -  |
| <b>Closing Gross Carrying Amount (A)</b>                                     | <b>32.74</b>                  | <b>12.56</b>         | <b>14.59</b>     | <b>1.17</b> | <b>61.06</b> | <b>39.57</b>       | <b>16.18</b>                             |
| Depreciation and Amortisation  |                               |                      |                  |             |              |                    |  |
| Opening Accumulated Depreciation   | 16.85                         | 7.30                 | 7.69             | 0.01        | 31.85        | 14.40              | 12.04                                    |
| Depreciation/Amortisation charge during the year                             | 5.54                          | 1.38                 | 2.21             | 0.15        | 9.28         | 7.05               | 2.79                                     |
| <b>Sub-Total</b>   | <b>22.39</b>                  | <b>8.68</b>          | <b>9.90</b>      | <b>0.16</b> | <b>41.13</b> | <b>21.45</b>       | <b>14.83</b>                             |
| Disposals  | 0.04                          | 0.12                 | 0.13             | -           | 0.29         | -                  | -  |
| <b>Closing accumulated depreciation and amortisation (B)</b>                 | <b>22.35</b>                  | <b>8.56</b>          | <b>9.77</b>      | <b>0.16</b> | <b>40.84</b> | <b>21.45</b>       | <b>14.83</b>                             |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2022 (A)-(B)</b>          | <b>10.39</b>                  | <b>4.00</b>          | <b>4.82</b>      | <b>1.01</b> | <b>20.22</b> | <b>18.12</b>       | <b>1.35</b>                              |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2021</b>                  | <b>6.56</b>                   | <b>4.57</b>          | <b>5.39</b>      | <b>0.01</b> | <b>16.53</b> | <b>18.68</b>       | <b>4.04</b>                              |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 11 Property, Plant and Equipment, Right-to-use Asset and Intangible assets (Contd.)**

| Description  | Property, Plant and Equipment |                      |                  |             |              | Right-to-use Asset | Intangible Assets (Computer Software) |
|--|-------------------------------|----------------------|------------------|-------------|--------------|--------------------|---------------------------------------|
|  | Computer                      | Furniture & fixtures | Office equipment | Vehicles    | Total        |                    |                                       |
| <b>Year ended 31<sup>st</sup> March, 2021</b>                                |                               |                      |                  |             |              |                    |                                       |
| Gross Carrying Amount as on 31 <sup>st</sup> March, 2020                     | 20.44                         | 11.29                | 11.17            | 0.02        | 42.92        | 32.90              | 14.26                                 |
| Additions  | 3.35                          | 0.63                 | 2.20             | -           | 6.18         | 0.18               | 1.82                                  |
| Adjustment due to revaluation and acquisitions through business combinations | -                             | -                    | -                | -           | -            | -                  | -                                     |
| <b>Sub-total</b>   | <b>23.79</b>                  | <b>11.92</b>         | <b>13.37</b>     | <b>0.02</b> | <b>49.10</b> | <b>33.08</b>       | <b>16.08</b>                          |
| Disposals  | 0.38                          | 0.05                 | 0.29             | -           | 0.72         | -                  | -                                     |
| <b>Closing Gross Carrying Amount (A)</b>                                     | <b>23.41</b>                  | <b>11.87</b>         | <b>13.08</b>     | <b>0.02</b> | <b>48.38</b> | <b>33.08</b>       | <b>16.08</b>                          |
| Depreciation and Amortisation  |                               |                      |                  |             |              |                    |                                       |
| Opening Accumulated Depreciation   | 11.96                         | 5.85                 | 6.02             | 0.00        | 23.83        | 7.12               | 8.09                                  |
| Depreciation/Amortisation charge during the year                             | 5.25                          | 1.49                 | 1.95             | 0.01        | 8.70         | 7.28               | 3.95                                  |
| <b>Sub-Total</b>   | <b>17.21</b>                  | <b>7.34</b>          | <b>7.97</b>      | <b>0.01</b> | <b>32.53</b> | <b>14.40</b>       | <b>12.04</b>                          |
| Disposals  | 0.36                          | 0.04                 | 0.28             | -           | 0.68         | -                  | -                                     |
| <b>Closing Accumulated Depreciation and Amortisation(B)</b>                  | <b>16.85</b>                  | <b>7.30</b>          | <b>7.69</b>      | <b>0.01</b> | <b>31.85</b> | <b>14.40</b>       | <b>12.04</b>                          |
| <b>Net Carrying value as at 31<sup>st</sup> March, 2021 (A)-(B)</b>          | <b>6.56</b>                   | <b>4.57</b>          | <b>5.39</b>      | <b>0.01</b> | <b>16.53</b> | <b>18.68</b>       | <b>4.04</b>                           |

There are no proceedings that have been initiated or pending against the Company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1998 and rules made there under.

**NOTE 12 Other Non-Financial Assets**

| S.No. | Description                          | As at 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|-------|--------------------------------------|------------------------------------|------------------------------------|
| a)    | Dealer Commission Advance            | 0.17                               | 0.21                               |
| b)    | Prepaid Expenses                     | 24.11                              | 17.65                              |
| c)    | Vendor Advance                       | 9.30                               | 5.60                               |
| d)    | Balances with Government authorities | 3.42                               | 3.52                               |
| e)    | Gratuity                             | 2.81                               | -                                  |
|       | <b>Total</b>                         | <b>39.81</b>                       | <b>26.98</b>                       |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 13 Trade Payables**

| S.No. | Particulars              | Outstanding for following periods from due date of payment as at 31 <sup>st</sup> March, 2022 |             |             |                   |               |
|-------|--------------------------|---|-------------|-------------|-------------------|---------------|
|       |                          | <1 Year   | 1-2 years   | 2-3 years   | More than 3 years | Total         |
| (i)   | Undisputed dues - MSME*  | 3.55  | -           | -           | -                 | 3.55          |
| (ii)  | Undisputed dues - Others | 324.29  | 1.15        | 0.03        | 4.79              | 330.26        |
| (iii) | Disputed dues – MSME*    | -   | -           | -           | -                 | -             |
| (iv)  | Disputed dues – Others   | -   | -           | -           | -                 | -             |
|       | <b>Total</b>             | <b>327.84</b>   | <b>1.15</b> | <b>0.03</b> | <b>4.79</b>       | <b>333.81</b> |

| S.No. | Particulars              | Outstanding for following periods from due date of payment as at 31 <sup>st</sup> March, 2021 |             |             |                   |               |
|-------|--------------------------|---|-------------|-------------|-------------------|---------------|
|       |                          | <1 Year   | 1-2 years   | 2-3 years   | More than 3 years | Total         |
| (i)   | Undisputed dues - MSME*  | -   | -           | -           | -                 | -             |
| (ii)  | Undisputed dues - Others | 221.67  | 0.16        | 1.62        | 5.92              | 229.37        |
| (iii) | Disputed dues – MSME*    | -   | -           | -           | -                 | -             |
| (iv)  | Disputed dues – Others   | -   | -           | -           | -                 | -             |
|       | <b>Total</b>             | <b>221.67</b>   | <b>0.16</b> | <b>1.62</b> | <b>5.92</b>       | <b>229.37</b> |

\* 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 31 <sup>st</sup> March, 2022 | As at 31 <sup>st</sup> March, 2021 |
|--------------------------------------|------------------------------------|------------------------------------|
| <b>At Amortised Cost</b>             |                                    |                                    |
| Commercial Paper (Unsecured)         | 1,788.69                           | 746.11                             |
| Non-Convertible Debentures (Secured) | 424.99                             | 424.74                             |
| <b>Total (A)</b>                     | <b>2,213.68</b>                    | <b>1,170.85</b>                    |
| Debt securities in India             | 2,213.68                           | 1,170.85                           |
| Debt securities outside India        | -                                  | -                                  |
| <b>Total (B)</b>                     | <b>2,213.68</b>                    | <b>1,170.85</b>                    |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 15 Borrowings (Other Than Debt Securities)**

| Description                                   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|---|---------------------------------------|---------------------------------------|
| <b>At Amortised Cost</b>                      |                                       |                                       |
| (a) Term loans (Secured)                      |                                       |                                       |
| i) From banks                                 | 6,069.73                              | 4,590.31                              |
| ii) From other parties                        | 4.93                                  | 24.59                                 |
| iii) External Commercial Borrowings           | 2,169.82                              | 1,364.32                              |
| (b) Loans repayable on demand                 |                                       |                                       |
| i) Cash credit from banks (Secured)           | 8.62                                  | 156.89                                |
| ii) Working capital demand loans (Secured)    | 1,189.00                              | 1,565.00                              |
| iii) Working capital demand loans (Unsecured) | 15.00                                 | 340.00                                |
| <b>Total (A)</b>                              | <b>9,457.10</b>                       | <b>8,041.11</b>                       |
| Borrowings in India                           | 7,287.28                              | 6,676.80                              |
| Borrowings outside India                      | 2,169.82                              | 1,364.32                              |
| <b>Total (B)</b>                              | <b>9,457.10</b>                       | <b>8,041.11</b>                       |

**NOTE 16 Subordinated Liabilities**

| Description  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--|---------------------------------------|---------------------------------------|
| <b>At Amortised Cost - Unsecured</b>                                       |                                       |                                       |
| (a) Perpetual Debt Instruments to the extent that do not qualify as equity | 99.86                                 | 99.84                                 |
| (b) Other Subordinated Liabilities   |                                       |                                       |
| (i) From Banks   | 199.98                                | 199.93                                |
| (ii) From Others   | 993.50                                | 643.02                                |
| <b>Total (A)</b>   | <b>1,293.34</b>                       | <b>942.79</b>                         |
| Subordinated Liabilities in India  | 1,293.34                              | 942.79                                |
| Subordinated Liabilities outside India                                     | -                                     | -                                     |
| <b>Total (B)</b>   | <b>1,293.34</b>                       | <b>942.79</b>                         |

- Refer Annexure for the terms of the debt securities, borrowings and subordinated liabilities.
- The Company has utilised the borrowed funds for the purposes for which the fund is obtained.
- The Company has not been declared wilful defaulter by any Bank or financial Institution or other lender.
- There are no charges or satisfaction yet to be registered with ROC beyond the statutory time period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

## Annexure

| Institution                         | As on<br>31 <sup>st</sup> March,<br>2022 | Type of<br>Security | Interest<br>Rate | Total<br>Instalment | No. of<br>Instalments<br>Remaining | Frequency   | Repayable<br>From | Repayable<br>To |
|-------------------------------------|--|---------------------|------------------|---------------------|------------------------------------|-------------|-------------------|-----------------|
| <b>Debt Securities</b>              |  |                     |                  |                     |                                    |             |                   |                 |
| Commercial Paper                    | 299.28                                   | Unsecured           | 4.41%            | 1                   | 1                                  | Bullet      | 21/04/2022        | 21/04/2022      |
| Commercial Paper                    | 199.43                                   | Unsecured           | 4.41%            | 1                   | 1                                  | Bullet      | 25/04/2022        | 25/04/2022      |
| Commercial Paper                    | 199.40                                   | Unsecured           | 4.41%            | 1                   | 1                                  | Bullet      | 26/04/2022        | 26/04/2022      |
| Commercial Paper                    | 49.85                                    | Unsecured           | 4.41%            | 1                   | 1                                  | Bullet      | 26/04/2022        | 26/04/2022      |
| Commercial Paper                    | 298.15                                   | Unsecured           | 4.65%            | 1                   | 1                                  | Bullet      | 20/05/2022        | 20/05/2022      |
| Commercial Paper                    | 148.98                                   | Unsecured           | 4.65%            | 1                   | 1                                  | Bullet      | 25/05/2022        | 25/05/2022      |
| Commercial Paper                    | 247.48                                   | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 16/06/2022        | 16/06/2022      |
| Commercial Paper                    | 148.37                                   | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 22/06/2022        | 22/06/2022      |
| Commercial Paper                    | 98.91                                    | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 22/06/2022        | 22/06/2022      |
| Commercial Paper                    | 49.42                                    | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 28/06/2022        | 28/06/2022      |
| Commercial Paper                    | 49.42                                    | Unsecured           | 4.90%            | 1                   | 1                                  | Bullet      | 28/06/2022        | 28/06/2022      |
| Non Convertible<br>Debentures       | 300.00                                   | Secured             | 8.35%            | 1                   | 1                                  | Bullet      | 22/03/2023        | 22/03/2023      |
| Non Convertible<br>Debentures       | 25.00                                    | Secured             | 8.35%            | 1                   | 1                                  | Bullet      | 22/03/2023        | 22/03/2023      |
| Non Convertible<br>Debentures       | 99.99                                    | Secured             | 7.40%            | 1                   | 1                                  | Bullet      | 08/04/2022        | 08/04/2022      |
|                                     | <b>2,213.68</b>                          |                     |                  |                     |                                    |             |                   |                 |
| <b>Loan repayable on<br/>demand</b> | 1,197.62                                 | Secured             | 5.80% -<br>7.85% | Repayable on demand |                                    |             |                   |                 |
|                                     | 15.00                                    | Unsecured           |                  |                     |                                    |             |                   |                 |
|                                     | <b>1,212.62</b>                          |                     |                  |                     |                                    |             |                   |                 |
| <b>Term Loan</b>                    |  |                     |                  |                     |                                    |             |                   |                 |
| Bank                                | 199.98                                   | Secured             | 7.35%            | 1.00                | 1.00                               | Bullet      | 19/11/2022        | 19/11/2022      |
| Bank                                | 97.50                                    | Secured             | 6.30%            | 8.00                | 6.00                               | Quarterly   | 24/12/2021        | 24/09/2023      |
| Bank                                | 174.98                                   | Secured             | 5.90%            | 8.00                | 7.00                               | Quarterly   | 18/02/2022        | 18/11/2023      |
| Bank                                | 299.96                                   | Secured             | 5.60%            | 8.00                | 8.00                               | Quarterly   | 29/06/2022        | 29/03/2024      |
| Bank                                | 249.96                                   | Secured             | 6.30%            | 8.00                | 8.00                               | Quarterly   | 21/12/2022        | 21/09/2024      |
| Bank                                | 250.00                                   | Secured             | 6.30%            | 8.00                | 8.00                               | Quarterly   | 31/05/2023        | 28/02/2025      |
| Bank                                | 83.32                                    | Secured             | 7.40%            | 11.00               | 4.00                               | Quarterly   | 06/08/2020        | 06/02/2023      |
| Bank                                | 249.95                                   | Secured             | 7.45%            | 12.00               | 10.00                              | Quarterly   | 31/12/2021        | 24/09/2024      |
| Bank                                | 22.50                                    | Secured             | 6.90%            | 10.00               | 3.00                               | Quarterly   | 15/07/2020        | 15/10/2022      |
| Bank                                | 79.98                                    | Secured             | 6.90%            | 10.00               | 4.00                               | Quarterly   | 24/11/2020        | 24/02/2023      |
| Bank                                | 50.00                                    | Secured             | 7.90%            | 4.00                | 2.00                               | Half yearly | 18/06/2021        | 18/12/2022      |
| Bank                                | 41.66                                    | Secured             | 5.17%            | 36.00               | 5.00                               | Monthly     | 30/09/2019        | 30/08/2022      |
| Bank                                | 33.33                                    | Secured             | 6.28%            | 36.00               | 6.00                               | Monthly     | 30/10/2019        | 29/09/2022      |
| Bank                                | 166.67                                   | Secured             | 5.85%            | 36.00               | 12.00                              | Monthly     | 19/04/2020        | 19/03/2023      |
| Bank                                | 141.67                                   | Secured             | 5.90%            | 36.00               | 17.00                              | Monthly     | 21/09/2020        | 21/08/2023      |
| Bank                                | 116.67                                   | Secured             | 5.29%            | 36.00               | 21.00                              | Monthly     | 31/01/2021        | 31/12/2023      |
| Bank                                | 374.96                                   | Secured             | 5.25%            | 36.00               | 27.00                              | Monthly     | 25/07/2021        | 24/06/2024      |
| Bank                                | 416.67                                   | Secured             | 5.00%            | 36.00               | 30.00                              | Monthly     | 28/10/2021        | 28/09/2024      |
| Bank                                | 229.17                                   | Secured             | 5.29%            | 36.00               | 33.00                              | Monthly     | 31/01/2022        | 31/12/2024      |
| Bank                                | 499.89                                   | Secured             | 5.60%            | 37.00               | 37.00                              | Monthly     | 30/04/2022        | 30/04/2025      |
| Bank                                | 249.78                                   | Secured             | 6.10%            | 8.00                | 8.00                               | Quarterly   | 28/06/2023        | 28/03/2025      |
| Bank                                | 150.00                                   | Secured             | 6.95%            | 1.00                | 1.00                               | Bullet      | 25/10/2024        | 25/10/2024      |
| Bank                                | 100.00                                   | Secured             | 7.40%            | 6.00                | 4.00                               | Half yearly | 12/08/2021        | 01/02/2024      |
| Bank                                | 249.77                                   | Secured             | 6.80%            | 12.00               | 12.00                              | Quarterly   | 25/06/2022        | 25/03/2025      |
| Bank                                | 99.93                                    | Secured             | 7.35%            | 10.00               | 4.00                               | Quarterly   | 20/12/2020        | 20/03/2023      |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Institution                            | As on<br>31 <sup>st</sup> March,<br>2022 | Type of<br>Security | Interest<br>Rate | Total<br>Instalment | No. of<br>Instalments<br>Remaining | Frequency | Repayable<br>From | Repayable<br>To |
|--|--|---------------------|------------------|---------------------|------------------------------------|-----------|-------------------|-----------------|
| Bank                                   | 124.94                                   | Secured             | 7.25%            | 10.00               | 5.00                               | Quarterly | 04/02/2021        | 04/05/2023      |
| Bank                                   | 39.99                                    | Secured             | 7.25%            | 10.00               | 4.00                               | Quarterly | 31/12/2020        | 30/03/2023      |
| Bank                                   | 199.96                                   | Secured             | 7.30%            | 10.00               | 8.00                               | Quarterly | 19/12/2021        | 19/03/2024      |
| Bank                                   | 66.63                                    | Secured             | 7.40%            | 36.00               | 24.00                              | Monthly   | 30/04/2021        | 30/03/2024      |
| Bank                                   | 200.00                                   | Secured             | 6.95%            | 10.00               | 10.00                              | Quarterly | 29/04/2022        | 29/07/2024      |
| Bank                                   | 200.00                                   | Secured             | 6.95%            | 10.00               | 10.00                              | Quarterly | 13/05/2022        | 13/08/2024      |
| Bank                                   | 59.99                                    | Secured             | 7.35%            | 10.00               | 2.00                               | Quarterly | 20/05/2020        | 20/08/2022      |
| Bank                                   | 200.00                                   | Secured             | 7.00%            | 1.00                | 1.00                               | Bullet    | 27/10/2024        | 27/10/2024      |
| Bank                                   | 199.94                                   | Secured             | 6.45%            | 1.00                | 1.00                               | Bullet    | 24/05/2024        | 24/05/2024      |
| Bank                                   | 150.00                                   | Secured             | 6.10%            | 1.00                | 1.00                               | Bullet    | 23/09/2022        | 23/09/2022      |
| Others                                 | 4.93                                     | Secured             | 6.43%            | 10.00               | 1.00                               | Quarterly | 10/03/2020        | 10/06/2022      |
| Bank-ECB                               | 189.38                                   | Secured             | 8.57%            | 1.00                | 1.00                               | Bullet    | 31/05/2022        | 31/05/2022      |
| Bank-ECB                               | 189.38                                   | Secured             | 8.57%            | 1.00                | 1.00                               | Bullet    | 10/06/2022        | 10/06/2022      |
| Bank-ECB                               | 151.51                                   | Secured             | 8.06%            | 1.00                | 1.00                               | Bullet    | 26/08/2022        | 26/08/2022      |
| Bank-ECB                               | 151.51                                   | Secured             | 8.06%            | 1.00                | 1.00                               | Bullet    | 16/09/2022        | 16/09/2022      |
| Bank-ECB                               | 378.07                                   | Secured             | 6.94%            | 1.00                | 1.00                               | Bullet    | 13/07/2023        | 13/07/2023      |
| Bank-ECB                               | 356.04                                   | Secured             | 6.94%            | 1.00                | 1.00                               | Bullet    | 19/10/2023        | 19/10/2023      |
| Bank-ECB                               | 753.93                                   | Secured             | 6.92%            | 1.00                | 1.00                               | Bullet    | 02/12/2024        | 02/12/2024      |
|  | <b>8,244.50</b>                          |                     |                  |                     |                                    |           |                   |                 |
| <b>Subordinated Liabilities</b>        |  |                     |                  |                     |                                    |           |                   |                 |
| <b>Perpetual Debt</b>                  | 99.86                                    | Unsecured           | 11.50%           | 1                   | 1                                  | Bullet    | 25/11/2027        | 25/11/2027      |
| <b>Other Subordinated Liabilities:</b> |  |                     |                  |                     |                                    |           |                   |                 |
| Bank                                   | 49.99                                    | Unsecured           | 8.60%            | 1                   | 1                                  | Bullet    | 29/05/2023        | 29/05/2023      |
| Bank                                   | 50.00                                    | Unsecured           | 8.94%            | 1                   | 1                                  | Bullet    | 24/07/2023        | 24/07/2023      |
| Bank                                   | 25.00                                    | Unsecured           | 9.70%            | 1                   | 1                                  | Bullet    | 01/09/2022        | 01/09/2022      |
| Bank                                   | 24.99                                    | Unsecured           | 9.70%            | 1                   | 1                                  | Bullet    | 01/09/2022        | 01/09/2022      |
| Others                                 | 99.30                                    | Unsecured           | 10.90%           | 1                   | 1                                  | Bullet    | 07/08/2024        | 07/08/2024      |
| Others                                 | 112.91                                   | Unsecured           | 9.40%            | 1                   | 1                                  | Bullet    | 10/06/2026        | 10/06/2026      |
| Others                                 | 34.36                                    | Unsecured           | 9.40%            | 1                   | 1                                  | Bullet    | 10/06/2026        | 10/06/2026      |
| Others                                 | 99.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 02/06/2027        | 02/06/2027      |
| Others                                 | 35.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 35.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 30.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 200.00                                   | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 50.00                                    | Unsecured           | 8.85%            | 1                   | 1                                  | Bullet    | 11/06/2027        | 11/06/2027      |
| Others                                 | 50.00                                    | Unsecured           | 10.02%           | 1                   | 1                                  | Bullet    | 28/04/2022        | 28/04/2022      |
| Others                                 | 147.93                                   | Unsecured           | 9.40%            | 1                   | 1                                  | Bullet    | 26/08/2026        | 26/08/2026      |
| Others                                 | 50.00                                    | Unsecured           | 11.25%           | 1                   | 1                                  | Bullet    | 01/05/2022        | 01/05/2022      |
| Others                                 | 100.00                                   | Unsecured           | 10.00%           | 1                   | 1                                  | Bullet    | 01/07/2026        | 01/07/2026      |
| <b>Total</b>                           | <b>1,193.45</b>                          |                     |                  |                     |                                    |           |                   |                 |
| <b>Subordinated Liabilities Total</b>  | <b>1,293.31</b>                          |                     |                  |                     |                                    |           |                   |                 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Institution                     | Amount Outstanding as on 31 <sup>st</sup> March, 2021 | Type of Security | Interest Rate | Total Instalment    | No. of Instalments Remaining | Frequency   | Repayable From | Repayable To |
|---------------------------------|---|------------------|---------------|---------------------|------------------------------|-------------|----------------|--------------|
| <b>Debt Securities</b>          |   |                  |               |                     |                              |             |                |              |
| Commercial Paper                | 249.10  | Unsecured        | 4.75%         | 1                   | 1                            | Bullet      | 29/04/2021     | 29/04/2021   |
| Commercial Paper                | 248.54  | Unsecured        | 4.60%         | 1                   | 1                            | Bullet      | 18/05/2021     | 18/05/2021   |
| Commercial Paper                | 248.47  | Unsecured        | 4.60%         | 1                   | 1                            | Bullet      | 20/05/2021     | 20/05/2021   |
| Non Convertible Debentures      | 99.74   | Secured          | 7.40%         | 1                   | 1                            | Bullet      | 08/04/2022     | 08/04/2022   |
| Non Convertible Debentures      | 300.00  | Secured          | 8.35%         | 1                   | 1                            | Bullet      | 22/03/2023     | 22/03/2023   |
| Non Convertible Debentures      | 25.00   | Secured          | 8.35%         | 1                   | 1                            | Bullet      | 22/03/2023     | 22/03/2023   |
|                                 | <b>1,170.85</b>                                       |                  |               |                     |                              |             |                |              |
| <b>Loan repayable on demand</b> | 1,721.89  | Secured          | 6.25% - 7.50% | Repayable on demand |                              |             |                |              |
|                                 | 340.00  | Unsecured        |               |                     |                              |             |                |              |
|                                 | <b>2,061.89</b>                                       |                  |               |                     |                              |             |                |              |
| <b>Term Loan</b>                |   |                  |               |                     |                              |             |                |              |
| Bank                            | 100.00  | Secured          | 8.00%         | 1.00                | 1.00                         | Bullet      | 06/05/2021     | 06/05/2021   |
| Bank                            | 25.00   | Secured          | 6.62%         | 1.00                | 1.00                         | Bullet      | 25/05/2021     | 25/05/2021   |
| Bank                            | 37.50   | Secured          | 7.90%         | 4.00                | 1.00                         | Half Yearly | 17/03/2020     | 17/09/2021   |
| Bank                            | 41.67   | Secured          | 7.50%         | 36.00               | 6.00                         | Monthly     | 26/10/2018     | 26/09/2021   |
| Bank                            | 123.98  | Secured          | 7.50%         | 12.00               | 3.00                         | Quarterly   | 28/03/2019     | 27/12/2021   |
| Bank                            | 33.33   | Secured          | 8.00%         | 6.00                | 2.00                         | Half Yearly | 28/06/2019     | 28/12/2021   |
| Bank                            | 59.89   | Secured          | 7.35%         | 10.00               | 3.00                         | Quarterly   | 30/09/2019     | 30/12/2021   |
| Bank                            | 16.67   | Secured          | 8.00%         | 6.00                | 2.00                         | Half Yearly | 28/07/2019     | 28/01/2022   |
| Bank                            | 238.90  | Secured          | 7.85%         | 10.00               | 4.00                         | Quarterly   | 04/11/2019     | 04/02/2022   |
| Bank                            | 39.97   | Secured          | 7.90%         | 10.00               | 4.00                         | Quarterly   | 15/11/2019     | 15/02/2022   |
| Bank                            | 199.97  | Secured          | 7.35%         | 10.00               | 4.00                         | Quarterly   | 27/11/2019     | 27/02/2022   |
| Bank                            | 179.97  | Secured          | 7.35%         | 10.00               | 6.00                         | Quarterly   | 20/05/2020     | 20/08/2022   |
| Bank                            | 141.64  | Secured          | 5.10%         | 36.00               | 17.00                        | Monthly     | 30/09/2019     | 30/08/2022   |
| Bank                            | 100.00  | Secured          | 5.50%         | 36.00               | 18.00                        | Monthly     | 30/10/2019     | 30/09/2022   |
| Bank                            | 52.50   | Secured          | 6.90%         | 10.00               | 7.00                         | Quarterly   | 15/07/2020     | 15/10/2022   |
| Bank                            | 199.96  | Secured          | 7.45%         | 1.00                | 1.00                         | Bullet      | 19/11/2022     | 19/11/2022   |
| Bank                            | 100.00  | Secured          | 7.90%         | 4.00                | 4.00                         | Half Yearly | 18/06/2021     | 18/12/2022   |
| Bank                            | 166.63  | Secured          | 7.50%         | 12.00               | 8.00                         | Quarterly   | 06/05/2020     | 06/02/2023   |
| Bank                            | 159.97  | Secured          | 6.90%         | 10.00               | 8.00                         | Quarterly   | 24/11/2020     | 24/02/2023   |
| Bank                            | 333.33  | Secured          | 5.85%         | 36.00               | 24.00                        | Monthly     | 19/04/2020     | 19/03/2023   |
| Bank                            | 199.86  | Secured          | 7.35%         | 10.00               | 8.00                         | Quarterly   | 20/12/2020     | 20/03/2023   |
| Bank                            | 79.99   | Secured          | 7.25%         | 10.00               | 8.00                         | Quarterly   | 31/12/2020     | 31/03/2023   |
| Bank                            | 224.89  | Secured          | 8.00%         | 10.00               | 9.00                         | Quarterly   | 04/02/2021     | 04/05/2023   |
| Bank                            | 179.87  | Secured          | 7.80%         | 10.00               | 9.00                         | Quarterly   | 30/03/2021     | 30/06/2023   |
| Bank                            | 241.67  | Secured          | 5.90%         | 36.00               | 29.00                        | Monthly     | 21/09/2020     | 21/08/2023   |
| Bank                            | 130.00  | Secured          | 6.30%         | 8.00                | 8.00                         | Quarterly   | 24/12/2020     | 24/09/2023   |
| Bank                            | 199.96  | Secured          | 5.90%         | 8.00                | 8.00                         | Quarterly   | 18/02/2022     | 18/11/2023   |
| Bank                            | 183.33  | Secured          | 5.00%         | 36.00               | 33.00                        | Monthly     | 31/01/2021     | 31/12/2023   |
| Bank                            | 150.00  | Secured          | 7.40%         | 6.00                | 6.00                         | Half Yearly | 12/08/2021     | 12/02/2024   |
| Bank                            | 250.00  | Secured          | 7.30%         | 10.00               | 10.00                        | Quarterly   | 19/12/2021     | 19/03/2024   |
| Bank                            | 299.93  | Secured          | 5.60%         | 8.00                | 8.00                         | Quarterly   | 29/06/2022     | 29/03/2024   |
| Bank                            | 99.95   | Secured          | 7.40%         | 36.00               | 36.00                        | Monthly     | 30/04/2021     | 30/03/2024   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



(All amounts in ₹ Crore unless otherwise stated)

| Institution                           | Amount Outstanding as on 31 <sup>st</sup> March, 2021 | Type of Security | Interest Rate | Total Instalment | No. of Instalments Remaining | Frequency | Repayable From | Repayable To |
|---------------------------------------|---|------------------|---------------|------------------|------------------------------|-----------|----------------|--------------|
| Others                                | 24.59   | Secured          | 6.43%         | 10.00            | 5.00                         | Quarterly | 10/03/2020     | 10/06/2022   |
| Bank-ECB                              | 182.56  | Secured          | 8.57%         | 1.00             | 1.00                         | Bullet    | 29/05/2022     | 29/05/2022   |
| Bank-ECB                              | 182.56  | Secured          | 8.57%         | 1.00             | 1.00                         | Bullet    | 10/06/2022     | 10/06/2022   |
| Bank-ECB                              | 146.05  | Secured          | 8.06%         | 1.00             | 1.00                         | Bullet    | 26/08/2022     | 26/08/2022   |
| Bank-ECB                              | 146.05  | Secured          | 8.06%         | 1.00             | 1.00                         | Bullet    | 16/09/2022     | 16/09/2022   |
| Bank-ECB                              | 363.87  | Secured          | 6.94%         | 1.00             | 1.00                         | Bullet    | 13/07/2023     | 13/07/2023   |
| Bank-ECB                              | 343.22  | Secured          | 6.94%         | 1.00             | 1.00                         | Bullet    | 19/10/2023     | 19/10/2023   |
|                                       | <b>5,979.22</b>                                       |                  |               |                  |                              |           |                |              |
| <b>Subordinated Liabilities</b>       |   |                  |               |                  |                              |           |                |              |
| <b>Perpetual Debt</b>                 | 99.84   | Unsecured        | 11.50%        | 1                | 1                            | Bullet    | 25/11/2027     | 25/11/2027   |
| <b>Other Subordinated Liabilities</b> |   |                  |               |                  |                              |           |                |              |
| Bank                                  | 49.99   | Unsecured        | 10.02%        | 1                | 1                            | Bullet    | 28/04/2022     | 28/04/2022   |
| Bank                                  | 25.00   | Unsecured        | 9.70%         | 1                | 1                            | Bullet    | 29/09/2022     | 29/09/2022   |
| Bank                                  | 24.97   | Unsecured        | 9.70%         | 1                | 1                            | Bullet    | 29/09/2022     | 29/09/2022   |
| Bank                                  | 49.98   | Unsecured        | 8.70%         | 1                | 1                            | Bullet    | 29/05/2023     | 29/05/2023   |
| Bank                                  | 50.00   | Unsecured        | 9.76%         | 1                | 1                            | Bullet    | 24/07/2023     | 24/07/2023   |
| Others                                | 49.98   | Unsecured        | 11.25%        | 1                | 1                            | Bullet    | 01/05/2022     | 01/05/2022   |
| Others                                | 50.00   | Unsecured        | 11.75%        | 1                | 1                            | Bullet    | 01/07/2021     | 01/07/2021   |
| Others                                | 49.96   | Unsecured        | 11.30%        | 1                | 1                            | Bullet    | 27/09/2021     | 27/09/2021   |
| Others                                | 99.00   | Unsecured        | 10.90%        | 1                | 1                            | Bullet    | 07/08/2024     | 07/08/2024   |
| Others                                | 146.62  | Unsecured        | 9.40%         | 1                | 1                            | Bullet    | 10/06/2026     | 10/06/2026   |
| Others                                | 100.00  | Unsecured        | 10.00%        | 1                | 1                            | Bullet    | 01/07/2026     | 01/07/2026   |
| Others                                | 122.46  | Unsecured        | 9.40%         | 1                | 1                            | Bullet    | 26/08/2026     | 26/08/2026   |
| Others                                | 25.00   | Unsecured        | 9.40%         | 1                | 1                            | Bullet    | 26/08/2026     | 26/08/2026   |
| <b>Total</b>                          | <b>842.96</b>   |                  |               |                  |                              |           |                |              |
| <b>Subordinated Liabilities Total</b> | <b>942.79</b>   |                  |               |                  |                              |           |                |              |

## Details of Security

- Non Convertible Debentures of ₹424.99 inclusive of Current and Non-Current Dues (Previous Year: ₹424.74 as on 31<sup>st</sup> March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.
- Term Loan received from Banks and Other Parties of ₹8,244.50 inclusive of Current and Non-Current Dues (Previous Year: ₹5,979.22 as on 31<sup>st</sup> March, 2021) is fully secured by exclusive floating charge against hypothecation of receivables under the financing activity of the Company.
- Working Capital Demand Loan and Cash Credit of ₹1,197.62 (Previous Year: ₹1,721.88 as at 31<sup>st</sup> March, 2021) is fully secured by exclusive floating charge against 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 ₹751.50 crore (equivalent to USD 100 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 ECB directions issued by the RBI.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 17 Other Financial Liabilities**

| S.No. | Description                     | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|---------------------------------|---------------------------------------|---------------------------------------|
| a)    | Interest Accrued but Not Due    | 69.69                                 | 76.43                                 |
| b)    | Employee Related Liabilities    | 57.66                                 | 55.66                                 |
| c)    | Security Deposit                | 81.37                                 | 53.46                                 |
| d)    | Lease liability (refer Note 36) | 21.96                                 | 22.02                                 |
|       | <b>Total</b>                    | <b>230.68</b>                         | <b>207.57</b>                         |

**NOTE 18 Provisions**

| S.No. | Description          | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|----------------------|---------------------------------------|---------------------------------------|
| a)    | Pension              | 13.80                                 | 11.68                                 |
| b)    | Gratuity             | -                                     | 1.80                                  |
| c)    | Compensated absences | 24.54                                 | 20.26                                 |
|       | <b>Total</b>         | <b>38.34</b>                          | <b>33.74</b>                          |

**NOTE 19 Other Non-Financial Liabilities**

| S.No. | Description    | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|----------------|---------------------------------------|---------------------------------------|
|       | <b>Others</b>  |                                       |                                       |
| a)    | Statutory Dues | 29.57                                 | 23.64                                 |
|       | <b>Total</b>   | <b>29.57</b>                          | <b>23.64</b>                          |

**NOTE 20 Equity Share Capital**

| S.No. | Description  | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-------|--|---------------------------------------|---------------------------------------|
| a)    | <b>Authorised Share Capital:</b><br>250,000,000 Equity Shares of ₹10 each<br>(Previous Year 200,000,000 Equity Shares)   | 250.00                                | 200.00                                |
|       |  | <b>250.00</b>                         | <b>200.00</b>                         |
| b)    | <b>Issued, Subscribed and Fully Paid-up Share Capital:</b><br>201,196,900 number of equity shares of ₹10 each<br>(Previous year 191,937,700 equity shares of ₹10 each) | 201.20                                | 191.94                                |
| c)    | <b>Par Value per Share</b>   | ₹10 each                              | ₹10 each                              |
| d)    | <b>Number of equity shares at the beginning of the year</b>  | 191,937,700                           | 185,182,300                           |
|       | Changes in equity share capital due to prior period errors   | -                                     | -                                     |
|       | <b>Restated number of equity shares at the beginning of the year</b>   | 191,937,700                           | 185,182,300                           |
|       | Add: Preferential Allotment made during the year   | 9,259,200                             | 6,755,400                             |
|       | <b>Number of equity shares at the end of the year</b>  | 201,196,900                           | 191,937,700                           |
| e)    | <b>Equity Shares held by Holding Companies</b>   |                                       |                                       |
|       | <b>Particulars</b>   | <b>No. of Shares</b>                  | <b>No. of Shares</b>                  |
|       | Holding Company - TVS Motor Company Limited  | 168,397,728                           | 162,224,928                           |
|       | Sundaram-Clayton Limited (Holding Company of TVS Motor Company Limited)  | 2,180,250                             | 2,180,250                             |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 20 Equity Share Capital (Contd.)**

| f) | Number of shares held by shareholders more than 5% of total shares as at the end of the year |                                    |              |                                    |              |
|----|--|------------------------------------|--------------|------------------------------------|--------------|
|    | Name of the Shareholders   | As at 31 <sup>st</sup> March, 2022 |              | As at 31 <sup>st</sup> March, 2021 |              |
|    |  | No. of Shares                      | % of Holding | No. of Shares                      | % of Holding |
|    | TVS Motor Company Limited  | 168,397,728                        | 83.70%       | 162,224,928                        | 84.52%       |
|    | Lucas-TVS Limited  | 11,337,297                         | 5.63%        | 11,337,297                         | 5.91%        |

| g) | Shares held by Promoters at the the End of Year |                            |               |                   |                          |
|----|---|----------------------------|---------------|-------------------|--------------------------|
|    | S.No.   | Promotor Name              | No. of Shares | % of Total Shares | % change during the year |
|    | 1   | TVS Motor Company Limited  | 168,397,728   | 83.70%            | (0.82%)                  |
|    | 2   | Sundaram Clayton Limited   | 2,180,250     | 1.08%             | (0.06%)                  |
|    | 3   | TVS Motor Services Limited | 1,090,125     | 0.54%             | (0.03%)                  |

**NOTE 21 Other Equity**

| Description                       | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| a) Securities Premium Reserves    | 863.38                                | 722.64                                |
| b) Statutory Reserve              | 164.30                                | 140.15                                |
| c) Retained Earnings              | 624.12                                | 528.31                                |
| d) Other Reserves                 | 12.80                                 | (17.66)                               |
| <b>Total Reserves and Surplus</b> | <b>1,664.60</b>                       | <b>1,373.44</b>                       |

| a) Securities Premium Reserves         | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--|---------------------------------------|---------------------------------------|
| Opening balance                        | 722.64                                | 629.41                                |
| Additions during the year              | 140.74                                | 93.23                                 |
| Deductions/Adjustments during the year | -                                     | -                                     |
| <b>Closing balance</b>                 | <b>863.38</b>                         | <b>722.64</b>                         |

| b) Statutory Reserve                   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--|---------------------------------------|---------------------------------------|
| Opening balance                        | 140.15                                | 120.75                                |
| Transfer from retained earnings        | 24.15                                 | 19.40                                 |
| Deductions/Adjustments during the year | -                                     | -                                     |
| <b>Closing balance</b>                 | <b>164.30</b>                         | <b>140.15</b>                         |

| c) Retained earnings   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|--|---------------------------------------|---------------------------------------|
| Opening balance  | 528.31                                | 452.78                                |
| Net profit for the year  | 121.20                                | 97.55                                 |
| Items of other comprehensive income recognised directly in retained earnings |                                       |                                       |
| - Remeasurements of post-employment benefit obligation net-off tax           | (1.25)                                | (2.62)                                |
| Transaction in the capacity as owners  |                                       |                                       |
| Statutory Reserve  | (24.15)                               | (19.40)                               |
| <b>Closing balance</b>   | <b>624.12</b>                         | <b>528.31</b>                         |

| d) Other Reserves - Hedge Reserve   | As at<br>31 <sup>st</sup> March, 2022 | As at<br>31 <sup>st</sup> March, 2021 |
|---|---------------------------------------|---------------------------------------|
| Opening balance   | (17.66)                               | (15.00)                               |
| Add: Change in fair value of hedging instruments, net of tax for the year | 30.46                                 | (2.66)                                |
| <b>Closing balance</b>  | <b>12.80</b>                          | <b>(17.66)</b>                        |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 21 Other Equity (Contd.)**

**Securities Premium**

The reserve represents premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

**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.

**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  | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| <b>On Financial assets measured at amortised cost:</b> |  |  |
| Interest on Loans                                      | 2,444.16                                     | 2,039.16                                   |
| Interest on Deposits with Bank                         | 2.44   | 2.69                                       |
| <b>Total</b>   | <b>2,446.60</b>                              | <b>2,041.85</b>                            |

**NOTE 23 Fees and Commission Income**

| Description       | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|-------------------|--|--|
| Fee based Income  | 255.95                                       | 146.68                                     |
| Commission Income | -  | 2.64                                       |
| Service Income    | 44.57  | 47.44                                      |
| <b>Total</b>      | <b>300.52</b>                                | <b>196.76</b>                              |

**NOTE 24 Other Income**

| Description   | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Unwinding of discount on security deposits and receivable for investments | 6.80   | 2.68                                       |
| Other Non Operating Income  | 0.26   | 0.43                                       |
| Interest on income tax refund   | 1.91   | -  |
| <b>Total</b>  | <b>8.97</b>                                  | <b>3.11</b>                                |

**NOTE 25 Finance Costs**

| Description  | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| <b>On Financial liabilities measured at amortised cost</b> |  |  |
| Interest Cost  |  |  |
| - Interest on Borrowings                                   | 547.34                                       | 544.45                                     |
| - Interest on Debt Securities                              | 85.47  | 77.85                                      |
| - Interest on Subordinated Liabilities                     | 102.12                                       | 66.83                                      |
| - Interest on Lease Liabilities                            | 1.99   | 2.02                                       |
| Other Finance Charges                                      | 45.21  | 38.29                                      |
| <b>Total</b>   | <b>782.13</b>                                | <b>729.44</b>                              |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 26 Impairment of Financial Instruments**

| Description  | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| <b>On Financial Instruments measured at Amortised Cost</b>           |  |  |
| Bad Debts Written off (net)  | 231.29                                       | 252.00                                     |
| Net Loss on Sale of Repossessed Assets                               | 216.03                                       | 108.23                                     |
| Impairment Provision on Loans  | 98.98  | 89.11                                      |
| Impairment Provision on Trade Receivables and Other Financial Assets | 7.85   | 17.45                                      |
| <b>Total</b>   | <b>554.15</b>                                | <b>466.79</b>                              |

**NOTE 27 Employee Benefit Expenses**

| Description                               | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Salaries and Wages                        | 638.95                                       | 537.00                                     |
| Contribution to Provident and other funds | 40.92  | 31.43                                      |
| Staff Welfare                             | 31.91  | 16.38                                      |
| <b>Total</b>                              | <b>711.78</b>                                | <b>584.81</b>                              |

**NOTE 28 Other Expenses**

| Description                                   | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Travelling and Conveyance                     | 91.45  | 38.18                                      |
| Communication Costs                           | 91.45  | 62.50                                      |
| Rent, Taxes and Energy Costs (Refer Note 36c) | 25.48  | 21.54                                      |
| Directors Sitting Fees & Commission Expenses  | 0.73   | 0.57                                       |
| Corporate Social Responsibility **            | 3.50   | 4.00                                       |
| Donation                                      | -  | 0.03                                       |
| Repairs & Maintenance                         | 3.44   | 2.47                                       |
| Insurance Expenses                            | 0.51   | 1.37                                       |
| Legal and Prof Charges                        | 81.82  | 50.73                                      |
| Auditors Fees and Expenses*                   | 0.53   | 0.53                                       |
| Printing and Stationery                       | 5.81   | 3.78                                       |
| Others  | 18.82  | 13.72                                      |
| <b>Total</b>                                  | <b>323.54</b>                                | <b>199.42</b>                              |

**\*Auditors Fees and Expenses**

| Description                                   | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| Statutory Audit                               | 0.24   | 0.24                                       |
| Tax Audit                                     | 0.07   | 0.07                                       |
| Certification                                 | 0.15   | 0.15                                       |
| Reimbursement of Expenses                     | 0.07   | 0.07                                       |
| <b>Auditors Fees and Expenses<sup>#</sup></b> | <b>0.53</b>                                  | <b>0.53</b>                                |

<sup>#</sup> Includes audit fee of ₹0.23 Cr paid to previous auditor



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 28 Other Expenses (Contd.)**

**\*\* Expenditure incurred on Corporate Social Responsibility activities:**

| Particulars  | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| (i) Amount required to be spent by the Company during the year | 3.42   | 3.98                                       |
| (ii) Amount of expenditure incurred                            | 3.50   | 4.00                                       |
| (iii) Shortfall at the end of the year                         | -  | -  |
| (iv) Total of previous years shortfall                         | -  | -  |
| (v) Reason for shortfall                                       | NA   | NA   |
| (vi) Nature of CSR activities                                  | -  | -  |
| a. Expenses incurred through trusts                            | 3.50   | 4.00                                       |
| <b>Total</b>   | <b>3.50</b>                                  | <b>4.00</b>                                |

**NOTE 29 Income Tax Expenses**

| Description  | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| (a) Income tax expense   |  |  |
| Current tax on profits for the year  | 65.01  | 47.05                                      |
| Tax profits relating to prior period   | -  | (0.53)                                     |
| <b>Total current tax expense</b>   | <b>65.01</b>                                 | <b>46.52</b>                               |
| Deferred tax   |  |  |
| Decrease/(increase) in deferred tax assets   | (34.36)                                      | (38.10)                                    |
| (Decrease)/increase in deferred tax liabilities  | -  | -  |
| <b>Total deferred tax expense/(benefit)</b>  | <b>(34.36)</b>                               | <b>(38.10)</b>                             |
| <b>Income tax expense for the year</b>   | <b>30.65</b>                                 | <b>8.42</b>                                |
| (b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:      |  |  |
| Profit before income tax expense   | 151.85                                       | 106.17                                     |
| Tax at the Indian tax rate of 25.168% (previous year – 25.168%)                                  | 38.22  | 26.72                                      |
| Tax effect of amounts which are permanent differences in nature in calculation of taxable income | (7.57)                                       | (18.11)                                    |
| <b>Income tax expense</b>  | <b>30.65</b>                                 | <b>8.61</b>                                |

**NOTE 30 Other Comprehensive Income**

| Description  | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|--|--|--|
| <b>Items that will not be reclassified to profit or loss</b> |  |  |
| Remeasurement of the defined benefit plans                   | (1.67)                                       | (3.50)                                     |
| Income tax relating to these items                           | 0.42   | 0.88                                       |
| <b>Items that will be reclassified to profit or loss</b>     |  |  |
| Fair value change on cash flow hedge                         | 40.71  | (3.55)                                     |
| Income tax relating to these items                           | (10.25)                                      | 0.89                                       |
| <b>Other Comprehensive Income</b>                            | <b>29.21</b>                                 | <b>(5.28)</b>                              |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 31 Earnings Per Share**

|   | Period ended<br>31 <sup>st</sup> March, 2022 | Year ended<br>31 <sup>st</sup> March, 2021 |
|---|--|--|
| <b>(a) Basic earnings per share</b>   |  |  |
| Basic earnings per share attributable to the equity holders of the Company  | 6.20   | 5.22                                       |
| <b>(b) Diluted earnings per share</b>   |  |  |
| Diluted earnings per share attributable to the equity holders of the Company  | 6.20   | 5.22                                       |
| <b>(c) Reconciliations of earnings used in calculating earnings per share</b>   |  |  |
| Basic earnings per share  |  |  |
| Profit attributable to equity holders of the Company used in calculating basis earnings per share                     | 121.20                                       | 97.55                                      |
| Diluted earnings per share  |  |  |
| Profit attributable to equity holders of the Company<br>- Used in calculating basis earnings per share                | 121.20                                       | 97.55                                      |
| <b>(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share</b>   | 195,548,365                                  | 186,986,825                                |
| <b>(e) Weighted average number of equity shares used as the denominator in calculating diluted earnings per share</b> | 195,548,365                                  | 186,986,825                                |

**NOTE 32 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        |
| <b>As on 1<sup>st</sup> April, 2020</b>  | <b>16.11</b>                | <b>(15.38)</b>            | <b>0.73</b> | <b>11.22</b>                | -                         | <b>11.22</b>  | <b>16.02</b>                | -                         | <b>16.02</b> |
| Current service cost   | 2.68                        | -                         | 2.68        | -                           | -                         | -             | -                           | -                         | -            |
| Interest expense/(income)  | 0.90                        | (0.84)                    | 0.06        | 0.69                        | -                         | 0.69          | 0.79                        | -                         | 0.79         |
| <b>Total amount recognised in profit or loss</b>                               | <b>3.58</b>                 | <b>(0.84)</b>             | <b>2.74</b> | <b>0.69</b>                 | -                         | <b>0.69</b>   | <b>0.79</b>                 | -                         | <b>0.79</b>  |
| Remeasurements   |                             |                           |             |                             |                           |               |                             |                           |              |
| Return on plan assets, excluding amounts included in interest expense/(income) | -                           | (0.03)                    | (0.03)      | -                           | -                         | -             | -                           | -                         | -            |
| (Gain)/loss from change in financial assumptions                               | 0.19                        | -                         | 0.19        | 0.01                        | -                         | 0.01          | 0.14                        | -                         | 0.14         |
| Experience (gains)/losses  | 3.58                        | -                         | 3.58        | (0.24)                      | -                         | (0.24)        | 7.48                        | -                         | 7.48         |
| <b>Total amount recognised in other comprehensive (income)/Losses</b>          | <b>3.77</b>                 | <b>(0.03)</b>             | <b>3.74</b> | <b>(0.23)</b>               | -                         | <b>(0.23)</b> | <b>7.63</b>                 | -                         | <b>7.63</b>  |
| Employer contributions   | -                           | (5.41)                    | (5.41)      | -                           | -                         | -             | -                           | -                         | -            |
| Benefit payments   | (1.33)                      | 1.33                      | 0.00        | -                           | -                         | -             | (4.17)                      | -                         | (4.17)       |
| <b>As on 31<sup>st</sup> March, 2021</b>                                       | <b>22.13</b>                | <b>(20.33)</b>            | <b>1.80</b> | <b>11.68</b>                | -                         | <b>11.68</b>  | <b>20.27</b>                | -                         | <b>20.27</b> |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 32 Employee Benefit Obligations (Contd.)**

| 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        |
| As on 1 <sup>st</sup> Apr, 2021  | 22.13                       | (20.33)                   | 1.80          | 11.68                       | -                         | 11.68        | 20.27                       | -                         | 20.27        |
| Current service cost   | 3.66                        | -                         | 3.66          | -                           | -                         | -            | -                           | -                         | -            |
| Interest expense/(income)  | 1.25                        | (1.32)                    | (0.06)        | 0.76                        | -                         | 0.76         | 1.04                        | -                         | 1.04         |
| <b>Total amount recognised in profit or loss</b>                               | <b>4.92</b>                 | <b>(1.32)</b>             | <b>3.60</b>   | <b>0.76</b>                 | <b>-</b>                  | <b>0.76</b>  | <b>1.04</b>                 | <b>-</b>                  | <b>1.04</b>  |
| Remeasurements   |                             |                           |               |                             |                           |              |                             |                           |              |
| Return on plan assets, excluding amounts included in interest expense/(income) | -                           | (0.79)                    | (0.79)        | -                           | -                         | -            | -                           | -                         | -            |
| (Gain)/loss from change in financial assumptions                               | (0.26)                      | -                         | (0.26)        | (0.29)                      | -                         | (0.29)       | (0.18)                      | -                         | (0.18)       |
| Experience (gains)/losses  | 1.36                        | -                         | 1.36          | 1.65                        | -                         | 1.65         | 5.55                        | -                         | 5.55         |
| <b>Total amount recognised in other comprehensive (income)/Losses</b>          | <b>1.10</b>                 | <b>(0.79)</b>             | <b>0.31</b>   | <b>1.36</b>                 | <b>-</b>                  | <b>1.36</b>  | <b>5.37</b>                 | <b>-</b>                  | <b>5.37</b>  |
| Employer contributions   | -                           | (8.52)                    | (8.52)        | -                           | -                         | -            | (2.14)                      | -                         | (2.14)       |
| Benefit payments   | (0.40)                      | 0.40                      | (0.00)        | -                           | -                         | -            | -                           | -                         | -            |
| <b>As on 31<sup>st</sup> March, 2022</b>                                       | <b>27.74</b>                | <b>(30.56)</b>            | <b>(2.81)</b> | <b>13.80</b>                | <b>-</b>                  | <b>13.80</b> | <b>24.54</b>                | <b>-</b>                  | <b>24.54</b> |

| Details   | Gratuity                                      |                              | Pension                      |                              | Compensated Absences         |                              |
|---|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|   | 31 <sup>st</sup> March, 2022                  | 31 <sup>st</sup> March, 2021 | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| Discount Rate                                   | 5.36%   | 4.99%                        | 6.13%                        | 5.98%                        | 5.17%                        | 4.82%                        |
| Salary Growth Rate                              | 6.00%   | 6.00%                        | 5.50%                        | 5.50%                        | 6.00%                        | 6.00%                        |
| Attrition Rate                                  | 36.00%  | 36.00%                       | 0.00%                        | 0.00%                        | 36.00%                       | 36.00%                       |
| Retirement Age                                  | 58  | 58                           | 60                           | 60                           | 58                           | 58                           |
| Mortality inclusive of provision for disability | 100% of Indian Assured lives mortality (IALM) |                              |                              |                              |                              |                              |

**(i) Sensitivity Analysis**

**FY 2021-22**

| Particulars        | Gratuity              |                                |                                | Pension               |                                |                                | Compensated Absences  |                                |                                |
|--------------------|-----------------------|--------------------------------|--------------------------------|-----------------------|--------------------------------|--------------------------------|-----------------------|--------------------------------|--------------------------------|
|                    | 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%                 | 27.41                          | 28.09                          | 1.00%                 | 12.05                          | 15.91                          | 0.50%                 | 24.28                          | 24.81                          |
| Salary Growth Rate | 0.50%                 | 28.08                          | 27.41                          | 1.00%                 | 15.99                          | 11.97                          | 0.50%                 | 24.81                          | 24.28                          |
| Mortality          | 5.00%                 | 27.74                          | 27.74                          | 5.00%                 | 13.69                          | 13.91                          | 5.00%                 | 24.54                          | 24.54                          |

**FY 2020-21**

| 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%                 | 21.85                          | 22.40                          | 1.00%                 | 10.11                          | 13.59                          | 0.50%                        | 20.05                          | 20.50                          |
| Salary Growth Rate | 0.50%                 | 22.39                          | 21.86                          | 1.00%                 | 13.66                          | 10.04                          | 0.50%                        | 20.49                          | 20.05                          |
| Mortality          | 5.00%                 | 22.12                          | 22.12                          | 5.00%                 | 11.58                          | 11.78                          | 5.00%                        | 20.27                          | 20.27                          |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 32 Employee Benefit Obligations (Contd.)**

(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) | 8.42         |
| Between 2 and 5 years                                    | 18.20        |
| Beyond 5 years   | 4.64         |
| <b>Total</b>   | <b>31.26</b> |

(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 ₹25.99 (31st March, 2021: ₹18.75) has been recognised in the Statement of Profit and Loss. There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28<sup>th</sup> February, 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.

**NOTE 33 Fair Value Measurements**

Financial assets and financial liabilities measured at amortised cost, including their levels in the fair value hierarchy:

| Particulars                                  | Carrying Amount              |                              | Fair Value Hierarchy | Fair Value                   |                              |
|--|------------------------------|------------------------------|----------------------|------------------------------|------------------------------|
|  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |                      | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| <b>Financial assets:</b>                     |                              |                              |                      |                              |                              |
| Cash and Cash equivalents                    | 970.46                       | 666.87                       | Level 3              | 970.46                       | 666.87                       |
| Other Bank Balances                          | 6.00                         | 0.87                         | Level 3              | 6.00                         | 0.87                         |
| Trade Receivables                            | 37.90                        | 25.87                        | Level 3              | 37.90                        | 25.87                        |
| Loans  | 14,014.30                    | 11,154.95                    | Level 3              | 14,014.30                    | 11,154.95                    |
| <b>Other Financial Assets</b>                |                              |                              |                      |                              |                              |
| Employees Related Receivables                | 4.85                         | 4.62                         | Level 3              | 4.85                         | 4.62                         |
| Advances to Related Parties                  | 38.10                        | 73.21                        | Level 3              | 38.75                        | 59.39                        |
| Other Financial Assets - Related Parties     | -                            | -                            | Level 3              | -                            | -                            |
| Other Financial Assets - Non Related Parties | 9.41                         | 9.41                         | Level 3              | 9.41                         | 9.41                         |
| Security Deposit for Leased Premises         | 8.27                         | 7.49                         | Level 3              | 8.27                         | 7.49                         |
| Deposit with Service Providers               | 6.39                         | 4.38                         | Level 3              | 6.39                         | 4.38                         |
| <b>Total</b>                                 | <b>15,095.68</b>             | <b>11,947.68</b>             |                      | <b>15,096.33</b>             | <b>11,933.85</b>             |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 33 Fair Value Measurements (Contd.)**

| Particulars                           | Carrying Amount              |                              | Fair Value Hierarchy | Fair Value                   |                              |
|---------------------------------------|------------------------------|------------------------------|----------------------|------------------------------|------------------------------|
|                                       | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |                      | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| <b>Financial liabilities:</b>         |                              |                              |                      |                              |                              |
| Trade Payables                        | 333.81                       | 229.37                       | Level 3              | 333.81                       | 229.37                       |
| Debt Securities                       | 2,213.68                     | 1,170.85                     | Level 3              | 2,213.68                     | 1,170.85                     |
| Borrowings other than Debt Securities | 9,457.10                     | 8,041.11                     | Level 3              | 9,457.10                     | 8,041.11                     |
| Subordinated Liabilities              | 1,293.34                     | 942.79                       | Level 3              | 1,293.34                     | 942.79                       |
| Other financial liabilities           | 230.68                       | 207.57                       | Level 3              | 230.68                       | 207.57                       |
| <b>Total</b>                          | <b>13,528.61</b>             | <b>10,591.69</b>             |                      | <b>13,528.61</b>             | <b>10,591.69</b>             |

**Financial assets and liabilities measured at fair value (Level 2)**

| Particulars                      | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|----------------------------------|------------------------------|------------------------------|
| <b>Financial assets</b>          |                              |                              |
| Derivative Financial Instruments | 64.06                        | -                            |
| <b>Total financial assets</b>    | <b>64.06</b>                 | <b>-</b>                     |
| <b>Financial liabilities</b>     |                              |                              |
| Derivative Financial Instruments | -                            | 14.57                        |
| <b>Total financial assets</b>    | <b>-</b>                     | <b>14.57</b>                 |

There were no transfers between any levels during the year.

**(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.

**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 Management assessed that Cash and Cash equivalents, bank balance other than Cash and Cash equivalents, receivable, other financial assets, payables and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments. The fair value of the investments have been considered as the carrying value of these investments since these investments have been made in the subsidiaries of the Company.
- The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.
- The fair values for advance to related parties 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 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.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management**

The Company's financial assets include loan and advances, investments and cash and cash equivalents that derive directly from its operations. The Company's financial liabilities comprise mainly borrowings from banks, commercial papers and debentures.

The Company is exposed to various risks such as Credit risk, Liquidity risk, foreign currency risks and Interest rate risks.

The Board of Directors have the overall responsibility for the establishment of governance and oversight in relation to the Company's Risk Management Framework. The Board of Directors have established Committees such as the Risk Management Committee and Asset Liability Committee for developing and monitoring the Company's risk management policies and treasury policies. The Committees reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the various risks faced by the Company, to set appropriate risk benchmarks limits and controls and to monitor risks and adherence to limits from time to time. The Risk Management Committee oversees how management monitors compliance with the risk management policies and procedures and other governance framework and reviews the adequacy of the Risk management framework in relation to the various risks faced by the Company from time to time.

**(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 Expected Credit Loss (ECL).

**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 the gross carrying value of assets as on each reporting date.

| Particulars  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| <b>Gross Carrying value of Loans</b>                   |                              |                              |
| Stage-1 (Less than 30 Days)                            | 12,776.83                    | 9,539.60                     |
| Stage-2 (30-90 Days) <sup>#</sup>                      | 1,097.14                     | 1,481.27                     |
| Stage-3 (More than 90 Days) <sup>*</sup>               | 528.99                       | 423.75                       |
| <b>Total Gross carrying value as on reporting date</b> | <b>14,402.96</b>             | <b>11,444.62</b>             |

<sup>#</sup> Includes restructured contracts under one time resolution framework vide RBI circular dated 6<sup>th</sup> August, 2020 and RBI/2021- 22/31/ DOR.STR.REC.11 /21.04.048/2021-22 dated 5<sup>th</sup> May, 2021 irrespective of days past due on the reporting date.

<sup>\*</sup> Includes restructured contracts under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR. No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019 irrespective of days past due on the reporting date.

**Other financial assets**

Credit risk with respect to other financial assets are extremely low except "Other Financial Assets - Non Related Parties". Based on the credit assessment the historical trend of low default is expected to continue. No provision for ECL has been created for Other financial Assets except full provision on "Other Financial Assets - Non Related Parties".

**Credit Quality**

The Company 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 loan assets under ECL model, the loan assets have been segmented into three stages.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

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 tenure.
- 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.

The Company considers a broad range of forward looking information with reference to external forecasts of economic parameters such as GDP growth, government borrowing, private consumption expenditure, policy interest rates, etc., as considered relevant so as to determine the impact of macro-economic factors on the Company's ECL estimates. The internal estimates of PD, LGD rates used in the ECL model may not always capture all the characteristics of the market/external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

**Assessment of Significant Increase in Credit Risk**

When determining whether the risk of default has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The Company 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 27<sup>th</sup> March, 2020 and 17<sup>th</sup> April, 2020 relating to ‘COVID-19 – Regulatory Package’, the Company has offered moratorium up to six months on the payment of instalments falling due between 1<sup>st</sup> March, 2020 and 31<sup>st</sup> August, 2020 to all eligible borrowers. The Company has extended One-Time Resolution framework as for COVID-19-related stress to eligible customers as per applicable RBI guidelines and as per the policy of the Company. The Company has classified all restructured accounts done under Prudential Framework for Resolution of Stressed Assets vide circular RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated 7<sup>th</sup> June, 2019 in Stage 3 and with regard to restructured contracts done under one time resolution framework vide RBI circular dated 6<sup>th</sup> August, 2020 and RBI/2021- 22/31/DOR.STR. REC.11 /21.04.048/2021-22 dated 5<sup>th</sup> May, 2021 in Stage 2 irrespective of days past due status on the reporting date.

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. Since the Company's impairment loss allowance estimates are inherently uncertain, actual results may differ from these estimates.



(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

**Definition of default**

The Company considers a financial instrument is in default when the borrower becomes 90 days past due on its contractual payments. The financial services business considers Loans under default as 'credit impaired' and classified as Stage-3.

**Impairment loss**

The expected credit loss allowance provision is determined as follows:

|  | Stage 1          | Stage 2         | Stage 3       | Grand Total      |
|--|------------------|-----------------|---------------|------------------|
| <b>Gross Balance as at 31<sup>st</sup> March, 2022</b> | <b>12,776.83</b> | <b>1,097.14</b> | <b>528.99</b> | <b>14,402.96</b> |
| Expected Credit Loss                                   | 87.80            | 33.25           | 267.61        | 388.66           |
| Expected Credit Loss Rate                              | 0.69%            | 3.03%           | 50.59%        | 2.70%            |
| Net of Impairment Provision                            | 12,689.03        | 1,063.89        | 261.38        | 14,014.30        |

|  | Stage 1         | Stage 2         | Stage 3       | Grand Total      |
|--|-----------------|-----------------|---------------|------------------|
| <b>Gross Balance as at 31<sup>st</sup> March, 2021</b> | <b>9,539.60</b> | <b>1,481.27</b> | <b>423.75</b> | <b>11,444.62</b> |
| Expected Credit Loss                                   | 81.90           | 42.34           | 165.43        | 289.67           |
| Expected Credit Loss Rate                              | 0.86%           | 2.86%           | 39.04%        | 2.53%            |
| Net of Impairment Provision                            | 9,457.70        | 1,438.93        | 258.32        | 11,154.95        |

**Reconciliation of Expected Credit Loss**

| Particulars                                      | Stage-1      | Stage-2      | Stage-3       | Grand Total   |
|--|--------------|--------------|---------------|---------------|
| <b>Balance as at 1<sup>st</sup> April, 2020</b>  | <b>39.23</b> | <b>9.50</b>  | <b>143.38</b> | <b>192.11</b> |
| Transfer from Stage 1                            | (9.66)       | 7.54         | 2.11          | -             |
| Transfer from Stage 2                            | 2.44         | (4.61)       | 2.17          | -             |
| Transfer from Stage 3                            | 0.99         | 0.45         | (1.43)        | -             |
| Loans that have derecognised during the period   | (8.35)       | (1.43)       | (41.06)       | (50.85)       |
| New Loans originated during the year             | 33.56        | 4.26         | 14.78         | 52.61         |
| Net Remeasurement of Loss Allowance              | 23.70        | 26.62        | 45.49         | 95.80         |
| <b>Balance as at 31<sup>st</sup> March, 2021</b> | <b>81.90</b> | <b>42.34</b> | <b>165.43</b> | <b>289.67</b> |
| Transfer from Stage 1                            | (29.74)      | 18.52        | 11.22         | -             |
| Transfer from Stage 2                            | 2.12         | (12.60)      | 10.48         | -             |
| Transfer from Stage 3                            | 4.64         | 2.41         | (7.05)        | -             |
| Loan that have derecognised during the period    | (21.70)      | (19.63)      | (90.95)       | (132.28)      |
| New Loans originated during the year             | 60.76        | 2.65         | 17.14         | 80.55         |
| Net Remeasurement of Loss Allowance              | (10.17)      | (0.44)       | 161.34        | 150.73        |
| <b>Balance as at 31<sup>st</sup> March, 2022</b> | <b>87.81</b> | <b>33.25</b> | <b>267.61</b> | <b>388.67</b> |

**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:

|   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| Carrying value                                |                              |                              |
| Concentration by geographical region in India |                              |                              |
| South   | 5,619.30                     | 4,426.79                     |
| West  | 3,870.72                     | 3,123.68                     |
| East  | 2,517.92                     | 2,042.22                     |
| North   | 2,395.02                     | 1,851.93                     |
| <b>Total Loans as at reporting period</b>     | <b>14,402.96</b>             | <b>11,444.62</b>             |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

**(B) Liquidity Risk**

Liquidity risk is a risk that an entity will encounter difficulty in meeting financial obligations.

As per companies policy, management ensures availability of sufficient fund either through Instalment receivables/ sourcing through debts at each point of time. The Fund requirement ascertain at the beginning of the period by taking into consideration Instalment receivable, likely disbursement, Loan instalment 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:

|  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| <b>Floating rate</b>   |                              |                              |
| Expiring within one year (bank overdraft and other facilities) | 1,215.35                     | 1,427.87                     |
| Expiring beyond one year (bank loans)                          | -                            | -                            |
|  | 1,215.35                     | 1,427.87                     |

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:

- All non-derivative financial liabilities, and
- 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 table below summarises the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments as at the balance sheet date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| Particulars                              | Contractual Cashflows |                 |                    |                       |                   |                       |
|--|-----------------------|-----------------|--------------------|-----------------------|-------------------|-----------------------|
|  | Less than 3 months    | 3 to 6 months   | 6 months to 1 year | Between 1 and 5 years | More than 5 years | Total carrying Amount |
| <b>As at 31<sup>st</sup> March, 2022</b> |                       |                 |                    |                       |                   |                       |
| Borrowings                               | 3,003.33              | 975.61          | 3,061.07           | 5,375.24              | 548.86            | 12,964.11             |
| Security Deposit                         | 43.70                 | 29.13           | 5.26               | 3.28                  | -                 | 81.37                 |
| Trade payables                           | 146.85                | 68.12           | 108.65             | 10.16                 | -                 | 333.77                |
| Other Financial Liabilities              | 72.35                 | 2.32            | 57.53              | 19.23                 | 0.37              | 151.81                |
| <b>Total non-derivative liabilities</b>  | <b>3,266.23</b>       | <b>1,075.18</b> | <b>3,232.51</b>    | <b>5,407.92</b>       | <b>549.23</b>     | <b>13,531.07</b>      |
|  |                       |                 |                    |                       |                   |                       |
| Particulars                              | Contractual Cashflows |                 |                    |                       |                   |                       |
|  | Less than 3 months    | 3 to 6 months   | 6 months to 1 year | Between 1 and 5 years | More than 5 years | Total carrying Amount |
| <b>As at 31<sup>st</sup> March, 2021</b> |                       |                 |                    |                       |                   |                       |
| Borrowings                               | 1,386.89              | 694.91          | 3,161.99           | 4,417.06              | 493.90            | 10,154.75             |
| Security Deposit                         | 29.41                 | 19.61           | 4.44               | -                     | -                 | 53.46                 |
| Trade Payables                           | 94.40                 | 70.13           | 55.54              | 7.80                  | -                 | 227.87                |
| Other Financial Liabilities              | 79.14                 | 2.10            | 56.76              | 17.10                 | 2.27              | 157.36                |
| <b>Total non-derivative liabilities</b>  | <b>1,589.84</b>       | <b>786.75</b>   | <b>3,278.73</b>    | <b>4,441.96</b>       | <b>496.17</b>     | <b>10,593.45</b>      |

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

**(C) 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

|  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| <b>Financial liabilities</b>   |                              |                              |
| Variable Foreign Currency Borrowings (USD 287 million) (Previous Year USD 187 million) | 2,108.05                     | 1,356.55                     |
| <b>Derivative liabilities</b>  |                              |                              |
| Hedged through forward contracts and CCS   | 2,108.05                     | 1,356.55                     |
| <b>Net exposure to foreign currency risk (Liabilities)</b>                             | -                            | -                            |

**Sensitivity analysis:**

The Company has hedged all its foreign currency exposures by entering into CCS/ Forwards contracts, it shall not be subject any sensitivity on settlement due to foreign currency fluctuation due to the movements in foreign exchanges i.e. USD. Forward Contract & Cross Current Swap are to buy USD for Hedging Foreign Currency Loan. The Company shall not maintained as per IND-AS 109 to be considered as Foreign Currency Loan.

| Impact on Profit After Tax |                              |                              |
|----------------------------|------------------------------|------------------------------|
| USD Sensitivity            | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| INR/USD Increases by 5%    | -                            | -                            |
| INR/USD Decreases by 5%    | -                            | -                            |

**(D) 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<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2021, the Company's borrowings at variable rate were mainly denominated in INR.

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 generally available at floating rate Interest. And there are no such option available to obtain swap option for floating rate interest linked to respective bank MCLR with Fixed Interest. Hence except foreign currency loans, other loans are not hedged. The Company has increased the component of fixed rate borrowings compared to last year by 22%.

**(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:

| Particulars              | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--------------------------|------------------------------|------------------------------|
| Variable rate borrowings | 6,232.48                     | 7,126.66                     |
| <b>Total borrowings</b>  | <b>12,964.11</b>             | <b>10,154.75</b>             |

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

| Particulars                   |                                | 31 <sup>st</sup> March, 2022 |                  |
|-------------------------------|--------------------------------|------------------------------|------------------|
|                               | Weighted average interest rate | Balance                      | % of total loans |
| Cash credits, bank loans etc. | 6.53%                          | 6,232.48                     | 48.07%           |

| Particulars                   |                                | 31 <sup>st</sup> March, 2021 |                  |
|-------------------------------|--------------------------------|------------------------------|------------------|
|                               | Weighted average interest rate | Balance                      | % of total loans |
| Cash credits, bank loans etc. | 7.04%                          | 7,126.66                     | 70.18%           |

An analysis by maturities is provided in note 34 B (ii) above.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 34 Financial Risk Management (Contd.)**

**(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                              |                              |                              |
|---|------------------------------|------------------------------|
| Particulars   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
| Interest rates – increase by 50 basis points (50 bps) * | 31.16                        | 38.00                        |
| Interest rates – decrease by 50 basis points (50 bps) * | (31.16)                      | (38.00)                      |

\* Holding all other variables constant

**NOTE 35 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 design 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 maximum 7 times to the total equity, the Company monitors the ratio as below:

| Particulars   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| Net debt (total borrowings, less cash and cash equivalents) | 11,993.65                    | 9,487.89                     |
| Total Equity (as shown in the balance sheet)                | 1,865.80                     | 1,565.38                     |
| <b>Net debt to equity ratio</b>                             | <b>6.43</b>                  | <b>6.06</b>                  |

**(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.

(All amounts in ₹ Crore unless otherwise stated)

**NOTE 36 Leases**

**a Lease Disclosures pertaining to Right to use Asset**

| Particulars                                       | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| <b>Building</b>                                   |                              |                              |
| Gross Block                                       |                              |                              |
| Opening/(On transition to IND-AS 116)             | 18.68                        | 25.78                        |
| Revaluation due to change in future lease rentals | -                            | (3.70)                       |
| Additions during the year                         | 6.49                         | 3.88                         |
| (Deletions during the year)                       | -                            | -                            |
| Closing Balance during the year                   | 25.17                        | 25.96                        |
| <i>Amortisation</i>                               |                              |                              |
| Additions   | -                            | -                            |
| Amortisation for the year                         | 7.05                         | 7.28                         |
| <b>Closing Balance during the year</b>            | <b>18.12</b>                 | <b>18.68</b>                 |

- b The Company has offices across the country with varied lease period. The lease term considered for arriving at the Right to use Asset and Lease liabilities are based on the non-cancellable period of the respective agreements.
- c Company has exercised the option of short term leases and low value asset exemption.

**Lease Disclosures pertaining to Statement of Profit & Loss**

| Particulars  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| <b>Finance charges</b>   |                              |                              |
| Interest expense   | 1.99                         | 2.02                         |
| <b>Depreciation</b>  |                              |                              |
| Amortisation of Right to use asset   | 7.05                         | 7.28                         |
| <b>Other expenses</b>  |                              |                              |
| <u>Rent expenses</u>   |                              |                              |
| Expense relating to short-term leases (included in other expenses)   | 11.65                        | 10.77                        |
| 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           | -                            | -                            |
| <b>Total</b>   | <b>20.69</b>                 | <b>20.07</b>                 |

**d Additional disclosures in cash flow statement**

| Particulars                                       | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| Cash flow financing activities                    |                              |                              |
| Principal repayments related to lease liabilities | 6.56                         | 6.92                         |
| Interest payments related to lease liabilities    | 1.99                         | 2.02                         |

(All amounts in ₹ Crore unless otherwise stated)

**37. Additional notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022**

**1. Capital Commitments**

| Description  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| Estimated amount of contracts remaining to be executed on Capital Account not provided for | 0.78                         | 2.52                         |

**2. Other Commitments**

| Description  | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|--|------------------------------|------------------------------|
| Estimated amount of contracts remaining to be executed on Capital Account not provided for | 48.33                        | 22.89                        |

**3. Contingent Liabilities not provided for**

Claims against the Company not acknowledged as debts.

| Description   | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|---|------------------------------|------------------------------|
| Disputed Income Tax Demand (adjusted out of refunds)  | -                            | -                            |
| Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of ₹0.36 Cr) | 7.70                         | 7.70                         |
| Legal cases filed by borrowers against the Company  | 1.48                         | 1.23                         |

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 crore. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of ₹248 crore. The bonds are redeemable between 7<sup>th</sup> and 12<sup>th</sup> year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), the Holding Company, during 2010-11 at book value and the same is repayable by TVSMS in 6 years. The advance from TVSMS to the Company pertaining to this transaction stands at ₹37.06 crore as at 31<sup>st</sup> March, 2021 as per IND-AS fair valuation and advance is fully secured.

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. Related Party Disclosure**

Disclosure 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<br>Sundaram-Clayton Limited (holding company of TVS Motor Company Limited)  |
| Ultimate Holding Company     | TV Sundram Iyengar & Sons Private Limited   |
| Subsidiaries                 | TVS Housing Finance Private Limited<br>Harita ARC Private Limited<br>TVS Two Wheeler Mall Private Limited<br>TVS Micro Finance Private Limited<br>Harita Collection Services Private Limited<br>TVS Commodity Financial Solutions Private Limited |
| Fellow Subsidiary            | TVS Motor Services Limited<br>Sundaram Auto Components Limited<br>TVS Automobile Solutions Private Limited  |
| Associate of Holding Company | Emerald Haven Realty Limited  |

(All amounts in ₹ Crore unless otherwise stated)

**37. Additional notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

Transactions with related parties and balance outstanding as at the end of the year:

| S.No. | Name of the Related Party        | Nature of Transactions                    | 31 <sup>st</sup> March, 2022 | 31 <sup>st</sup> March, 2021 |
|-------|----------------------------------|---|------------------------------|------------------------------|
| 1     | TVS Motor Services Limited       | Advance received                          | 41.33                        | 6.37                         |
|       |                                  | Unwinding of advance                      | 6.23                         | 1.38                         |
|       |                                  | Balance outstanding [Dr/(Cr)]             | 38.10                        | 73.21                        |
| 2     | TVS Motor Company Limited        | Contribution towards Equity Share Capital | 6.17                         | 6.78                         |
|       |                                  | Contribution towards Security Premium     | 93.83                        | 93.22                        |
|       |                                  | Services Rendered                         | 9.03                         | 21.55                        |
|       |                                  | Availing of Services                      | 8.34                         | 6.96                         |
|       |                                  | Balance outstanding [Dr/(Cr)]             | (2.80)                       | 8.49                         |
| 3     | Sundaram-Clayton Limited         | EMI Payment                               | 0.11                         | 0.10                         |
|       |                                  | Availing of Services                      | 3.92                         | 3.08                         |
|       |                                  | Balance outstanding [Dr/(Cr)]             | (0.48)                       | 0.03                         |
| 4     | Sundaram Auto Components Limited | EMI Payment                               | 0.11                         | 0.11                         |
|       |                                  | Balance outstanding [Dr/(Cr)]             | 0.04                         | 0.15                         |

The Company has not granted any Loans or Advances in the nature of loans to promoters, directors, key managerial personnel and the related parties, either severally or jointly with any other person, which are (a) Repayable on demand; or (b) Without specifying any terms or period of repayment.

- The Company has no transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.
- The Company is in compliance with the number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- There have been no events after the reporting date that require disclosure in the Financial Statements.
- Prior period figures have been regrouped, wherever necessary, to confirm to the current period presentation.
- No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.



(All amounts in ₹ Crore unless otherwise stated)

**37. Additional notes forming part of Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022 (Contd.)**

**14. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for the year ended 31<sup>st</sup> March, 2022**

| Name of the Entity                   | Net Assets                        |                 | Share in Profit/(Loss)               |               | Share in Other Comprehensive Income               |              | Share in Total Comprehensive Income               |               |
|--------------------------------------|-----------------------------------|-----------------|--------------------------------------|---------------|---|--------------|---|---------------|
|                                      | As a % of Consolidated Net Assets | ₹ in Cr         | As a % of Consolidated Profit/(Loss) | ₹ in Cr       | As a % of Consolidated Other Comprehensive Income | ₹ in Cr      | As a % of Consolidated Total Comprehensive Income | ₹ in Cr       |
| <b>Parent</b>                        |                                   |                 |                                      |               |   |              |   |               |
| TVS Credit Services Limited          | 99.88%                            | 1,863.64        | 99.59%                               | 120.73        | 100.00%   | 29.21        | 99.67%  | 149.94        |
| <b>Subsidiaries</b>                  |                                   |                 |                                      |               |   |              |   |               |
| TVS Housing Finance Private Limited  | 0.76%                             | 14.22           | 0.41%                                | 0.50          | 0.00%   | -            | 0.33%   | 0.50          |
| Haritha ARC Private Limited          | 0.00%                             | (0.01)          | 0.00%                                | (0.00)        | 0.00%   | -            | 0.00%   | (0.00)        |
| TVS Two Wheeler Mall Private Limited | 0.00%                             | (0.01)          | 0.00%                                | (0.00)        | 0.00%   | -            | 0.00%   | (0.00)        |
| Inter Company Eliminations           | (0.64%)                           | (12.01)         | 0.00%                                | -             | 0.00%   | -            | 0.00%   | -             |
| <b>Total</b>                         | <b>100.00%</b>                    | <b>1,865.83</b> | <b>100.00%</b>                       | <b>121.23</b> | <b>100.00%</b>                                    | <b>29.21</b> | <b>100.00%</b>                                    | <b>150.44</b> |

As per our report of even date

**For Sundaram & Srinivasan**  
Chartered Accountants  
ICAI Regn No. FRN 004207S

For and on behalf of the Board of Directors of  
**TVS Credit Services Limited**

**S. Usha**  
Partner  
Membership No. 211785  
Place : Chennai  
Date : 4<sup>th</sup> May, 2022

**Venu Srinivasan**  
Chairman

**G Venkatraman**  
Chief Executive Officer

**V Gopalakrishnan**  
Chief Financial Officer

## Directors' Report to the Shareholders

The directors present the fifth annual report together with the annual audited statement of accounts for the year ended 31<sup>st</sup> March 2022.

### 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 31<sup>st</sup> March 2022.

### 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 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022, 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 the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; 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 the 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 5 times on 24<sup>th</sup> April 2021, 26<sup>th</sup> June 2021, 28<sup>th</sup> September 2021, 21<sup>st</sup> December 2021 and 08<sup>th</sup> March 2022 and the gap between two meetings did not exceed one hundred and twenty days.

### Statutory Auditors

On the recommendation of the Board of Directors of the Company, members of the Company appointed from M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants as Statutory Auditors of the Company at the 4<sup>th</sup> Annual General Meeting of the Company for a term of 5 consecutive years 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 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 2021-22.

The Auditors' Reports for the financial year 2021-22 do not contain any qualifications, reservations and adverse remarks 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 31<sup>st</sup> March 2022 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 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 31<sup>st</sup> March 2022, 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 31<sup>st</sup> March 2022 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.

## HARITA ARC PRIVATE LIMITED

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### 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

Date : 29<sup>th</sup> April 2022

V GOPALAKRISHNAN

Director

DIN: 03291640

N SRINIVASA RAMANUJAM

Director

DIN: 07384809

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

### To the Members of Harita ARC Private Limited

### Report on the Audit of the Standalone financial statements

#### Opinion

We have audited the accompanying standalone financial statements of Harita Arc Private Limited ("the Company"), having its registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, Tamil Nadu which comprise the Balance Sheet as at 31<sup>st</sup> March 2022, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing 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 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 ('ICAI') 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 in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual 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.

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 Those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is 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 (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 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 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 Standards on Auditing 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 Standards on Auditing, we exercise professional judgment 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 the 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting 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, 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 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, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143(3) of the Act, we report that
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required 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, 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 standalone financial statements comply with Ind AS specified under section 133 of the Act.
  - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2022 from being appointed as a director in terms of section 164(2) of the Act.
  - (f) Reporting on internal financial controls over financial reporting as on 31<sup>st</sup> March 2022 does not arise as per Notification GSR 583 E dated 13<sup>th</sup> June 2017, since the company doesn't satisfy the turnover and borrowings conditions of the above notification.
  - (g) 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.
  - (h) 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 (as amended), 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 31<sup>st</sup> March 2022;
    - (ii) The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March 2022

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

- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared any dividends during the year.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AICRXO2394 |
|------|--------------------|

Place : Bangalore  
Date : 29<sup>th</sup> April 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# HARITA ARC PRIVATE LIMITED

## Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2022

(Referred to in our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. (a to d) The Company does not own any property plant & equipment, Intangible assets & right to use assets. Accordingly, Clause 3(i)(a) to 3(i)(d);  
(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder;
- ii. The Company does not have any inventory. Accordingly, Clause 3(ii)(a) of the Order is not applicable to the company;
- No working capital limit more than five crore in aggregate, from banks or financial institutions based on security of current assets has been sanctioned during any point of the year. Accordingly, Clause 3(ii)(b) of the Order is not applicable to the company;
- iii. The Company has not made investments and has not provided any Guarantee or security or granted any loans or advances in nature of loans secured or unsecured to companies, firms, Limited Liability Partnerships, or any other parties, during the year. Accordingly, the provision of clause 3(iii)(a) to 3 (iii)(f) of the order is not applicable;
- 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 3(iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable;
- 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. In respect of statutory dues:
  - (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, Custom duty, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities;
  - (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. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);
- ix. (a) The Company has not obtained any loans or borrowings from any lender during the year. Accordingly, the provisions of clause 3(ix)(a) of the Order are not applicable;
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;
- (c) The Company has not obtained term loan during the year. Accordingly, the provisions of clause 3(ix)(c) of the Order are not applicable;
- (d) The Company has not raised any short-term funds during the year. Accordingly, the provisions of clause 3(ix)(d) of the Order are not applicable;
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable;
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;

- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable;
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year;
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- (c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;
- xiii. In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the company is not required to constitute audit committee under Section 177 of the Act;
- xiv. In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013 and hence reporting under clause 3(xiv)(a) and clause 3(xiv)(b) of the Order is not applicable;
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company;
- xvi. (a),(b),(c) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;
- xvii. The Company has incurred cash losses during the financial year and in immediately preceding financial year amounting to Rs.28,944 & Rs.30,654 covered by our audit;
- xviii. There has been no resignation of the statutory auditors of the Company during the year;
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;
- xx. The provision of section 135 of Companies Act, is not applicable to company and hence reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable;

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AICRXO2394 |
|------|--------------------|

Place : Bangalore  
Date : 29<sup>th</sup> April 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

## HARITA ARC PRIVATE LIMITED

### Balance Sheet as at 31<sup>st</sup> March 2022

( in Rs. )

| Particulars   | Note No | As at<br>31st March 2022 | As at<br>31st March 2021 |
|---|---------|--------------------------|--------------------------|
| <b>ASSETS</b>   |         |                          |                          |
| <b>Current Assets</b>   |         |                          |                          |
| <b>Financial Assets</b>   |         |                          |                          |
| Cash and Cash Equivalents   | 1       | 24,056                   | 24,056                   |
| <b>TOTAL ASSETS</b>   |         | <u>24,056</u>            | <u>24,056</u>            |
| <b>EQUITY AND LIABILITIES</b>   |         |                          |                          |
| <b>Equity</b>   |         |                          |                          |
| Equity Share Capital  | 2       | 25,000                   | 25,000                   |
| Other Equity  | 3       | (1,24,917)               | (95,973)                 |
| <b>TOTAL EQUITY</b>   |         | <u>(99,917)</u>          | <u>(70,973)</u>          |
| <b>LIABILITIES</b>  |         |                          |                          |
| <b>Current Liabilities</b>  |         |                          |                          |
| <b>Financial Liabilities</b>  |         |                          |                          |
| (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       | 1,12,173                 | 83,229                   |
| <b>TOTAL LIABILITIES</b>  |         | <u>1,23,973</u>          | <u>95,029</u>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |         | <u>24,056</u>            | <u>24,056</u>            |

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 29<sup>th</sup> April 2022

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716



**Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2022**

| ( in Rs. )                                  |         |                                       |                                       |
|---|---------|---------------------------------------|---------------------------------------|
| Particulars                                 | Note No | For the year ended<br>31st March 2022 | For the year ended<br>31st March 2021 |
| <b>INCOME</b>                               |         |                                       |                                       |
| Revenue from operations                     |         | -                                     | -                                     |
| <b>TOTAL INCOME</b>                         |         | -                                     | -                                     |
| <b>EXPENSES</b>                             |         |                                       |                                       |
| Other expenses                              | 6       | 28,944                                | 30,654                                |
| <b>TOTAL EXPENSE</b>                        |         | <b>28,944</b>                         | <b>30,654</b>                         |
| <b>Profit/(Loss) before tax</b>             |         | <b>(28,944.00)</b>                    | <b>(30,654)</b>                       |
| <b>Tax expense:</b>                         |         | -                                     | -                                     |
| <b>Profit/(Loss) after tax for the year</b> |         | <b>(28,944.00)</b>                    | <b>(30,654)</b>                       |
| Other Comprehensive Income                  |         |                                       |                                       |
| <b>Total Comprehensive Income</b>           |         | <b>(28,944.00)</b>                    | <b>(30,654)</b>                       |
| <b>Earning per equity share:</b>            |         |                                       |                                       |
| Basic & Diluted earnings per share          | 7       | (11.58)                               | (12.26)                               |

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**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 29<sup>th</sup> April 2022

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

## HARITA ARC PRIVATE LIMITED

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### STATEMENT OF CHANGES IN EQUITY

( in Rs. )

#### A Equity

|   | <u>Note No.</u> | <u>Amount</u> |
|---|-----------------|---------------|
| Balance as at April 1, 2020                     | 2               | 25,000        |
| Changes in Equity share capital during the year | 2               |               |
| <b>Balance as at March 31, 2021</b>             |                 | <b>25,000</b> |
| Changes in Equity share capital during the year | 2               | -             |
| <b>Balance as at March 31, 2022</b>             |                 | <b>25,000</b> |

#### B Other Equity

|                                     | <u>Note No.</u> | <u>Retained Earnings</u> | <u>Total</u>      |
|-------------------------------------|-----------------|--------------------------|-------------------|
| Balance as at April 1, 2020         | 3               | (65,319)                 | (65,319)          |
| Total Comprehensive Income          | 3               | (30,654)                 | (30,654)          |
| <b>Balance as at March 31, 2021</b> |                 | <b>(95,973)</b>          | <b>(95,973)</b>   |
| Total Comprehensive Income          | 3               | (28,944)                 | (28,944)          |
| <b>Balance as at March 31, 2022</b> |                 | <b>(1,24,917)</b>        | <b>(1,24,917)</b> |

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V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 29<sup>th</sup> April 2022

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# HARITA ARC PRIVATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

( in Rs. )

|   | As at 31st March 2022 | As at 31st March 2021 |
|---|-----------------------|-----------------------|
| <b>A. Cash Flow from Operating Activities</b>             |                       |                       |
| 1. Profit/(Loss) Before Tax                               | (28,944)              | (30,654)              |
| <b>B. Operating Profit before Working Capital Changes</b> | (28,944)              | (30,654)              |
| <b>C. Change in Working Capital</b>                       |                       |                       |
| (Increase)/Decrease in Loans & Advances                   |                       | -                     |
| Changes in liability arising from financing activities    |                       | 30,300                |
| Change in Working Capital                                 | -                     | 30,300                |
| <b>D. Cash generated from Operations (B+C)</b>            | (28,944)              | (354)                 |
| <b>E. Net Cash from Operating Activities</b>              | (28,944)              | (354)                 |
| <b>F. Net Cash Flow from Financing Activities</b>         |                       |                       |
| Proceeds from Issue of Equity Shares                      |                       |                       |
| Net Cash from Financing Activities                        | -                     | -                     |
| <b>G. Net change in Cash and Cash Equivalents (E+F)</b>   | (28,944)              | (354)                 |
| <b>H. Cash and Cash Equivalents as at End</b>             | 24,056                | 24,056                |
| <b>I. Less: Cash and Cash Equivalents as at Beginning</b> | 24,056                | 24,410                |
| <b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS (H-I)</b>    | -                     | (354)                 |

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Regn No.: 007761S

Chennai  
Dated: 29<sup>th</sup> April 2022

V. SATHYANARAYANAN  
Partner  
Membership No.: 027716

# HARITA ARC PRIVATE LIMITED

## NOTES TO BALANCE SHEET

( in Rs. )

| 1 | Cash and cash equivalents              | Amount as at<br>31 March 2022 | Amount as at<br>31 March 2021 |
|---|--|-------------------------------|-------------------------------|
|   | Balances with banks                    | 24,056                        | 24,056                        |
|   | <b>Total cash and cash equivalents</b> | <b>24,056</b>                 | <b>24,056</b>                 |

| 2 | Share Capital | Number of<br>Shares | Amount |
|---|---------------|---------------------|--------|
|---|---------------|---------------------|--------|

|    |                                  |       |        |
|----|----------------------------------|-------|--------|
| i) | <b>Authorised Share Capital:</b> |       |        |
|    | Equity shares of Rs.10/- each    | 2,500 | 25,000 |

|     |  |       |        |
|-----|--|-------|--------|
| ii) | <b>Issued, Subscribed and Fully Paid up Share Capital:</b> |       |        |
|     | Equity shares of Rs.10/- each                              | 2,500 | 25,000 |

|      |   |                             |               |
|------|---|-----------------------------|---------------|
| iii) | <b>Movement in equity share capital</b>   | <b>Number of<br/>Shares</b> | <b>Amount</b> |
|      | <b>Equity Shares as at April 1, 2019</b>  | <b>2,500</b>                | <b>25,000</b> |
|      | Additions                                 | -                           | -             |
|      | <b>Equity Shares as at March 31, 2020</b> | <b>2500</b>                 | <b>25000</b>  |
|      | Additions                                 | -                           | -             |
|      | <b>Equity Shares as at March 31, 2021</b> | <b>2500</b>                 | <b>25000</b>  |

### iv) Details of share holders holding more than 5% & Shares held by holding company

| Name of the Share Holder    | As at March 31, 2021 |      |
|-----------------------------|----------------------|------|
|                             | No. of Shares        | %    |
| TVS Credit Services Limited | 2,500                | 100% |

| Name of the Share Holder    | As at March 31, 2022 |      |
|-----------------------------|----------------------|------|
|                             | 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<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|---|------------------------------|--------------------------------|--------------------------------|
|   | Retained Earnings            | (1,24,917)                     | (95,973)                       |
|   | <b>Total Other Equity</b>    | <b>(1,24,917)</b>              | <b>(95,973)</b>                |
|   | <b>Retained Earnings</b>     |                                |                                |
|   | Opening Balance              | (95,973)                       | (65,319)                       |
|   | Add: Net profit for the year | (28,944)                       | (30,654)                       |
|   | <b>Closing Balance</b>       | <b>(1,24,917)</b>              | <b>(95,973)</b>                |

| 4 | Trade Payables              | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|---|-----------------------------|--------------------------------|--------------------------------|
|   | Audit fees payable          | 11,800                         | 11,800                         |
|   | <b>Total Trade Payables</b> | <b>11,800</b>                  | <b>11,800</b>                  |

| 5 | Other Financial Liabilities              | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|---|--|--------------------------------|--------------------------------|
|   | Payable to Holding Company               | 1,12,173                       | 83,229                         |
|   | <b>Total Other Financial Liabilities</b> | <b>1,12,173</b>                | <b>83,229</b>                  |

## NOTES TO STATEMENT OF PROFIT AND LOSS

| 6 | Other Expenses              | For the period 1st<br>Apr 2021 to 31st<br>March 2022 | For the period 1st<br>Apr 2020 to 31st<br>March 2021 |
|---|-----------------------------|--|--|
|   | Professional charges        | 16,340   | 17,700   |
|   | Rates and taxes             | 804  | 1,154  |
|   | Payment to Auditors         |  |  |
|   | - As Auditor                | 11,800   | 11,800   |
|   | Bank Charges                |  |  |
|   | <b>Total Other Expenses</b> | <b>28,944</b>  | <b>30,654</b>  |

| 7 | Earnings per share (Basic and Diluted)        | For the period 1st<br>Apr 2021 to 31st<br>March 2022 | For the period 1st<br>Apr 2020 to 31st<br>March 2021 |
|---|---|--|--|
|   | Earnings attributable to equity share holders | (28,944)   | (30,654)   |
|   | Number of Shares                              | 2,500  | 2,500  |
|   | Earnings per Share                            | (11.58)  | (12.26)  |

## HARITA ARC PRIVATE LIMITED

### 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 31<sup>st</sup> March 2022

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

| Sl. No | Nature of Transaction                     | Name of the Related Party   | Amount (Rs.) |            |
|--------|---|-----------------------------|--------------|------------|
|        |   |                             | FY 2021-22   | FY 2020-21 |
| 01.    | Advance Received                          | TVS Credit Services Limited | 28,944       | 30,300     |
| 02     | Balance Payable as at the end of the year | TVS Credit Services Limited | 112,173      | 83,229     |

As per our report annexed

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

**For RAGHAVAN, CHAUDHURI & NARAYANAN**  
Chartered Accountants  
ICAI No.: 007761S

Chennai  
Dated: 29<sup>th</sup> April 2022

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

## Directors' Report to the Shareholders

The directors present the fifth annual report together with the annual audited statement of accounts for the year ended 31<sup>st</sup> March 2022.

### 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 31<sup>st</sup> March 2022, 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 31<sup>st</sup> March 2022 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 the Companies Act, 2013 all the existing directors, viz., Mr Venu Srinivasan, Mr Sudarshan Venu 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 5 times on 26<sup>th</sup> May 2021, 26<sup>th</sup> June 2021, 28<sup>th</sup> September 2021, 21<sup>st</sup> December 2021, and 15<sup>th</sup> March 2022 and the gap between the 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

### Statutory Auditors

On the recommendation of the Board of Directors of the Company, members of the Company appointed from M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants as Statutory Auditors of the Company at the 4<sup>th</sup> Annual General Meeting of the Company for a term of 5 consecutive years 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 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 2021-22.

The Auditors' Reports for the financial year 2021-22 do not contain any qualifications, reservations and adverse remarks 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 31<sup>st</sup> March 2022 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 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 2021-22, 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 31<sup>st</sup> March 2022 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  
Date : 29<sup>th</sup> April 2022

Venu Srinivasan  
Director  
DIN: 00051523

G Venkatraman  
Whole-Time Director  
DIN: 08098890



## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

### To the Members of TVS Housing Finance Private Limited

#### Report on the Audit of the Stand-alone financial statements

##### Opinion

We have audited the accompanying standalone financial statements of TVS Housing Finance Private Limited ("the Company"), having its registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, Tamil Nadu which comprise the Balance Sheet as at 31<sup>st</sup> March 2022, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March 2022, and its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing 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 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 ('ICAI') 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 in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual 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.

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 Those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is 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 (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 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 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 Standards on Auditing 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 Standards on Auditing, we exercise professional judgment 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 the 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting 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, 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 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, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143(3) of the Act, we report that
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required 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, 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 standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 from being appointed as a director in terms of section 164(2) of the Act.
  - (f) Reporting on internal financial controls over financial reporting as on 31st March 2022 does not arise as per Notification GSR 583 E dated 13th June 2017, since the company doesn't satisfy the turnover and borrowings conditions of the above notification.
  - (g) 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.
  - (h) 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 (as amended), 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 2022;
    - (ii) The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March 2022

- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared any dividends during the year.

For RAGHAVAN, CHAUDHURI & NARAYANAN.,  
Chartered Accountants  
FRN.007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AICQSK8049 |
|------|--------------------|

Place : Bangalore  
Date : 29<sup>th</sup> April, 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS HOUSING FINANCE PRIVATE LIMITED

## Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2022

(Referred to in our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. (a to d) The Company does not own any property plant & equipment, Intangible assets & right to use assets. Accordingly, Clause 3(i)(a) to 3(i)(d);  
(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder;
- ii. (a) The Company does not have any inventory. Accordingly, Clause 3(ii)(a) of the Order is not applicable to the company;  
(b) No working capital limit more than five crore in aggregate, from banks or financial institutions based on security of current assets has been sanctioned during any point of the year. Accordingly, Clause 3(ii)(b) of the Order is not applicable to the company;
- iii. The Company has not made investments and has not provided any Guarantee or security or granted any loans or advances in nature of loans secured or unsecured to companies, firms, Limited Liability Partnerships, or any other parties, during the year. Accordingly, the provision of clause 3(iii)(a) to 3 (iii)(f) of the order is not applicable;
- 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. Accordingly, the provisions of Clause 3(iv) of the Order are not applicable to the Company;
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable;
- 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. In respect of statutory dues:  
(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, Custom duty, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities;  
(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. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);
- ix. (a) The Company has not obtained any loans or borrowings from any lender during the year. Accordingly, the provisions of clause 3(ix)(a) of the Order are not applicable;  
(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;  
(c) The Company has not obtained term loan during the year. Accordingly, the provisions of clause 3(ix)(c) of the Order are not applicable;  
(d) The Company has not raised any short-term funds during the year. Accordingly, the provisions of clause 3(ix)(d) of the Order are not applicable;  
(e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;  
(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable;
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;  
(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly

or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable;

- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year;  
(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;  
(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;
- xiii. In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the company is not required to constitute audit committee under Section 177 of the Act;
- xiv. In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013 and hence reporting under clause 3(xiv) (a) and clause 3(xiv)(b) of the Order is not applicable;
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company;
- xvi. (a),(b),(c) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;  
(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;
- xvii. The Company has not incurred cash losses during the financial year and in immediately preceding financial year covered by our audit;
- xviii. There has been no resignation of the statutory auditors of the Company during the year;
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;
- xx. The provision of section 135 of Companies Act, is not applicable to company and hence reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable.

For RAGHAVAN, CHAUDHURI & NARAYANAN.,  
Chartered Accountants  
FRN.007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AICQSK8049 |
|------|--------------------|

Place : Bangalore  
Date : 29<sup>th</sup> April, 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS HOUSING FINANCE PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2022

( in Rs. )

| Particulars   | Note No. | As on 31st March 2022 | As on 31st March 2021 |
|---|----------|-----------------------|-----------------------|
| <b>ASSETS</b>   |          |                       |                       |
| <b>Current Assets</b>   |          |                       |                       |
| <b>Financial Assets</b>   |          |                       |                       |
| Cash and Cash equivalents   | 1        | 23,32,997             | 29,69,160             |
| Bank balances other than Cash and Cash Equivalents  | 2        | 11,39,00,000          | 11,39,00,000          |
| Other Financial Assets  | 3        | 2,59,94,765           | 2,03,80,709           |
| Current Tax Assets (Net)  | 4        | 16,67,549             | 19,57,851             |
| <b>TOTAL ASSETS</b>   |          | <b>14,38,95,311</b>   | <b>13,92,07,720</b>   |
| <b>EQUITY AND LIABILITIES</b>   |          |                       |                       |
| <b>Equity</b>   |          |                       |                       |
| Share Capital   | 5        | 12,00,00,000          | 12,00,00,000          |
| Other Equity  | 6        | 2,21,89,851           | 1,71,88,555           |
| <b>TOTAL EQUITY</b>   |          | <b>14,21,89,851</b>   | <b>13,71,88,555</b>   |
| <b>LIABILITIES</b>  |          |                       |                       |
| <b>Current Liabilities</b>  |          |                       |                       |
| Financial Liabilities   |          |                       |                       |
| (i) Borrowings  |          | -                     | -                     |
| (ii) Trade Payables   |          |                       |                       |
| a) Total outstanding dues of creditors other than micro enterprises and small enterprises | 7        | 11,800                | 25,560                |
| b) Total outstanding dues of other than (ii) (a) above                                    |          | -                     | -                     |
| (iii) Other Financial Liabilities   | 8        | -                     | -                     |
| <b>Current tax liabilities (Net)</b>  | 9        | 16,93,660             | 19,93,605             |
| <b>TOTAL LIABILITIES</b>  |          | <b>17,05,460</b>      | <b>20,19,165</b>      |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |          | <b>14,38,95,311</b>   | <b>13,92,07,720</b>   |

Venu Srinivasan  
Director

G Venkatraman  
Whole-Time Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No: 007761S

V Gopalakrishnan  
Chief Financial Officer

S.VENKATARAMAN  
Partner  
Membership No.: 23116

Chennai  
Dated: 29<sup>th</sup> April 2022

# TVS HOUSING FINANCE PRIVATE LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2022

( in Rs. )

| Particulars                                 | Note No | For the period ended<br>31st March 2022 | For the year ended 31st<br>March 2021 |
|---|---------|---|---------------------------------------|
| <b>INCOME</b>                               |         |   |                                       |
| Revenue from operations                     |         |   |                                       |
| Other Income                                | 10      | 67,25,436                               | 79,21,188                             |
| <b>Total revenue</b>                        |         | <b>67,25,436</b>                        | <b>79,21,188</b>                      |
| <b>EXPENSES</b>                             |         |   |                                       |
| Other expenses                              | 11      | 30,628                                  | 51,373                                |
| <b>Total Expense</b>                        |         | <b>30,628</b>                           | <b>51,373</b>                         |
| <b>Profit before tax</b>                    |         | <b>66,94,808</b>                        | <b>78,69,815</b>                      |
| <b>Tax expense:</b>                         |         |   |                                       |
| Current year taxes                          |         | 16,93,512                               | 19,93,610                             |
| Tax relating to earlier years               |         | -                                       |                                       |
| <b>Profit/(Loss) after tax for the year</b> |         | <b>50,01,296</b>                        | <b>58,76,205</b>                      |
| <b>Earning per equity share:</b>            | 12      | 0.42                                    | 0.49                                  |

Venu Srinivasan  
Director

G Venkatraman  
Whole-Time Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No: 007761S

V Gopalakrishnan  
Chief Financial Officer

S.VENKATARAMAN  
Partner  
Membership No.: 23116

Chennai  
Dated: 29<sup>th</sup> April 2022

# TVS HOUSING FINANCE PRIVATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

( in Rs. )

|   | As at 31st March 2022 | As at 31st March 2021 |
|---|-----------------------|-----------------------|
| <b>A. Cash Flow from Operating Activities</b>             |                       |                       |
| 1. Profit/(Loss) Before Tax                               | 66,94,808             | 78,69,815             |
| Interest Income   |                       | -                     |
|   |                       | -                     |
| <b>B. Operating Profit before Working Capital Changes</b> | <b>66,94,808</b>      | <b>78,69,815</b>      |
| <b>C. Change in Working Capital</b>                       |                       |                       |
| (Increase)/Decrease in Short Term Receivable              | (56,14,056)           | (67,99,083)           |
| Increase/(Decrease) in Trade and other Payables           | (13,760)              | 13,760                |
| <b>Change in Working Capital</b>                          | <b>56,27,816</b>      | <b>(67,85,323)</b>    |
| <b>D. Income Tax Paid</b>                                 | <b>(17,03,155)</b>    | <b>(18,22,745)</b>    |
| <b>E. Cash generated from Operations (B+C)</b>            | <b>(6,36,163)</b>     | <b>(7,38,253)</b>     |
| <b>F. Net Cash from Operating Activities</b>              | <b>(6,36,163)</b>     | <b>(7,38,253)</b>     |
| <b>G. Net Cash Flow from Financing Activities</b>         |                       |                       |
| Borrowings  |                       | -                     |
| Proceeds from Issue of Equity Shares                      |                       | -                     |
| <b>Net Cash from Financing Activities</b>                 |                       | -                     |
| <b>H. Net change in Cash and Cash Equivalents (E+F)</b>   | <b>(6,36,163)</b>     | <b>(7,38,253)</b>     |
| <b>I. Cash and Cash Equivalents as at End</b>             | <b>23,32,997</b>      | <b>29,69,160</b>      |
| <b>J. Less: Cash and Cash Equivalents as at Beginning</b> | <b>29,69,160</b>      | <b>37,07,413</b>      |
| <b>K.</b>   |                       |                       |
| <b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS (I-J)</b>    | <b>(6,36,163)</b>     | <b>(7,38,253)</b>     |

Venu Srinivasan  
Director

G Venkatraman  
Whole-Time Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No: 007761S

V Gopalakrishnan  
Chief Financial Officer

S.VENKATARAMAN  
Partner  
Membership No.: 23116

Chennai  
Dated: 29<sup>th</sup> April 2022

## TVS HOUSING FINANCE PRIVATE LIMITED

### STATEMENT OF CHANGES IN EQUITY

( in Rs. )

#### A Equity

|   | Note No. | Amount              |
|---|----------|---------------------|
| Balance as at April 1, 2020                     | 5        | 12,00,00,000        |
| Changes in Equity share capital during the year | 5        | -                   |
| <b>Balance as at March 31, 2021</b>             |          | <b>12,00,00,000</b> |
| Changes in Equity share capital during the year |          | -                   |
| <b>Balance as at March 31, 2022</b>             |          | <b>12,00,00,000</b> |

#### B Other Equity

|                                     | Note No. | Retained Earnings  | Total              |
|-------------------------------------|----------|--------------------|--------------------|
| Balance as at April 1, 2020         | 6        | 1,13,12,350        | 1,13,12,350        |
| Profit for the period               | 6        | 58,76,205          | 58,76,205          |
| Other comprehensive income          | 6        | -                  | -                  |
| <b>Balance as at March 31, 2021</b> |          | <b>1,71,88,555</b> | <b>1,71,88,555</b> |
| Profit for the period               | 6        | 50,01,296          | 50,01,296          |
| Other comprehensive income          | 6        | -                  | -                  |
| <b>Balance as at March 31, 2022</b> |          | <b>2,21,89,851</b> | <b>2,21,89,851</b> |

# TVS HOUSING FINANCE PRIVATE LIMITED

## NOTES TO BALANCE SHEET

( in Rs. )

| 1 Cash and cash equivalents            | As at<br>31st March 2022 | As at<br>31st March 2021 |
|--|--------------------------|--------------------------|
| Balances with banks                    | 23,32,997                | 29,69,160                |
| <b>Total cash and cash equivalents</b> | <b>23,32,997</b>         | <b>29,69,160</b>         |

| 2 Balances with Banks other than Cash and Cash Equivalents            | As at<br>31st March 2022 | As at<br>31st March 2021 |
|---|--------------------------|--------------------------|
| Deposits with banks   | 11,39,00,000             | 11,39,00,000             |
| <b>Total Balances with Banks other than Cash and Cash Equivalents</b> | <b>11,39,00,000</b>      | <b>11,39,00,000</b>      |

| 3 Other Financial Assets            | As at<br>31st March 2022 | As at<br>31st March 2021 |
|-------------------------------------|--------------------------|--------------------------|
| Interest accrued on Fixed Deposits  | 2,59,94,765              | 2,03,80,709              |
| <b>Total Other Financial Assets</b> | <b>2,59,94,765</b>       | <b>2,03,80,709</b>       |

| 4 Current tax Assets (Net)            | As at<br>31st March 2022 | As at<br>31st March 2021 |
|---------------------------------------|--------------------------|--------------------------|
| Advance tax and TDS receivable        | 16,67,549                | 19,57,851                |
| <b>Total Current tax Assets (Net)</b> | <b>16,67,549</b>         | <b>19,57,851</b>         |

| 5 Share Capital | Number of Shares | Amount |
|-----------------|------------------|--------|
|-----------------|------------------|--------|

|                               |              |             |
|-------------------------------|--------------|-------------|
| i) Authorised Share Capital:  |              |             |
| Equity shares of Rs.10/- each | 12,00,000.00 | 1,20,00,000 |

|   |             |              |
|---|-------------|--------------|
| ii) Issued, Subscribed and Fully Paid up Share Capital: |             |              |
| Equity shares of Rs.10/- each                           | 1,20,00,000 | 12,00,00,000 |

| iii) Movement in equity share capital     | Number of Shares   | Amount              |
|---|--------------------|---------------------|
| Equity Shares as at April 1, 2021         | 1,20,00,000        | 12,00,00,000        |
| Additions                                 | -                  | -                   |
| <b>Equity Shares as at March 31, 2022</b> | <b>1,20,00,000</b> | <b>12,00,00,000</b> |

| iv) Details of share holders holding more than 5% |  |        |
|---|--|--------|
| Name of the Share Holder                          | As at<br>March 31, 2021<br>No. of Shares | %      |
| TVS Credit Services Limited                       | 1,20,00,000                              | 100.00 |
| Name of the Share Holder                          | As at<br>March 31, 2022<br>No. of Shares | %      |
| TVS Credit Services Limited                       | 1,20,00,000                              | 100.00 |

| 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<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|---------------------------|--------------------------------|--------------------------------|
| Retained Earnings         | 2,21,89,851                    | 1,71,88,555                    |
| <b>Total Other Equity</b> | <b>2,21,89,851</b>             | <b>1,71,88,555</b>             |

| i) Retained Earnings         |                    |                    |
|------------------------------|--------------------|--------------------|
| Opening Balance              | 1,71,88,555        | 1,13,12,350        |
| Add: Net profit for the year | 50,01,296          | 58,76,205          |
| <b>Closing Balance</b>       | <b>2,21,89,851</b> | <b>1,71,88,555</b> |

| 7 Trade Payables            | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|-----------------------------|--------------------------------|--------------------------------|
| Other Payables              | 11,800                         | 25,560                         |
| <b>Total Trade Payables</b> | <b>11,800</b>                  | <b>25,560</b>                  |

| 8 Other Financial Liabilities            | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|--|--------------------------------|--------------------------------|
| Payable to Holding Company               | -                              | -                              |
| <b>Total other Financial Liabilities</b> | <b>-</b>                       | <b>-</b>                       |

| 9 Current Tax Liability            | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|------------------------------------|--------------------------------|--------------------------------|
| Provision for Taxation             | 16,93,660                      | 19,93,605                      |
| <b>Total Current Tax Liability</b> | <b>16,93,660</b>               | <b>19,93,605</b>               |

## NOTES TO STATEMENT OF PROFIT AND LOSS

| 10 Other Income           | For the period<br>ended 31st March<br>2022 | For the Year<br>ended 31st March<br>2021 |
|---------------------------|--|--|
| Interest Income           | 67,25,436                                  | 79,21,188                                |
| <b>Total Other Income</b> | <b>67,25,436</b>                           | <b>79,21,188</b>                         |

| 11 Other Expenses           | For the period<br>ended 31st March<br>2022 | For the Year<br>ended 31st March<br>2021 |
|-----------------------------|--|--|
| Professional charges        | 13,160                                     | 20,680                                   |
| Rates and taxes             | 5,314                                      | 18,421                                   |
| Payment to Auditors         |  |  |
| - As Auditor                | 11,800                                     | 11,800                                   |
| Bank Charges                | 354  | 472                                      |
| License Fees                | -  | -  |
| Other Expenses              | -  | -  |
| <b>Total Other Expenses</b> | <b>30,628</b>                              | <b>51,373</b>                            |

| 12 Earnings per share                         | For the period<br>ended 31st March<br>2022 | For the Year<br>ended 31st March<br>2021 |
|---|--|--|
| Earnings attributable to equity share holders | 50,01,296                                  | 58,76,205                                |
| Number of Shares                              | 1,20,00,000                                | 1,20,00,000                              |
| Earnings per Share                            | 0.42                                       | 0.49                                     |



# TVS HOUSING FINANCE PRIVATE LIMITED

## Brief Description of the company:

The Company was incorporated on 22<sup>nd</sup> 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.

## 14. Additional Notes forming part of Financial Statements for year ended 31<sup>st</sup> March 2022

- 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.
- 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.
- 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

| Sl. No | Nature of Transaction                     | Name of the Related Party   | Amount (Rs.) |            |
|--------|---|-----------------------------|--------------|------------|
|        |   |                             | FY 2021-22   | FY 2020-21 |
| 01.    | Advance Received                          | TVS Credit Services Limited | 9,95,000     | 13,58,142  |
| 02     | Balance Payable as at the end of the year | TVS Credit Services Limited | Nil          | Nil        |

As per our report annexed

Venu Srinivasan  
Director

G Venkatraman  
Whole-Time Director

For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No: 007761S

V Gopalakrishnan  
Chief Financial Officer

S.VENKATARAMAN  
Partner  
Membership No.: 23116

Chennai  
Dated: 29<sup>th</sup> April 2022

## Directors' Report to the Shareholders

The directors present the fifth annual report together with the annual audited statement of accounts for the year ended 31<sup>st</sup> March 2022.

### 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 31<sup>st</sup> March 2022.

### 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 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022, 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 5 times on 26<sup>th</sup> April 2021, 26<sup>th</sup> June 2021, 28<sup>th</sup> September 2021, 21<sup>st</sup> December 2021 and 08<sup>th</sup> March 2022 and the gap between two meetings did not exceed one hundred and twenty days.

### Statutory Auditors

On the recommendation of the Board of Directors of the Company, members of the Company appointed from M/s. Raghavan, Chaudhuri & Narayanan, Chartered Accountants as Statutory Auditors of the Company at the 4<sup>th</sup> Annual General Meeting of the Company for a term of 5 consecutive years 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 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 2021-22.

The Auditors' Reports for the financial year 2021-22 do not contain any qualifications, reservations and adverse remarks 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 31<sup>st</sup> March 2022 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 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 and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31<sup>st</sup> March 2022, 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 31<sup>st</sup> March 2022 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.

## TVS TWO WHEELER MALL PRIVATE LIMITED

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### 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  
Date : 29<sup>th</sup> April 2022

V Gopalakrishnan  
Director  
DIN: 03291640

N Srinivasa Ramanujam  
Director  
DIN: 07384809

# TVS TWO WHEELER MALL PRIVATE LIMITED

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

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 accompanying standalone financial statements of TVS Two Wheeler Mall Private Limited ("the Company"), having its registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, Tamil Nadu which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31st March 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing 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 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 ('ICAI') 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 in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual 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.

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 Those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is 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 (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 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 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 Standards on Auditing 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 Standards on Auditing, we exercise professional judgment 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 the 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting 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, 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 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, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143(3) of the Act, we report that
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required 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, 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 standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 from being appointed as a director in terms of section 164(2) of the Act.
  - (f) Reporting on internal financial controls over financial reporting as on 31st March 2022 does not arise as per Notification GSR 583 E dated 13th June 2017, since the company doesn't satisfy the turnover and borrowings conditions of the above notification.
  - (g) 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.
  - (h) 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 (as amended), 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 2022;

- (ii) The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31 March 2022
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared any dividends during the year.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AICRKC6195 |
|------|--------------------|

Place : Bangalore  
Date : 29<sup>th</sup> April, 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS TWO WHEELER MALL PRIVATE LIMITED

## Annexure "A" to Independent Auditors' Report 31<sup>st</sup> March 2022 (Referred to in our report of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. (a to d) The Company does not own any property plant & equipment, Intangible assets & right to use assets. Accordingly, Clause 3(i)(a) to 3(i)(d);  
(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder;
- ii. (a) The Company does not have any inventory. Accordingly, Clause 3(ii)(a) of the Order is not applicable to the company;  
(b) No working capital limit more than five crore in aggregate, from banks or financial institutions based on security of current assets has been sanctioned during any point of the year. Accordingly, Clause 3(ii)(b) of the Order is not applicable to the company;
- iii. The Company has not made investments and has not provided any Guarantee or security or granted any loans or advances in nature of loans secured or unsecured to companies, firms, Limited Liability Partnerships, or any other parties, during the year. Accordingly, the provision of clause 3(iii)(a) to 3 (iii)(f) of the order is not applicable;
- 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. Accordingly, the provisions of Clause 3(iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable;
- 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. In respect of statutory dues:
  - (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, Custom duty, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities;
  - (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. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);
- ix. (a) The Company has not obtained any loans or borrowings from any lender during the year. Accordingly, the provisions of clause 3(ix)(a) of the Order are not applicable;  
(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;  
(c) The Company has not obtained term loan during the year. Accordingly, the provisions of clause 3(ix)(c) of the Order are not applicable;  
(d) The Company has not raised any short-term funds during the year. Accordingly, the provisions of clause 3(ix)(d) of the Order are not applicable;  
(e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;  
(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable;
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;

- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable;
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year;  
(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;  
(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;
- xiii. In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the company is not required to constitute audit committee under Section 177 of the Act;
- xiv. In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013 and hence reporting under clause 3(xiv)(a) and clause 3(xiv)(b) of the Order is not applicable;
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company;
- xvi. (a),(b),(c)  
In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;  
(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;
- xvii. The Company has incurred cash losses during the financial year and in immediately preceding financial year amounting to Rs. 29,124 & Rs. 29,274 covered by our audit;
- xviii. There has been no resignation of the statutory auditors of the Company during the year;
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;
- xx. The provision of section 135 of Companies Act, is not applicable to company and hence reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable;

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
FRN: 007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AICRKC6195 |
|------|--------------------|

Place : Bangalore  
Date : 29<sup>th</sup> April, 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS TWO WHEELER MALL PRIVATE LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2022

( in Rs. )

| Particulars   | Note No | As at<br>31st March 2022 | As at<br>31st March 2021 |
|---|---------|--------------------------|--------------------------|
| <b>ASSETS</b>   |         |                          |                          |
| <b>Current Assets</b>   |         |                          |                          |
| <b>Financial Assets</b>   |         |                          |                          |
| Cash and Cash Equivalents   | 1       | 24,056                   | 24,056                   |
| <b>TOTAL ASSETS</b>   |         | <b>24,056</b>            | <b>24,056</b>            |
| <b>EQUITY AND LIABILITIES</b>   |         |                          |                          |
| <b>Equity</b>   |         |                          |                          |
| Equity Share Capital  | 2       | 25,000                   | 25,000                   |
| Other Equity  | 3       | (1,22,692)               | (93,568)                 |
| <b>TOTAL EQUITY</b>   |         | <b>(97,692)</b>          | <b>(68,568)</b>          |
| <b>LIABILITIES</b>  |         |                          |                          |
| <b>Current Liabilities</b>  |         |                          |                          |
| <b>Financial Liabilities</b>  |         |                          |                          |
| (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       | 1,09,948                 | 80,824                   |
| <b>TOTAL LIABILITIES</b>  |         | <b>1,21,748</b>          | <b>92,624</b>            |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |         | <b>24,056</b>            | <b>24,056</b>            |

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 29<sup>th</sup> April, 2022

**V. SATHYANARAYANAN**  
Partner  
Membership No. 027716

## TVS TWO WHEELER MALL PRIVATE LIMITED

### Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2022

( in Rs. )

| Particulars                                 | Note No | For the<br>period ended<br>31st March 2022 | For the<br>year ended<br>31st March 2021 |
|---|---------|--|--|
| <b>INCOME</b>                               |         |  |  |
| Revenue from operations                     |         | -  | -  |
| <b>TOTAL INCOME</b>                         |         | -  | -  |
| <b>EXPENSES</b>                             |         |  |  |
| Other expenses                              | 6       | 29,124                                     | 29,274                                   |
| <b>TOTAL EXPENSE</b>                        |         | <b>29,124</b>                              | <b>29,274</b>                            |
| <b>Profit/(Loss) before tax</b>             |         | <b>(29,124)</b>                            | <b>(29,274)</b>                          |
| <b>Tax expense:</b>                         |         | -  | -  |
| <b>Profit/(Loss) after tax for the year</b> |         | <b>(29,124)</b>                            | <b>(29,274)</b>                          |
| Other Comprehensive Income                  |         | -  | -  |
| <b>Total Comprehensive Income</b>           |         | <b>(29,124)</b>                            | <b>(29,274)</b>                          |
| <b>Earning per equity share:</b>            |         |  |  |
| Basic & Diluted earnings per share          | 7       | (11.65)                                    | (11.71)                                  |

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

As per our report annexed  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 29<sup>th</sup> April, 2022

**V. SATHYANARAYANAN**  
Partner  
Membership No. 027716



# TVS TWO WHEELER MALL PRIVATE LIMITED

## STATEMENT OF CHANGES IN EQUITY

( in Rs. )

### A Equity

|   | Note No. | Amount        |
|---|----------|---------------|
| Balance as at April 1, 2020                     | 2        | 25,000        |
| Changes in Equity share capital during the year | 2        |               |
| <b>Balance as at March 31, 2021</b>             |          | <b>25,000</b> |
| Changes in Equity share capital during the year | 2        | -             |
| <b>Balance as at March 31, 2022</b>             |          | <b>25,000</b> |

### B Other Equity

|                                     | Note No. | Retained Earnings | Total             |
|-------------------------------------|----------|-------------------|-------------------|
| Balance as at April 1, 2020         | 3        | (64,294)          | (64,294)          |
| Total Comprehensive Income          | 3        | (29,274)          | (29,274)          |
| <b>Balance as at March 31, 2021</b> |          | <b>(93,568)</b>   | <b>(93,568)</b>   |
| Total Comprehensive Income          | 3        | (29,124)          | (29,124)          |
| <b>Balance as at March 31, 2022</b> |          | <b>(1,22,692)</b> | <b>(1,22,692)</b> |

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 29<sup>th</sup> April, 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

## TVS TWO WHEELER MALL PRIVATE LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(in Rs.)

|  | As at 31st March 2022 | As at 31st March 2021 |
|--|-----------------------|-----------------------|
| A. Cash Flow from Operating Activities                 |                       |                       |
| 1. Profit/(Loss) Before Tax                            | (29,124.00)           | (29,274.00)           |
| B. Operating Profit before Working Capital Changes     | (29,124.00)           | (29,274.00)           |
| C. Change in Working Capital                           |                       |                       |
| (Increase)/Decrease in Loans & Advances                |                       |                       |
| Changes in liability arising from financing activities |                       | 28,920                |
| Change in Working Capital                              | -                     | 28,920                |
| D. Cash generated from Operations (B+C)                | (29,124)              | (354.0)               |
| E. Net Cash from Operating Activities                  | (29,124)              | (354.0)               |
| 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)       | (29,124)              | (354.0)               |
| H. Cash and Cash Equivalents as at End                 | 24,056                | 24,056                |
| I. Less: Cash and Cash Equivalents as at Beginning     | 24,056                | 24,056                |
| NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)            | -                     | -                     |

V GOPALAKRISHNAN  
Director

N SRINIVASA RAMANUJAM  
Director

As per our report annexed  
For Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
ICAI Regn No. FRN 007761S

Chennai  
Dated: 29<sup>th</sup> April, 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# TVS TWO WHEELER MALL PRIVATE LIMITED

## NOTES TO BALANCE SHEET

( in Rs. )

| 1 Cash and cash equivalents            | Amount as at<br>31st March 2022 | Amount as at<br>31st March 2021 |
|--|---------------------------------|---------------------------------|
| Balances with banks                    | 24,056                          | 24,056                          |
| <b>Total cash and cash equivalents</b> | <b>24,056</b>                   | <b>24,056</b>                   |

| 2 Share Capital                     | Number of Shares | Amount |
|-------------------------------------|------------------|--------|
| <b>i) Authorised Share Capital:</b> |                  |        |
| Equity shares of Rs.10/- each       | 2,500            | 25,000 |

|  |       |        |
|--|-------|--------|
| <b>ii) Issued, Subscribed and Fully Paid up Share Capital:</b> |       |        |
| Equity shares of Rs.10/- each                                  | 2,500 | 25,000 |

| iii) Movement in equity share capital     | Number of Shares | Amount           |
|---|------------------|------------------|
| <b>Equity Shares as at April 1, 2020</b>  | <b>2,500</b>     | <b>25,000.00</b> |
| Additions                                 | -                | -                |
| <b>Equity Shares as at March 31, 2021</b> | <b>2500</b>      | <b>25000</b>     |
| Additions                                 | -                | -                |
| <b>Equity Shares as at March 31, 2022</b> | <b>2500</b>      | <b>25000</b>     |

|   |                                  |          |
|---|----------------------------------|----------|
| <b>iv) Details of share holders holding more than 5% &amp; Shares held by holding company</b> |                                  |          |
| <b>Name of the Share Holder</b>   | <b>As at<br/>31st March 2021</b> |          |
|   | <b>No. of Shares</b>             | <b>%</b> |
| TVS Credit Services Limited   | 2,500                            | 100%     |
| <b>Name of the Share Holder</b>   | <b>As at<br/>31st March 2022</b> |          |
|   | <b>No. of Shares</b>             | <b>%</b> |
| 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<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|------------------------------|--------------------------------|--------------------------------|
| Retained Earnings            | (1,22,692)                     | (93,568)                       |
| <b>Total Other Equity</b>    | <b>(1,22,692)</b>              | <b>(93,568)</b>                |
| Retained Earnings            |                                |                                |
| Opening Balance              | (93,568)                       | (64,294)                       |
| Add: Net profit for the year | (29,124)                       | (29,274)                       |
| <b>Closing Balance</b>       | <b>(1,22,692)</b>              | <b>(93,568)</b>                |

| 4 Trade Payables            | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|-----------------------------|--------------------------------|--------------------------------|
| Audit fees payable          | 11,800                         | 11,800                         |
| <b>Total Trade Payables</b> | <b>11,800</b>                  | <b>11,800</b>                  |

| 5 Other Financial Liabilities            | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|--|--------------------------------|--------------------------------|
| Payable to Holding Company               | 1,09,948                       | 80,824                         |
| <b>Total Other Financial Liabilities</b> | <b>1,09,948</b>                | <b>80,824</b>                  |

## NOTES TO STATEMENT OF PROFIT AND LOSS

| 6 Other Expenses            | For the period<br>1st Apr 2021 to<br>31st March 2022 | For the period<br>1st Apr 2020 to<br>31st March 2021 |
|-----------------------------|--|--|
| Professional charges        | 16,520   | 16,520   |
| Rates and taxes             | 804  | 954  |
| Payment to Auditors         |  |  |
| - As Auditor                | 11,800   | 11,800   |
| Bank Charges                |  |  |
| <b>Total Other Expenses</b> | <b>29,124</b>  | <b>29,274</b>  |

| 7 Earnings per share (Basic and Diluted)      | For the period<br>1st Apr 2021 to<br>31st March 2022 | For the period<br>1st Apr 2020 to<br>31st March 2021 |
|---|--|--|
| Earnings attributable to equity share holders | (29,124)   | (29,274)   |
| Number of Shares                              | 2,500  | 2,500  |
| Earnings per Share                            | (11.65)  | (11.71)  |

## TVS TWO WHEELER MALL PRIVATE LIMITED

### 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 31<sup>st</sup> March 2022

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

| Sl. No | Nature of Transaction                               | Name of the Related Party   | Amount (Rs.) |            |
|--------|---|-----------------------------|--------------|------------|
|        |   |                             | FY 2021-22   | FY 2020-21 |
| 01.    | Advance Received                                    | TVS Credit Services Limited | 29,124       | 28,920     |
| 02     | Balance Payable as at the end of the reporting year | TVS Credit Services Limited | 109,948      | 80,824     |

As per our report annexed

**V GOPALAKRISHNAN**  
Director

**N SRINIVASA RAMANUJAM**  
Director

**For V. RAGHAVAN,  
CHAUDHURI & NARAYANAN**  
Chartered Accountants  
ICAI Regn No: 007761S

Chennai  
Dated: 29<sup>th</sup> April 2022

**V. SATHYANARAYANAN**  
Partner  
Membership No.: 027716

## Directors' Report to the Shareholders

The directors are pleased to present the fifth annual report and the audited financial statements for the year ended 31<sup>st</sup> March 2022.

### Financial Highlights and Performance

The Company is yet to commence its operations.

During the year under review, the name of the Company was changed from TVS Commodity Financial Solutions Private Limited to Sundaram – Clayton DCD Limited. The Company effective 8<sup>th</sup> February 2022.

Further, the Company was converted into Public Limited Company viz Sundaram – Clayton DCD Limited effective 24<sup>th</sup> February 2022.

### Dividend

The directors of the Company do not recommend any dividend for the period ended 31<sup>st</sup> March 2022

### Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16<sup>th</sup> 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 period ended 31<sup>st</sup> March 2022 have been prepared in compliance with the said rules.

### Dividend

The Directors of the Company do not recommend any dividend for the period ended 31<sup>st</sup> March 2022.

### Internal control systems

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of applicable laws and regulations, to the extent required and commensurate with its size and activities.

### 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 31<sup>st</sup> March 2022, 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;
- iii. 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 31<sup>st</sup> March 2022 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 provisions of the Companies Act, 2013 both the existing directors, viz., Mr N Srinivasa Ramanujam and Mr R Raja Prakash, 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 6 times on 25<sup>th</sup> April 2021, 11<sup>th</sup> June 2021, 12<sup>th</sup> August 2021, 21<sup>st</sup> December 2021, 1<sup>st</sup> February 2022 and 9<sup>th</sup> February 2022 and the gap between two meetings did not exceed one hundred and twenty days.

### Changes in the Board of Directors

During the period under review, Mr R Raja Prakash was appointed as an Additional Director effective 9<sup>th</sup> February 2022.

As on 31<sup>st</sup> March 2022, Mr V Gopalakrishnan, Mr N Srinivasa Ramanujam, Mr R Raja Prakash are the Directors of the Company.

### Statutory Auditors

The Company at its 4<sup>th</sup> AGM held on 27<sup>th</sup> July 2021 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 to hold office, for the first term of five consecutive years from the conclusion of 4<sup>th</sup> AGM till the conclusion of 9<sup>th</sup> 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 second 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 2022-23.

The Auditors' Report for the financial year 2021-22 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 31<sup>st</sup> March 2022 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 2021-22, the Company has not extended any guarantee or has given loans to other companies or made any investment during the year under review.

#### 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 period under review, there were no foreign exchange earnings or expenditure in the Company.

### Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31<sup>st</sup> March 2022 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 Notes to the financial statements.

### 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.

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.

### Insolvency and Bankruptcy Code

There are no applications made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

### Onetime settlement with any Bank or Financial Institution

No disclosure or reporting is required in respect of the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions.

### Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from promoters of the Company, and bankers for their continued support and assistance.

For and on behalf of the Board

|                                  |                  |                       |
|----------------------------------|------------------|-----------------------|
| Place : Chennai                  | V GOPALAKRISHNAN | N SRINIVASA RAMANUJAM |
| Date : 07 <sup>th</sup> May 2022 | Director         | Director              |
|                                  | DIN : 03291640   | DIN: 07384809         |

## INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

To the Members of Sundaram-Clayton DCD Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Sundaram-Clayton DCD Limited (formerly known as TVS Commodity Financial Solutions Private Limited) ("the Company"), having its registered office at "Chaitanya", No.12, Khader Nawaz Khan Road, Nungambakkam, Chennai-600 006, Tamil Nadu which comprise the Balance Sheet as at 31<sup>st</sup> March 2022, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the 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 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing 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 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 ('ICAI') 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 in Annual Report to the Shareholders but does not include the standalone financial statements and our auditor's report thereon. The Annual 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.

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 Those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is 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 (financial position), profit or loss (financial performance) changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 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 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 Standards on Auditing 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 Standards on Auditing, we exercise professional judgment 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 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, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting 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, 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 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, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required 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, 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 standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of section 164(2) of the Act;
  - (f) Reporting on internal financial controls over financial reporting as on 31<sup>st</sup> March 2022 does not arise as per Notification GSR 583 E dated 13th June 2017, since the company doesn't satisfy the turnover and borrowings conditions of the above notification.
  - (g) 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.
  - (h) 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 (as amended), 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 2022;
- (ii) The company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses as at 31<sup>st</sup> March 2022;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Company has not declared any dividends during the year.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Registration No.: 007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AKZIND7402 |
|------|--------------------|

Place : Bangalore  
Date : 07<sup>th</sup> May, 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716



**Annexure A to Independent Auditor's Report - 31 March 2022**

(Referred to in our report of even date)

- i. (a to d) The Company does not own any property plant & equipment, Intangible assets & right to use assets. Accordingly, Clause 3(i)(a) to 3(i)(d);  
(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder;
- ii. (a) The Company does not have any inventory. Accordingly, Clause 3(ii)(a) of the Order is not applicable to the company;  
(b) No working capital limit more than five crore in aggregate, from banks or financial institutions based on security of current assets has been sanctioned during any point of the year. Accordingly, Clause 3(ii)(b) of the Order is not applicable to the company;
- iii. The Company has not made investments and has not provided any Guarantee or security or granted any loans or advances in nature of loans secured or unsecured to companies, firms, Limited Liability Partnerships, or any other parties, during the year. Accordingly, the provision of clause 3(iii)(a) to 3 (iii)(f) of the order is not applicable;
- 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. Accordingly, the provisions of Clause 3(iv) of the Order are not applicable to the Company;
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable;
- 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. In respect of statutory dues:  
(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, Custom duty, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities;  
(b) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute;
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (Section 43 of 1961);
- ix. (a) The Company has not obtained any loans or borrowings from any lender during the year. Accordingly, the provisions of clause 3(ix)(a) of the Order are not applicable;  
(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority;  
(c) The Company has not obtained term loan during the year. Accordingly, the provisions of clause 3(ix)(c) of the Order are not applicable;  
(d) The Company has not raised any short-term funds during the year. Accordingly, the provisions of clause 3(ix)(d) of the Order are not applicable;  
(e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;  
(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3(ix)(f) of the Order is not applicable;
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;  
(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable;
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year;  
(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;  
(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year;
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;
- xiii. In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the company is not required to constitute audit committee under Section 177 of the Act;
- xiv. In our opinion and based on our examination, the company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013 and hence reporting under clause 3(xiv)(a) and clause 3(xiv)(b) of the Order is not applicable;
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company;
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.  
(b) Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;  
(c) Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable;  
(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable;
- xvii. The Company has incurred cash losses during the financial year and in immediately preceding financial year amounting to Rs.28,544 & Rs. 31,466 covered by audit;
- xviii. There has been no resignation of the statutory auditors of the Company during the year;
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;
- xx. The provision of section 135 of Companies Act, is not applicable to company and hence reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable.

For RAGHAVAN, CHAUDHURI & NARAYANAN  
Chartered Accountants  
Firm Registration No.: 007761S

|      |                    |
|------|--------------------|
| UDIN | 22027716AKZIND7402 |
|------|--------------------|

Place : Bangalore  
Date : 07<sup>th</sup> May, 2022

V. SATHYANARAYANAN  
Partner  
Membership No. 027716

# SUNDARAM - CLAYTON DCD LIMITED

## Balance Sheet as at 31<sup>st</sup> March 2022

(In Rs.)

|   | Note No. | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|----------|-------------------------|-------------------------|
| <b>ASSETS</b>   |          |                         |                         |
| <b>Current Assets</b>   |          |                         |                         |
| <b>Financial Assets</b>   |          |                         |                         |
| Cash and Cash Equivalents   | 2        | 24,056                  | 24,056                  |
| <b>TOTAL ASSETS</b>   |          | <b>24,056</b>           | <b>24,056</b>           |
| <b>EQUITY AND LIABILITIES</b>   |          |                         |                         |
| <b>Equity</b>   |          |                         |                         |
| Equity Share Capital  | 3        | 25,000                  | 25,000                  |
| Other Equity  | 4        | (1,24,329)              | (95,785)                |
| <b>TOTAL EQUITY</b>   |          | <b>(99,329)</b>         | <b>(70,785)</b>         |
| <b>LIABILITIES</b>  |          |                         |                         |
| <b>Current Liabilities</b>  |          |                         |                         |
| <b>Financial Liabilities</b>  |          |                         |                         |
| (i) Borrowings  |          | -                       | -                       |
| (ii) Trade Payables   |          |                         |                         |
| a) Total outstanding dues of creditors other than micro enterprises and small enterprises | 5        | 11,800                  | 11,800                  |
| b) Total outstanding dues of other than (ii) (a) above                                    |          | -                       | -                       |
| (iii) Other Financial Liabilities   | 6        | 1,11,585                | 83,041                  |
| <b>TOTAL LIABILITIES</b>  |          | <b>1,23,385</b>         | <b>94,841</b>           |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |          | <b>24,056</b>           | <b>24,056</b>           |
| See accompanying notes forming part of the financial statements 1 to 8                    |          |                         |                         |

As per our report of even date  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716

Place: Bangalore  
Dated: 07<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**GOPALAKRISHNAN VISWANATHAN**  
Director  
DIN: 032971640

**SRINIVASA RAMANUJAM NARASIMHAN**  
Director  
DIN: 07384809

Place: Chennai  
Dated: 07<sup>th</sup> May, 2022

## SUNDARAM - CLAYTON DCD LIMITED

### Condensed Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2022

(In Rs.)

|   | Note No. | For the period<br>ended 31st<br>March 2022 | For the year<br>Ended<br>March 31, 2021 |
|---|----------|--|---|
| <b>INCOME</b>   |          |  |   |
| Revenue from operations   |          | -  | -                                       |
| <b>TOTAL INCOME</b>   |          | -  | -                                       |
| <b>EXPENSES</b>   |          |  |   |
| Other expenses  | 7        | 28,544                                     | 31,466                                  |
| <b>TOTAL EXPENSE</b>  |          | <b>28,544</b>                              | <b>31,466</b>                           |
| <b>Profit/(Loss) before tax</b>   |          | (28,544)                                   | (31,466)                                |
| Tax expense:  |          | -  | -                                       |
| <b>Profit/(Loss) after tax for the year</b>                                   |          | <b>(28,544)</b>                            | <b>(31,466)</b>                         |
| Other Comprehensive Income  |          |  |   |
| <b>Total Comprehensive Income for the period</b>                              |          | <b>(28,544)</b>                            | <b>(31,466)</b>                         |
| <b>Earning per equity share:</b>  |          |  |   |
| Basic & Diluted earnings per share  | 8        | (11)                                       | (13)                                    |
| <b>See accompanying notes forming part of the financial statements 1 to 8</b> |          |  |   |

As per our report of even date  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716

Place: Bangalore  
Dated: 07<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**GOPALAKRISHNAN VISWANATHAN**  
Director  
DIN: 032971640

**SRINIVASA RAMANUJAM NARASIMHAN**  
Director  
DIN: 07384809

Place: Chennai  
Dated: 07<sup>th</sup> May, 2022

## SUNDARAM - CLAYTON DCD LIMITED

### Cash flow statement for the period ended 31st March 2022

(In Rs.)

|  |          | For the year<br>ended<br>31st March 2022 | For the year<br>ended<br>31st March 2021 |
|--|----------|--|--|
| <b>Cash Flow from Operating Activities</b>                             |          |  |  |
| Net profit/(Loss) before tax   |          | (28,544)                                 | (31,466)                                 |
| Operating Profit before working capital changes                        |          |  |  |
| (Increase)/Decrease in Loans & Advances                                |          |  |  |
| Other Financial Liabilities  |          | 28,544                                   | 31,112                                   |
| Change in Working Capital  |          | 28,544                                   | 31,112                                   |
| <b>Net Cash from Operating Activities</b>                              | <b>A</b> | <u>-</u>                                 | <u>(354)</u>                             |
| <b>Cash Flow from Investing Activities</b>                             |          |  |  |
| Sale / (Purchase) of investment  |          |  |  |
| <b>Net Cash from / (used in) Investing activities</b>                  | <b>B</b> | <u>-</u>                                 | <u>-</u>                                 |
| <b>Cash Flow from Financing Activities</b>                             |          |  |  |
| Proceeds from Issue of Equity Shares                                   |          |  |  |
| <b>Net Cash from Financing activities</b>                              | <b>C</b> | <u>-</u>                                 | <u>-</u>                                 |
| See accompanying notes forming part of the financial statements 1 to 8 |          |  |  |
| <b>Net change in Cash and Cash Equivalents (A+B+C)</b>                 |          | <u>-</u>                                 | <u>(354)</u>                             |
| <b>Cash and Cash Equivalents as at End</b>                             |          | <b>24,056</b>                            | <b>24,056</b>                            |
| <b>Less: Cash and Cash Equivalents as at Beginning</b>                 |          | <b>24,056</b>                            | <b>24,410</b>                            |
| <b>Net Change In Cash &amp; Cash Equivalents</b>                       |          | <u>-</u>                                 | <u>(354)</u>                             |
| See accompanying notes forming part of the financial statements 1 to 8 |          |  |  |

As per our report of even date  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716

Place: Bangalore  
Dated: 07<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**GOPALAKRISHNAN VISWANATHAN**  
Director  
DIN: 032971640

**SRINIVASA RAMANUJAM NARASIMHAN**  
Director  
DIN: 07384809

Place: Chennai  
Dated: 07<sup>th</sup> May, 2022

## SUNDARAM - CLAYTON DCD LIMITED

### Condensed statement of Equity

(In Rs.)

|          |   |                 |               |               |
|----------|---|-----------------|---------------|---------------|
| <b>A</b> | <b>Equity</b>                                   |                 |               |               |
|          |   | <b>Note No.</b> | <b>Amount</b> | <b>Amount</b> |
|          | <b>Balance as at April 1, 2020</b>              | 3               | 25,000        | 25,000        |
|          | Changes in Equity share capital during the year | 3               | -             | -             |
|          |   |                 |               |               |
|          | <b>Balance as at March 31, 2021</b>             |                 | <b>25,000</b> | <b>25,000</b> |
|          | Changes in Equity share capital during the year | 3               | -             | -             |
|          |   |                 |               |               |
|          | <b>Balance as at March 31, 2022</b>             |                 | <b>25,000</b> | <b>25,000</b> |

|          |                                     |                 |                          |                   |
|----------|-------------------------------------|-----------------|--------------------------|-------------------|
| <b>B</b> | <b>Other Equity</b>                 |                 |                          |                   |
|          |                                     | <b>Note No.</b> | <b>Retained Earnings</b> | <b>Total</b>      |
|          | <b>Balance as at April 1, 2020</b>  | 4               | (64,319)                 | (64,319)          |
|          | Profit for the period               | 4               | (31,466)                 | (31,466)          |
|          | Other comprehensive income          |                 | -                        |                   |
|          |                                     |                 |                          |                   |
|          | <b>Balance as at March 31, 2021</b> |                 | <b>(95,785)</b>          | <b>(95,785)</b>   |
|          | Profit for the period               | 4               | (28,544)                 | (28,544)          |
|          | Other comprehensive income          |                 | -                        |                   |
|          |                                     |                 |                          |                   |
|          | <b>Balance as at March 31, 2022</b> |                 | <b>(1,24,329)</b>        | <b>(1,24,329)</b> |

As per our report of even date  
**For Raghavan, Chaudhuri & Narayanan**  
Chartered Accountants  
Firm Regn No.: 007761S

**V. Sathyanarayanan**  
Partner  
Membership No.: 027716

Place: Bangalore  
Dated: 07<sup>th</sup> May, 2022

For and on behalf of the Board of Directors

**GOPALAKRISHNAN VISWANATHAN**  
Director  
DIN: 032971640

**SRINIVASA RAMANUJAM NARASIMHAN**  
Director  
DIN: 07384809

Place: Chennai  
Dated: 07<sup>th</sup> May, 2022

# SUNDARAM - CLAYTON DCD LIMITED

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Brief description of the Company

The Company was incorporated on 22nd August 2017 under the name of SUNDARAM - CLAYTON DCD PRIVATE LIMITED (formerly known as TVS Commodity Financial Solutions Private Limited), wholly owned subsidiary of Sundaram Clayton Limited. The Company is yet to commence its business.

### 1. 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 standards referred to in the Companies (Accounting Standards) Rules, 2006 as per general circular 15/2013 dated 13th September 2013 under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

#### e. 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.

### f. Related Party Disclosures:

Reporting Entity: Sundaram – Clayton DCD Private Limited

| Relationship              | Name                     |
|---------------------------|--------------------------|
| Enterprise having Control | Sundaram Clayton Limited |
| Subsidiary Company        | Nil                      |
| Associate Companies       | Nil                      |
| Key Management Personnel  | Nil                      |

### g. Transactions with Related Parties

| S. No | Nature of Transaction                     | Name of the Related Party   | Nature of Relationship | 2021-22 Amount (Rs.) | 2020-21 Amount (Rs.) |
|-------|---|-----------------------------|------------------------|----------------------|----------------------|
| 1     | Advance Received                          | TVS Credit Services Limited | Fellow Subsidiary      | 28,544               | 31,112               |
| 2     | Balance Payable as at the end of the year | TVS Credit Services Limited | Fellow Subsidiary      | 1,11,585             | 83,041               |

for Raghavan, Chaudhuri & Narayanan  
Chartered Accountants  
Firm Registration No.:007761S

V. Sathyanarayanan  
Partner  
Membership No.: 027716

For and on behalf of the Board

Gopalakrishnan Viswanathan  
Director  
DIN: 032971640

Srinivasa Ramanujam Narasimhan  
Director  
DIN: 07384809

Place: Bangalore  
Date: 07-05-2022  
UDIN: 22027716AKZIND7402

Place: Chennai  
Date: 07-05-2022

## SUNDARAM - CLAYTON DCD LIMITED

### Notes to Balance Sheet

|   | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|---|--------------------------------|--------------------------------|
| <b>2 Cash and cash equivalents</b>                              |                                |                                |
| Balances with banks   | 24,056                         | 24,056                         |
| <b>Total cash and cash equivalents</b>                          | <b>24,056</b>                  | <b>24,056</b>                  |
| <b>3 Share Capital</b>  | <b>No. of Shares</b>           | <b>Amount</b>                  |
| <b>(i) Authorised Share Capital:</b>                            |                                |                                |
| Equity shares of Rs.10/- each                                   | 2,500                          | 25,000                         |
| <b>(ii) Issued, Subscribed and Fully Paid up Share Capital:</b> |                                |                                |
| Equity shares of Rs.10/- each                                   | 2,500                          | 25,000                         |
| <b>(iii) Movement in equity share capital</b>                   | <b>No. of Shares</b>           | <b>Amount</b>                  |
| Equity Shares as at April 1, 2020                               | 2,500                          | 25,000                         |
| Additions   | -                              | -                              |
| Equity Shares as at March 31, 2021                              | 2,500                          | 25,000                         |
| Additions   | -                              | -                              |
| Equity Shares as at March 31, 2022                              | 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, 2021 |   |
|--|----------------------|---|
|  | No. of Shares        | % |
| TVS Credit Services Limited  | 2,500                | 1 |
| See accompanying notes forming part of the financial statements 1 to 8 |                      |   |
| Name of the Share Holder   | As at March 31, 2022 |   |
|  | No. of Shares        | % |
| Sundaram-Clayton Limited   | 2,500                | 1 |

**(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.

**4 Other equity**

|                           |                   |                 |
|---------------------------|-------------------|-----------------|
| Retained Earnings         | (1,24,329)        | (95,785)        |
| <b>Total Other Equity</b> | <b>(1,24,329)</b> | <b>(95,785)</b> |

**5 Trade Payables**

| Particulars  | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|--|--------------------------------|--------------------------------|
| <b>Current:</b>  |                                |                                |
| Dues to Micro and Small Enterprises                        | -                              | -                              |
| Dues to enterprises other than Micro and Small Enterprises | 11,800                         | 11,800                         |
| <b>Total Trade Payables</b>                                | <b>11,800</b>                  | <b>11,800</b>                  |

**6 Other Financial Liabilities**

| Particulars                              | Amount as at<br>March 31, 2022 | Amount as at<br>March 31, 2021 |
|--|--------------------------------|--------------------------------|
| Liabilities for Expenses                 | 1,11,585                       | 83,041                         |
| <b>Total Other Financial Liabilities</b> | <b>1,11,585</b>                | <b>83,041</b>                  |

### Notes to Statement of Profit and Loss

(In Rs.)

|   | For the year<br>ended<br>31st March 2022 | For the year<br>ended<br>31st March 2021 |
|---|--|--|
| <b>7 Other Expenses</b>   |  |  |
| Professional charges  | 14,000                                   | 17,700                                   |
| Rates and taxes   | 2,744                                    | 1,966                                    |
| Payment to Auditors   |  |  |
| - As Statutory Auditors   | 11,800                                   | 11,800                                   |
| <b>Total Other Expenses</b>   | <b>28,544</b>                            | <b>31,466</b>                            |
| <b>8 Basic and Diluted earnings per share attributable to the equity holders of the Company</b> |  |  |
| Earnings attributable to equity share holders   | (28,544)                                 | (31,466)                                 |
| Number of Shares  | 2,500                                    | 2,500                                    |
| Earnings per Share  | (11)                                     | (13)                                     |

# THE NORTON MOTORCYCLE CO. LIMITED

## STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

### Fair review of the business

Founded in 1898, Norton is Britain's iconic sports motorcycle brand. It is among the most popular motorcycles brands in the world and is one of the most emotive marques today. TVS Motor Company Limited, India acquired the Norton brand and certain assets in April 2020 and "The Norton Motorcycle Co Limited" (Norton) was formed.

The Principal business of Norton is design, engineering, manufacturing, distributing and selling of high end premium two wheelers. Subsequent to the acquisition, the company has since established a modern, state of the art manufacturing facility at Solar Park, Solihull, West Midlands. The facility accommodates customer reception, brand display, service workshop, manufacturing, design / R & D studios, test facilities and offices.

As of March 2022, the company has created tangible assets to the extent of £10.35 million and intangible assets of £23.14 million. The facility at Solar Park also includes a customer experience center which will give a unique experience to customers thereby enhancing the brand image of the products.

The company has firmed up its business plan with a series of new products to be launched in coming years, catering to various segments of the premium motorcycle market. Production of motorcycles at the newly established facility commenced in February 2022 and they are expected to be in the market very soon. Key management positions have been filled up and the organisation has been strengthened through recruitment of manpower with required skills & talent in all functions.

As of March 2022, the parent company has infused share capital to the tune of £60 million which were used to fund the initial acquisition cost, creating the manufacturing facility & equipment and the operational expenses. The company has also tied with a bank for an overdraft facility to the extent of £5 million to meet its working capital needs. As of 31 March 2022, the company had a cash balance of £1.05 million.

Though the company has not taken over any liabilities or obligations as part of the acquisition, the company intends to deliver the motorcycles to customers who had paid deposits and placed orders with the erstwhile Norton company. Such deposits amounting to £3.2m has been recognised as a liability in the financial statements.

As the primary focus during the financial year 2021-22 was on establishing the manufacturing facility with the required quality standards and mobilising necessary resources for commencing the operations, there was no revenue from the sale of new motorcycles to customers. Summary of the financial results are as under:

| Details         | £m      |
|-----------------|---------|
| Revenue         | 0.04    |
| Loss before tax | (14.82) |

### Corporate Structure

The Norton Motorcycle Co. Limited is a wholly owned subsidiary of TVS Motor (Singapore) Pte Limited. TVS Motor (Singapore) Pte Limited is 100% held by TVS Motor Company Limited which is one of the largest two and three wheeler manufacturers in the world.

### Principal Risks and uncertainties

The company has finalised its product plan for the medium term with a series of new products to be launched in the coming years to cater to different segments of the premium motorcycle market in different geographies. Introduction of these new products with superior features and cutting-edge technologies in a timely manner is key to success of the business. Realising this need, the company has been focussing in recruiting and filling up key positions in design, engineering, quality, procurement, and other allied functions with requisite skills & knowledge. The company is also partnering with leading Engineering Service Providers in its product development process with a view to bring in efficiency and reduce the lead time. The company will also be leveraging its parent, TVS Motors India's engineering and development capabilities to ensure high quality products are launched in a timely manner.

Initially the company's products would be sold in UK market and in the next couple of years, the company has plans to expand its market to European countries, USA, and Asian market. The success of the business also depends on economic conditions, and growth trajectory in these countries. Since the company's potential market spread across multiple countries & geographies, the economic and commercial risk of the business is well spread among these markets and this diversified market potential helps to mitigate this risk.

The company is also developing its plans for building a strong distribution network both in UK and in other markets. Establishing customer experience centres which will offer a unique buying experience to customers will be part of the distribution strategy apart from creating sales opportunities through social media and digital platforms to reach out to global customers. In order to ensure that Norton brand attracts customer preferences, the company is planning to build a diversified portfolio of premium and super premium motorcycles which is expected to drive the growth and profitability of the business in the years to come.

The company is committed to producing products with high quality standards, establishing a robust supply chain & a strong distribution network in its journey of relaunching this iconic brand to its rightful place at the global level. In this regard, TVS Motor India's strength and capabilities in various aspects of business will be leveraged to bring more efficiencies in quality, cost, and delivery.

### Research and Development

The company continues to focus in its research and development activities in the form of a) understanding the technological development and how they can be used for the benefit of customers, b) developing a deep understanding of the customer preferences and needs c) bringing innovation in style and design and d) undertaking benchmarking exercises. The company will be fully leveraging TVS Motor India's engineering and R & D capabilities in the development of both internal combustion engine vehicles and electric vehicles. Apart from developing the required technology to meet the stringent emission and safety norms, the team of engineers will also be focussing in breakthrough technology initiatives for meeting the future mobility needs of the customers in accordance with the business plans of the company.

The company also collaborates with leading research and educational institutions in UK and in other countries in identifying the emerging trends in advanced technology development.

### Going Concern

The company has embarked on a journey of reviving the glory of Norton brand by producing and selling superior products which are of high quality coupled with unique design and advanced technology. It has firmed up its product plans for the medium term and is in the process of mobilising the required resources for executing the same. The shareholders are fully committed in making this project a success and has demonstrated their commitment by way of injecting equity capital to the extent of £60 million so far. The board of directors of the company has also been expanded with the appointment of eminent personalities as directors who have rich industry experience and exposure to guide the operating team in executing the plans.

The Directors are optimistic that the company will continue to operate in the foreseeable future and hence adopts the "going concern" basis.

### Key performance indicators

Key performance indicators However, during the last financial year periodic reviews and board meetings were conducted to review the progress of a) establishment of manufacturing facilities, b) financial position of the company, c) status of recruitment. d) Engineering and quality plans, e) Production readiness and f) overall financial plan of the company.

Once the commercial sale of vehicles commences, the review of KPIs will be undertaken to review progress on new product development, project costs, gross margin of products, fixed costs, stock, and debtor levels, working capital position and evaluation of funding requirements.

On behalf of the Board

S M MISHRA

Director

26<sup>th</sup> April 2022



# THE NORTON MOTORCYCLE CO. LIMITED

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## DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

### Principal activities

The Principal business of The Norton Motorcycle Co. Limited (Norton) is design, engineering, manufacturing, distributing and selling of high end premium two wheelers.

### Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Venu Srinivasan, Chairman (Appointed 25 March 2022)

Prof. Sir Ralf Dieter Speth (Appointed 25 March 2022)

Sudarshan Venu (Appointed 25 March 2022)

K.N. Radhakrishnan (Appointed 25 March 2022)

Sharad Mohan Mishra

Peter Houghton

### Auditor

In accordance with the company's articles, a resolution proposing that Spencer Gardner Dickens Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives, review of performance, research and development activities and future developments.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board

S M MISHRA

Director

26<sup>th</sup> April 2022

## DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent Auditor's Report to the Member of The Norton Motorcycle co. Limited

### Opinion

We have audited the financial statements of The Norton Motorcycle Co. Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or • certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### 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 ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Enquiring of management and those charged with governance around actual and potential litigation and claims.
- Enquiring of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Susan Thomas-Walls BSc BFP FCA (Senior Statutory Auditor)  
For and on behalf of Spencer Gardner Dickens Audit LLP

Chartered Accountants  
Statutory Auditor

3 Coventry Innovation Village  
Cheetah Road  
Coventry  
CV1 2TL  
Date 26/04/2022

# THE NORTON MOTORCYCLE CO. LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

|  | Notes    | Year ended 31<br>March 2022 | Period ended 31<br>March 2021 |
|--|----------|-----------------------------|-------------------------------|
|  |          | £                           | £                             |
| <b>Turnover</b>                        | <b>3</b> | <b>39,420</b>               | <b>522,409</b>                |
| Cost of sales                          |          | (22,689)                    | (176,976)                     |
| <b>Gross profit</b>                    |          | <b>16,731</b>               | <b>345,433</b>                |
| Administrative expenses                |          | (14,903,648)                | (10,873,696)                  |
| Other operating income                 | 3        | 65,303                      | 228,068                       |
| <b>Operating loss</b>                  | <b>4</b> | <b>(14,821,614)</b>         | <b>(10,300,195)</b>           |
| Interest receivable and similar income | 8        | -                           | 1,206                         |
| <b>Loss before taxation</b>            |          | <b>(14,821,614)</b>         | <b>(10,298,989)</b>           |
| Tax on loss                            | 9        | 112,644                     | -                             |
| <b>Loss for the financial year</b>     |          | <b>(14,708,970)</b>         | <b>(10,298,989)</b>           |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## BALANCE SHEET AS AT 31 MARCH 2022

|   | Notes     | 2022               | 2021               |
|---|-----------|--------------------|--------------------|
|   |           | £                  | £                  |
| <b>Fixed assets</b>                                   |           |                    |                    |
| Intangible assets                                     | 10        | 23,143,380         | 21,354,938         |
| Tangible assets                                       | 11        | 10,351,215         | 5,880,609          |
|   |           | 33,494,595         | 27,235,547         |
| <b>Current assets</b>                                 |           |                    |                    |
| Stocks  | 12        | 4,796,717          | 2,530,078          |
| Debtors   | 13        | 2,169,659          | 2,380,504          |
| Cash at bank and in hand                              |           | 1,051,231          | 1,568,098          |
|   |           | 8,017,607          | 6,478,680          |
| <b>Creditors: amounts falling due within one year</b> | <b>14</b> | <b>(6,220,160)</b> | <b>(7,213,215)</b> |
| <b>Net current assets/(liabilities)</b>               |           | <b>1,797,447</b>   | <b>(734,535)</b>   |
| <b>Net assets</b>                                     |           | <b>35,292,042</b>  | <b>26,501,012</b>  |
| <b>Capital and reserves</b>                           |           |                    |                    |
| Called up share capital                               | 16        | 60,300,001         | 36,800,001         |
| Profit and loss reserves                              | 17        | (25,007,959)       | (10,298,989)       |
| <b>Total equity</b>                                   |           | <b>35,292,042</b>  | <b>26,501,012</b>  |

The financial statements were approved by the board of directors and authorised for issue on 26<sup>th</sup> April 2022 and are signed on its behalf by:

S M Mishra  
Director  
Company Registration No. 12545195

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

|  | Notes | Share capital | Profit and loss reserves | Total        |
|--|-------|---------------|--------------------------|--------------|
|  |       | £             | £                        | £            |
| Balance at 2 April 2020                            |       | -             | -                        | -            |
| Period ended 31 March 2021:                        |       |               |                          |              |
| Loss and total comprehensive income for the period |       | -             | (10,298,989)             | (10,298,989) |
| Issue of share capital                             | 16    | 36,800,001    | -                        | 36,800,001   |
| Balance at 31 March 2021                           |       | 36,800,001    | (10,298,989)             | 26,501,012   |
| Year ended 31 March 2022:                          |       |               |                          |              |
| Loss and total comprehensive income for the year   |       | -             | (14,708,970)             | (14,708,970) |
| Issue of share capital                             | 16    | 23,500,000    | -                        | 23,500,000   |
| Balance at 31 March 2022                           |       | 60,300,001    | (25,007,959)             | 35,292,042   |

# THE NORTON MOTORCYCLE CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

### 1 Accounting policies

#### Company information

The Norton Motorcycle Co. Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Bartholomew Lane, London, EC2N 2AX.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of intangible assets and certain tangible fixed assets at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

At the reporting date, the company was 100% owned by TVS Motor (Singapore) Pte Ltd, a company incorporated in Singapore. The ultimate parent company was TVS Motor Company Limited, a company incorporated in India. This company is the parent of the smallest group for which consolidated accounts are drawn up of which the company is a member. The registered office is "Chaitanya" No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600 006, Tamil Nadu, India.

#### 1.2 Going concern

The company has made significant losses in this financial year as it has incurred expenses on setting up of the business and mobilising the resources prior to production commencing.

The directors have prepared cashflow forecasts and undertaken a review of the future financing requirements on the basis of both the expected further investment required into the next financial year as well as for ongoing operations of the company. The directors are satisfied that sufficient cash facilities being secured from its bankers and from the parent company to meet its working capital requirements for at least 12 months following the date of signing of these financial statements.

Further, the parent company has confirmed its continuing support for the company and its intention to continue supporting the company with working capital as and when required. The directors are therefore confident that the company has adequate resources and working capital to continue in operational existence for the foreseeable future to meet its ongoing liabilities.

#### 1.3 Reporting period

The financial statements cover the year ended 31 March 2022. The comparative figures cover the period from incorporation on 2 April 2020 to 31 March 2021.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

License fee income is recognised at fair value in the period to which it relates.

#### 1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated and is amortised over the life of the product to which it relates once the product is placed in the market.

#### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost or valuation and are subsequently measured at cost or valuation less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets comprise acquired brand names, intellectual property and goodwill and are carried at valuation less amortisation. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                            |                           |
|----------------------------|---------------------------|
| Patents and licences       | 8 years straight line     |
| Development costs          | 5 - 8 years straight line |
| Brand names and trademarks | 8 years straight line     |

#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                        |                              |
|------------------------|------------------------------|
| Leasehold improvements | 5 years straight line        |
| Plant and equipment    | 3 and 10 years straight line |
| Fixtures and fittings  | 3 years straight line        |
| Computers              | 3 years straight line        |
| Motor vehicles         | 6 - 8 years straight line    |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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). 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 for which the estimates of future cash flows have not been adjusted.

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

# THE NORTON MOTORCYCLE CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### 1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 reporting end date.

#### Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date 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. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

### 1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

## 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements, estimates and assumptions which have had the most significant effect on amounts recognised in the financial statements and which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Stock obsolescence provisions

At each balance sheet date the directors assess stock for obsolescence. Due to the size and nature of stock this is a key accounting estimate.

The provision is calculated based on an estimate of the remaining life of stock held at the balance sheet date.

#### Tangible and intangible fixed assets

Judgements are required on estimating the useful economic lives of tangible and intangible fixed assets. Where an indication of impairment is identified the estimation of recoverable value requires estimation.

#### Deferred tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits. Capitalisation of development costs Management judgement has been required in estimating the proportion of time spent by staff in the development of products in order that those costs are capitalised as intangible fixed assets.

#### Capitalisation of development costs

Management judgement has been required in estimating the proportion of time spent by staff in the development of products in order that those costs are capitalised as intangible fixed assets.

## 3. Turnover and other revenue

|  | 2022          | 2021           |
|--|---------------|----------------|
|  | £             | £              |
| Turnover analysed by class of business |               |                |
| Motorcycle sales                       | 14,520        | 73,000         |
| Parts and servicing                    | 12,833        | 108,007        |
| Royalty income                         | 10,632        | 18,901         |
| Other income                           | 1,435         | 322,501        |
|  | <u>39,420</u> | <u>522,409</u> |
| Other significant revenue              | 2022          | 2021           |
|  | £             | £              |
| Interest income                        | -             | 1,206          |
| Grants received                        | <u>65,303</u> | <u>228,068</u> |

# THE NORTON MOTORCYCLE CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### 4 Operating loss

|  | 2022      | 2021      |
|--|-----------|-----------|
| Operating loss for the year is stated after charging/(crediting):  | £         | £         |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | (41,548)  | 23,249    |
| Research and development costs   | -         | 480,048   |
| Government grants  | (65,303)  | (228,068) |
| Depreciation of owned tangible fixed assets  | 879,039   | 120,715   |
| Loss on disposal of tangible fixed assets  | 1,007     | -         |
| Amortisation of intangible assets  | 3,008,230 | 2,488,903 |
| Operating lease charges  | 523,356   | 394,381   |

### 5 Auditor's remuneration

|   | 2022   | 2021   |
|---|--------|--------|
| Fees payable to the company's auditor and associates: | £      | £      |
| <b>For audit services</b>                             |        |        |
| Audit of the financial statements of the company      | 17,000 | 14,000 |
| <b>For other services</b>                             |        |        |
| Taxation compliance services                          | 1,000  | 1,000  |
| All other non-audit services                          | 3,180  | 4,200  |
|   | 4,180  | 5,200  |

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                | 2022   | 2021   |
|----------------|--------|--------|
|                | Number | Number |
| Administration | 30     | 26     |
| Production     | 118    | 58     |
| Total          | 148    | 84     |

Their aggregate remuneration comprised:

|                       | 2022      | 2021      |
|-----------------------|-----------|-----------|
|                       | £         | £         |
| Wages and salaries    | 4,736,453 | 3,269,220 |
| Social security costs | 487,781   | 330,090   |
| Pension costs         | 330,711   | 187,442   |
|                       | 5,554,945 | 3,786,752 |

£2,230,873 of wages and salary costs, £232,957 of social security costs and £157,943 of pension costs have been capitalised as development costs and are not included in the figures noted above.

### 10 Intangible fixed assets

|                                    | Patents and licences | Development costs | Brand names and trademarks | Total      |
|------------------------------------|----------------------|-------------------|----------------------------|------------|
|                                    | £                    | £                 | £                          | £          |
| <b>Cost</b>                        |                      |                   |                            |            |
| At 1 April 2021                    | 429,000              | 73,139            | 23,341,702                 | 23,843,841 |
| Additions                          | -                    | 4,316,677         | 553,134                    | 4,869,811  |
| Transfers                          | -                    | (73,139)          | -                          | (73,139)   |
| At 31 March 2022                   | 429,000              | 4,316,677         | 23,894,836                 | 28,640,513 |
| <b>Amortisation and impairment</b> |                      |                   |                            |            |
| At 1 April 2021                    | 26,813               | -                 | 2,462,090                  | 2,488,903  |
| Amortisation charged for the year  | 53,625               | -                 | 2,954,605                  | 3,008,230  |
| At 31 March 2022                   | 80,438               | -                 | 5,416,695                  | 5,497,133  |
| <b>Carrying amount</b>             |                      |                   |                            |            |
| At 31 March 2022                   | 348,562              | 4,316,677         | 18,478,141                 | 23,143,380 |
| At 31 March 2021                   | 402,187              | 73,139            | 20,879,612                 | 21,354,938 |

Development costs of £73,139 were transferred into tangible fixed assets in the year

### 7 Directors' remuneration

|                                      | 2022   | 2021   |
|--------------------------------------|--------|--------|
|                                      | £      | £      |
| Remuneration for qualifying services | 18,000 | 19,108 |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0.

### 8 Interest receivable and similar income

|                           | 2022 | 2021  |
|---------------------------|------|-------|
|                           | £    | £     |
| <b>Interest income</b>    |      |       |
| Interest on bank deposits | -    | 1,206 |

### 9 Taxation

|  | 2022 | 2021 |
|--|------|------|
|  | £    | £    |

#### Current tax

|   |           |   |
|---|-----------|---|
| Adjustments in respect of prior periods | (112,644) | - |
|---|-----------|---|

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

|  | 2022         | 2021         |
|--|--------------|--------------|
|  | £            | £            |
| Loss before taxation   | (14,821,614) | (10,298,989) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | (2,816,107)  | (1,956,808)  |
| Tax effect of expenses that are not deductible in determining taxable profit                         | (157,767)    | 86,131       |
| Unutilised tax losses carried forward  | 2,973,874    | 1,870,677    |
| Research and development tax credit in respect of prior period                                       | (112,644)    | -            |
| Taxation credit for the year   | (112,644)    | -            |

# THE NORTON MOTORCYCLE CO. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### 11 Tangible fixed assets

|                                    | Leasehold improvements | Plant and equipment | Fixtures and fittings | Computers | Motor vehicles | Total      |
|------------------------------------|------------------------|---------------------|-----------------------|-----------|----------------|------------|
|                                    | £                      | £                   | £                     | £         | £              | £          |
| <b>Cost</b>                        |                        |                     |                       |           |                |            |
| At 1 April 2021                    | 3,826,075              | 1,392,154           | 69,827                | 151,410   | 561,858        | 6,001,324  |
| Additions                          | 1,045,839              | 1,067,557           | 1,813,179             | 468,720   | 892,763        | 5,288,058  |
| Disposals                          | -                      | (5,050)             | -                     | -         | -              | (5,050)    |
| Transfers                          | -                      | (10,363)            | 77,000                | -         | -              | 66,637     |
| At 31 March 2022                   | 4,871,914              | 2,444,298           | 1,960,006             | 620,130   | 1,454,621      | 11,350,969 |
| <b>Depreciation and impairment</b> |                        |                     |                       |           |                |            |
| At 1 April 2021                    | -                      | 29,671              | 9,111                 | 13,553    | 68,380         | 120,715    |
| Depreciation charged in the year   | 197,539                | 158,487             | 288,642               | 118,706   | 115,665        | 879,039    |
| At 31 March 2022                   | 197,539                | 188,158             | 297,753               | 132,259   | 184,045        | 999,754    |
| Carrying amount                    |                        |                     |                       |           |                |            |
| At 31 March 2022                   | 4,674,375              | 2,256,140           | 1,662,253             | 487,871   | 1,270,576      | 10,351,215 |
| At 31 March 2021                   | 3,826,075              | 1,362,483           | 60,716                | 137,857   | 493,478        | 5,880,609  |

Included within transfers of £66,637 are £73,139 of transfers from intangible fixed assets.

### 12 Stocks

|                                     | 2022      | 2021      |
|-------------------------------------|-----------|-----------|
|                                     | £         | £         |
| Raw materials and consumables       | 3,920,202 | 2,212,803 |
| Work in progress                    | 770,692   | 317,275   |
| Finished goods and goods for resale | 105,823   | -         |
|                                     | 4,796,717 | 2,530,078 |

### 13 Debtors

|   | 2022      | 2021      |
|---|-----------|-----------|
|   | £         | £         |
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 378,851   | 893,778   |
| Corporation tax recoverable                 | 112,644   | -         |
| Other debtors                               | 562,755   | 846,853   |
| Prepayments and accrued income              | 1,115,409 | 639,873   |
|   | 2,169,659 | 2,380,504 |

### 14 Creditors: amounts falling due within one year

|                                    | 2022      | 2021      |
|------------------------------------|-----------|-----------|
|                                    | £         | £         |
| Trade creditors                    | 973,339   | 945,340   |
| Amounts owed to group undertakings | 1,224,122 | 2,376,056 |
| Taxation and social security       | 241,855   | 134,450   |
| Other creditors                    | 3,253,373 | 3,213,814 |
| Accruals and deferred income       | 527,471   | 543,555   |
|                                    | 6,220,160 | 7,213,215 |

### 15 Retirement benefit schemes

|   | 2022    | 2021    |
|---|---------|---------|
|   | £       | £       |
| <b>Defined contribution schemes</b>                                 |         |         |
| Charge to profit or loss in respect of defined contribution schemes | 330,711 | 187,442 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 16 Share capital

|                               | 2022       | 2021       | 2022       | 2021       |
|-------------------------------|------------|------------|------------|------------|
|                               | Number     | Number     | £          | £          |
| <b>Ordinary share capital</b> |            |            |            |            |
| <b>Issued and fully paid</b>  |            |            |            |            |
| Ordinary shares of £1 each    | 60,300,001 | 36,800,001 | 60,300,001 | 36,800,001 |

The company has one class of ordinary shares which have full rights to voting, dividends and capital distribution. They do not confer any rights of redemption.

At various points during the year a total of 23,500,000 ordinary shares of £1 each were issued for cash at par.

### 17. Reserves

#### Profit and loss reserves

Profit and loss reserves represent the retained profits of the company since its inception.

### 18. Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2022    | 2021      |
|----------------------------|---------|-----------|
|                            | £       | £         |
| Within one year            | 529,685 | 493,685   |
| Between two and five years | 290,349 | 764,506   |
| In over five years         | 8,912   | 10,440    |
|                            | 828,946 | 1,268,631 |

### 19. Capital commitments

Amounts contracted for but not provided in the financial statements:

|                                      | 2022 | 2021      |
|--------------------------------------|------|-----------|
|                                      | £    | £         |
| Acquisition of tangible fixed assets | -    | 1,798,541 |

### 20. Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is disclosed in note 7.

#### Other information

The company has taken advantage of the exemption under the terms of FRS102 not to disclose related party transactions with wholly owned companies within the group.

**RE-STATED ACCOUNTS OF**  
THE NORTON MOTORCYCLE CO. LIMITED  
(FORMERLY PROJECT 303 BIDCO LIMITED)



# THE NORTON MOTORCYCLE CO. LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2022

|  | Notes | GBP in Mn.   | Rupees in crores |
|--|-------|--------------|------------------|
| <b>ASSETS</b>  |       |              |                  |
| <b>Non-current assets</b>                                |       |              |                  |
| Property, plant and equipment                            | 1     | 12.03        | 119.69           |
| Other Intangible assets                                  | 1     | 23.89        | 237.65           |
| Intangible assets under development                      | 1     | 4.75         | 47.20            |
|  |       | <u>40.67</u> | <u>404.54</u>    |
| <b>Current assets</b>                                    |       |              |                  |
| Inventories  | 2     | 4.80         | 47.70            |
| <b>Financial assets</b>                                  |       |              |                  |
| Trade receivables  | 3     | 0.38         | 3.77             |
| Cash and cash equivalents                                | 4     | 1.05         | 10.46            |
| Other current assets                                     | 5     | 1.79         | 17.81            |
|  |       | <u>8.02</u>  | <u>79.74</u>     |
| Total Assets   |       | <u>48.69</u> | <u>484.28</u>    |
| <b>EQUITY AND LIABILITIES</b>                            |       |              |                  |
| <b>Equity</b>  |       |              |                  |
| Equity share capital                                     | 6     | 60.30        | 589.39           |
| Other equity   | 7     | (19.55)      | (184.18)         |
|  |       | <u>40.75</u> | <u>405.21</u>    |
| <b>Liabilities</b>                                       |       |              |                  |
| <b>Non-Current liabilities</b>                           |       |              |                  |
| <b>Financial liabilities</b>                             |       |              |                  |
| Lease liability  |       | <u>1.29</u>  | <u>12.84</u>     |
|  |       | <u>1.29</u>  | <u>12.84</u>     |
| <b>Current liabilities</b>                               |       |              |                  |
| <b>Financial liabilities</b>                             |       |              |                  |
| (i) Lease liability                                      |       | 0.44         | 4.36             |
| (ii) Trade payables                                      | 8     |              |                  |
| a. Total outstanding dues of micro and small enterprises |       | -            | -                |
| b. Total outstanding dues of other than (ii) (a) above   |       | 2.19         | 21.85            |
| Other current liabilities                                | 9     | 4.02         | 40.02            |
|  |       | <u>6.65</u>  | <u>66.23</u>     |
| Total liabilities  |       | <u>7.94</u>  | <u>79.07</u>     |
| Total equity and liabilities                             |       | <u>48.69</u> | <u>484.28</u>    |

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

|   | Notes | GBP in Mn.     | Rupees in crores |
|---|-------|----------------|------------------|
| I Revenue from operations   | 10    | 0.10           | 1.05             |
| II Other income   | 11    | 0.04           | 0.43             |
| III Total Income (I + II)   |       | <u>0.14</u>    | <u>1.48</u>      |
| <b>IV Expenses:</b>   |       |                |                  |
| Cost of material consumed   |       | 0.90           | 8.94             |
| Changes in inventories of finished goods, Stock-in-trade and work-in-progress |       | (0.88)         | (8.71)           |
| Employee benefits expense   | 12    | 5.58           | 56.74            |
| Finance costs   | 13    | 0.08           | 0.81             |
| Depreciation and amortisation expense   | 14    | 1.31           | 13.36            |
| Other expenses  | 15    | 4.99           | 50.92            |
|   |       | <u>11.98</u>   | <u>122.06</u>    |
| V Profit before exceptional items (III - IV)                                  |       | <u>(11.84)</u> | <u>(120.58)</u>  |
| VI Exceptional items  |       | -              | -                |
| VII Profit before tax (V+ VI)   |       | (11.84)        | (120.58)         |
| <b>VIII Tax expense</b>   |       |                |                  |
| i) Current tax  |       | (0.11)         | (1.15)           |
| ii) Deferred tax  |       | -              | -                |
| IX Profit for the year (VII - VIII)   |       | <u>(11.73)</u> | <u>(119.43)</u>  |
| <b>X Other Comprehensive Income</b>   |       |                |                  |
| 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                                      |       | -              | (3.17)           |
|   |       | -              | (3.17)           |
| XI Total Comprehensive Income (IX + X)  |       | <u>(11.73)</u> | <u>(122.60)</u>  |
| <b>XII Earnings per equity share (Face value of GBP 1/- each)</b>             |       |                |                  |
| Basic & Diluted earnings per share (in GBP/ in rupees)                        |       | <u>(0.19)</u>  | <u>(19.81)</u>   |

# THE NORTON MOTORCYCLE CO. LIMITED

## Notes on Accounts

### 1 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

GBP in Mn.

| Description                           | Property, Plant & Equipment |                    |                        |                   |          |              |       | Other Intangible |                    |       |
|---------------------------------------|-----------------------------|--------------------|------------------------|-------------------|----------|--------------|-------|------------------|--------------------|-------|
|                                       | Building                    | Plant & equipments | Furniture and fixtures | Office equipments | Vehicles | Right of use | Total | Trade Mark       | Design Development | Total |
| Cost of assets                        |                             |                    |                        |                   |          |              |       |                  |                    |       |
| Gross carrying value as at 01-04-2020 | 3.83                        | 1.39               | 0.07                   | 0.15              | 0.56     | 2.12         | 8.12  | 23.84            | -                  | 23.84 |
| Additions                             | 1.04                        | 1.07               | 1.89                   | 0.47              | 0.89     | 0            | 5.36  | 0.05             | -                  | 0.05  |
| Sub-total                             | 4.87                        | 2.46               | 1.96                   | 0.62              | 1.45     | 2.12         | 13.48 | 23.89            | -                  | 23.89 |
| Sales / deletion                      | -                           | 0.01               | -                      | -                 | -        | -            | 0.01  | -                | -                  | -     |
| Total                                 | 4.87                        | 2.45               | 1.96                   | 0.62              | 1.45     | 2.12         | 13.47 | 23.89            | -                  | 23.89 |
| Depreciation / Amortisation           |                             |                    |                        |                   |          |              |       |                  |                    |       |
| Upto 31-03-2021                       | -                           | 0.03               | 0.01                   | 0.01              | 0.07     | 0.01         | 0.13  | -                | -                  | -     |
| For the year                          | 0.19                        | 0.16               | 0.29                   | 0.12              | 0.12     | 0.43         | 1.31  | -                | -                  | -     |
| Sub-total                             | 0.19                        | 0.19               | 0.30                   | 0.13              | 0.19     | 0.44         | 1.44  | -                | -                  | -     |
| Withdrawn on assets sold / deleted    | -                           | -                  | -                      | -                 | -        | -            | -     | -                | -                  | -     |
| Total                                 | 0.19                        | 0.19               | 0.30                   | 0.13              | 0.19     | 0.44         | 1.44  | -                | -                  | -     |
| Carrying value                        |                             |                    |                        |                   |          |              |       |                  |                    |       |
| As at 31-03-2022                      | 4.68                        | 2.26               | 1.66                   | 0.49              | 1.26     | 1.68         | 12.03 | 23.89            | -                  | 23.89 |

Rupees in crores

| Description                                     | Property, Plant & Equipment |                    |                        |                   |          |              |        | Other Intangible |                    |        |
|---|-----------------------------|--------------------|------------------------|-------------------|----------|--------------|--------|------------------|--------------------|--------|
|   | Building                    | Plant & equipments | Furniture and fixtures | Office equipments | Vehicles | Right of use | Total  | Trade Mark       | Design Development | Total  |
| Cost of assets                                  |                             |                    |                        |                   |          |              |        |                  |                    |        |
| Gross carrying value as at 01-04-2020           | 38.55                       | 14.03              | 0.70                   | 1.53              | 5.66     | 21.82        | 82.29  | 240.23           | -                  | 240.23 |
| Additions                                       | 9.90                        | 10.62              | 18.80                  | 4.66              | 8.88     | -            | 52.86  | 0.51             | -                  | 0.51   |
| Foreign Currency translation reserve difference |                             | (0.19)             | (0.01)                 | (0.02)            | (0.07)   | (0.14)       | (0.43) | (3.09)           | -                  | (3.09) |
| Sub-total                                       | 48.45                       | 24.46              | 19.49                  | 6.17              | 14.47    | 21.68        | 134.72 | 237.65           | -                  | 237.65 |
| Sales / deletion                                |                             | 0.15               |                        |                   |          |              | 0.15   | -                | -                  | -      |
| Total   | 48.45                       | 24.31              | 19.49                  | 6.17              | 14.47    | 21.68        | 134.57 | 237.65           | -                  | 237.65 |
| Depreciation / Amortisation                     |                             |                    |                        |                   |          |              |        |                  |                    |        |
| Upto 31-03-2021                                 | -                           | 0.30               | 0.09                   | 0.14              | 0.69     | 0.49         | 1.71   | -                | -                  | -      |
| For the year                                    | 2.01                        | 1.61               | 2.94                   | 1.21              | 1.18     | 4.41         | 13.36  | -                | -                  | -      |
| Foreign Currency translation reserve difference | (0.05)                      | (0.04)             | (0.07)                 | (0.03)            | (0.04)   | 0.04         | (0.19) | -                | -                  | -      |
| Sub-total                                       | 1.96                        | 1.87               | 2.96                   | 1.32              | 1.83     | 4.94         | 14.88  | -                | -                  | -      |
| Withdrawn on assets sold / deleted              | -                           | -                  | -                      | -                 | -        | -            | -      | -                | -                  | -      |
| Total   | 1.96                        | 1.87               | 2.96                   | 1.32              | 1.83     | 4.94         | 14.88  | -                | -                  | -      |
| Carrying value                                  |                             |                    |                        |                   |          |              |        |                  |                    |        |
| As at 31-03-2022                                | 46.49                       | 22.44              | 16.53                  | 4.85              | 12.64    | 16.74        | 119.69 | 237.65           | -                  | 237.65 |

# THE NORTON MOTORCYCLE CO. LIMITED

## Notes on accounts - (continued)

|  |                |                 | For the Year Ended 31-03-2022 |                  |
|--|----------------|-----------------|-------------------------------|------------------|
|  |                |                 | GBP in Mn.                    | Rupees in crores |
|  |                |                 | As at 31-03-2022              |                  |
|  |                |                 | GBP in Mn.                    | Rupees in crores |
| <b>2 INVENTORIES</b>   |                |                 |                               |                  |
| Raw materials and components   | 3.92           | 38.99           |                               |                  |
| Work in progress   | 0.77           | 7.66            |                               |                  |
| Finished goods   | 0.11           | 1.05            |                               |                  |
|  | <u>4.80</u>    | <u>47.70</u>    |                               |                  |
| <b>3 TRADE RECEIVABLES</b>   |                |                 |                               |                  |
| Unsecured, considered good   | 0.38           | 3.77            |                               |                  |
|  | <u>0.38</u>    | <u>3.77</u>     |                               |                  |
| <b>4 CASH AND CASH EQUIVALENTS</b>   |                |                 |                               |                  |
| Balances with banks in current accounts  | 1.05           | 10.46           |                               |                  |
|  | <u>1.05</u>    | <u>10.46</u>    |                               |                  |
| <b>5 OTHER CURRENT ASSETS</b>  |                |                 |                               |                  |
| GST/VAT/IT/Excise receivable   | 0.11           | 1.12            |                               |                  |
| Vendor advance   | 0.56           | 5.60            |                               |                  |
| Prepaid expenses   | 1.12           | 11.09           |                               |                  |
|  | <u>1.79</u>    | <u>17.81</u>    |                               |                  |
| <b>6 EQUITY SHARE CAPITAL</b>  |                |                 |                               |                  |
| Issued, subscribed and fully paid up:  |                |                 |                               |                  |
| 60,300,001 Ordinary shares of GBP 1 each   | 60.30          | 589.39          |                               |                  |
|  | <u>60.30</u>   | <u>589.39</u>   |                               |                  |
| <b>7 OTHER EQUITY</b>  |                |                 |                               |                  |
| Retained earnings  | (19.56)        | (195.40)        |                               |                  |
| Foreign currency translation reserve   | -              | 11.22           |                               |                  |
|  | <u>(19.56)</u> | <u>(184.18)</u> |                               |                  |
| <b>8 TRADE PAYABLES</b>  |                |                 |                               |                  |
| Dues to Micro and Small Enterprises**  | -              | -               |                               |                  |
| Dues to enterprises other than Micro and Small Enterprises   | 2.19           | 21.85           |                               |                  |
|  | <u>2.19</u>    | <u>21.85</u>    |                               |                  |
| ** 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 |                |                 |                               |                  |
| <b>9 OTHER CURRENT LIABILITIES</b>   |                |                 |                               |                  |
| Statutory dues   | 0.24           | 2.41            |                               |                  |
| Advance from customers   | 3.25           | 32.36           |                               |                  |
| Deferred income  | 0.53           | 5.25            |                               |                  |
|  | <u>4.02</u>    | <u>40.02</u>    |                               |                  |
| <b>10 REVENUE FROM OPERATIONS</b>  |                |                 |                               |                  |
| Sale of Product  | 0.01           | 0.15            |                               |                  |
| Sale of service  | 0.01           | 0.13            |                               |                  |
| Other operating revenues   | 0.08           | 0.77            |                               |                  |
|  | <u>0.10</u>    | <u>1.05</u>     |                               |                  |
| <b>11 OTHER INCOME</b>   |                |                 |                               |                  |
| Other non operating income   | 0.04           | 0.43            |                               |                  |
|  | <u>0.04</u>    | <u>0.43</u>     |                               |                  |
| <b>12 EMPLOYEE BENEFITS EXPENSE</b>  |                |                 |                               |                  |
| Salaries, wages and bonus  | 4.76           | 48.40           |                               |                  |
| Contribution to provident and other funds  | 0.82           | 8.34            |                               |                  |
|  | <u>5.58</u>    | <u>56.74</u>    |                               |                  |
| <b>13 FINANCE COST</b>   |                |                 |                               |                  |
| Interest on lease liabilities  | 0.08           | 0.81            |                               |                  |
|  | <u>0.08</u>    | <u>0.81</u>     |                               |                  |
| <b>14 DEPRECIATION</b>   |                |                 |                               |                  |
| Depreciation on property plant and equipment   | 0.88           | 8.95            |                               |                  |
| Amortisation on right of use asset   | 0.43           | 4.41            |                               |                  |
|  | <u>1.31</u>    | <u>13.36</u>    |                               |                  |
| <b>15 OTHER EXPENSES</b>   |                |                 |                               |                  |
| (a) Power and fuel   | 0.27           | 2.77            |                               |                  |
| (b) Rent   | 0.04           | 0.41            |                               |                  |
| (c) Repairs - plant and equipment  | 0.33           | 3.31            |                               |                  |
| (d) Insurance  | 0.31           | 3.13            |                               |                  |
| (e) Rates and taxes (excluding taxes on income)  | 0.17           | 1.74            |                               |                  |
| (f) Audit fees   | 0.02           | 0.22            |                               |                  |
| (h) Other marketing expenses   | 1.01           | 10.30           |                               |                  |
| (l) Loss on sale of fixed assets (Net)   | -              | 0.01            |                               |                  |
| (j) Miscellaneous expenses   | 2.84           | 29.03           |                               |                  |
|  | <u>4.99</u>    | <u>50.92</u>    |                               |                  |

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## 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 2022.

### 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 2022 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  
Venu Sudarshan (Appointed on 13 December 2021)  
Hari Hara Iyer Lakshmanan  
Rajesh Narasimhan

### 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 1967, except as stated below:

| Name of directors and corporation<br>in which interests are held | Number of ordinary shares of INR1 each |                |
|--|--|----------------|
|  | At beginning of year                   | At end of year |
| TVS Motor Company Limited<br>(Holding company)                   |  |                |
| 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  
Director  
Singapore,  
29<sup>th</sup> April 2022

HARI HARA IYER LAKSHMANAN  
Director

## 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 2022, 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 1967 (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 2022 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 Standards 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 statement, 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 financials 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 Requirement

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,  
29<sup>th</sup> April 2022

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

|                                     | Note | 2022<br>S\$        | 2021<br>S\$        |
|-------------------------------------|------|--------------------|--------------------|
| <b>ASSETS</b>                       |      |                    |                    |
| <b>Non-current assets:</b>          |      |                    |                    |
| Plant and equipment                 | (8)  | 12,338,607         | 14,551,484         |
| Investment in subsidiaries          | (9)  | 244,523,947        | 65,094,437         |
| Investments in associates           | (10) | 76,064,643         | 100,123,559        |
| Other investments                   | (11) | 2,643,181          | -                  |
| Other receivables                   | (12) | 4,742,124          | 4,581,063          |
| Total non-current assets            |      | 340,312,502        | 184,350,543        |
| <b>Current assets:</b>              |      |                    |                    |
| Other receivables                   | (12) | 10,427,232         | 3,546,513          |
| Loans to subsidiaries               | (13) | 19,474,850         | -                  |
| Prepayments                         | (14) | 280,693            | 279,929            |
| Bank balances                       | (15) | 6,627,809          | 2,043,879          |
| Total current assets                |      | 36,810,584         | 5,870,321          |
| <b>Total assets</b>                 |      | <b>377,123,086</b> | <b>190,220,864</b> |
| <b>EQUITY AND LIABILITIES</b>       |      |                    |                    |
| <b>Equity:</b>                      |      |                    |                    |
| Share capital                       | (16) | 396,903,850        | 200,829,458        |
| Share application money             | (17) | 3,542,785          | -                  |
| Accumulated losses                  |      | (35,252,227)       | (25,320,798)       |
| Total equity                        |      | 365,194,408        | 175,508,660        |
| <b>Non-current liability:</b>       |      |                    |                    |
| Lease liability                     | (18) | 7,594,979          | 10,693,344         |
| <b>Current liabilities:</b>         |      |                    |                    |
| Lease liability                     | (18) | 3,147,576          | 3,040,673          |
| Trade and other payables            | (19) | 1,186,123          | 978,187            |
| Total current liabilities           |      | 4,333,699          | 4,018,860          |
| Total liabilities                   |      | 11,928,678         | 14,712,204         |
| <b>Total equity and liabilities</b> |      | <b>377,123,086</b> | <b>190,220,864</b> |

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 2022

|  | Note | 2022<br>S\$        | 2021<br>S\$        |
|--|------|--------------------|--------------------|
| <b>Revenue</b>                               | (20) | 7,965,433          | 6,087,413          |
| <b>Cost of services</b>                      | (21) | (7,841,300)        | (5,939,271)        |
| <b>Gross profit</b>                          |      | 124,133            | 148,142            |
| Other income                                 | (22) | 1,582,145          | 104,950            |
| Administrative expenses                      |      | (9,386,246)        | (4,711,686)        |
| Other expense                                |      | (2,251,461)        | (32,866)           |
| <b>Loss before income tax</b>                |      | <b>(9,931,429)</b> | <b>(4,491,460)</b> |
| Income tax                                   | (23) | -                  | -                  |
| <b>Loss for the year</b>                     | (24) | <b>(9,931,429)</b> | <b>(4,491,460)</b> |
| <b>Other comprehensive income</b>            |      | <b>-</b>           | <b>-</b>           |
| <b>Total comprehensive loss for the year</b> |      | <b>(9,931,429)</b> | <b>(4,491,460)</b> |

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 2022

|                                       | Share<br>Capital<br>S\$ | Share<br>Application<br>Money<br>S\$ | Accumulated<br>Losses<br>S\$ | Total<br>S\$ |
|---------------------------------------|-------------------------|--------------------------------------|------------------------------|--------------|
| Balance as at 1 April 2020            | 118,528,579             | 46,860,000                           | (20,829,338)                 | 144,559,241  |
| Issuance of shares (Note 16)          | 82,300,879              | (46,860,000)                         | -                            | 35,440,879   |
| Total comprehensive loss for the year | -                       | -                                    | (4,491,460)                  | (4,491,460)  |
| Balance as at 31 March 2021           | 200,829,458             | -                                    | (25,320,798)                 | 175,508,660  |
| Issuance of shares (Note 16)          | 196,074,392             | -                                    | -                            | 196,074,392  |
| Share application money received      | -                       | 3,542,785                            | -                            | 3,542,785    |
| Total comprehensive loss for the year | -                       | -                                    | (9,931,429)                  | (9,931,429)  |
| Balance as at 31 March 2022           | 396,903,850             | 3,542,785                            | (35,252,227)                 | 365,194,408  |

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 2022

|   | Note | 2022<br>S\$         | 2021<br>S\$        |
|---|------|---------------------|--------------------|
| <b>Cash flow from operating activities:</b>         |      |                     |                    |
| Loss before income tax                              |      | (9,931,429)         | (4,491,460)        |
| Adjustment for: Depreciation of plant and equipment | (8)  | 2,990,816           | 2,895,378          |
| Foreign currency exchange difference                | (25) | 52,822              | (891,626)          |
| Gain on transfer of business                        | (22) | (1,152,393)         | -                  |
| Interest on lease liability                         | (25) | 371,899             | 464,316            |
| Interest income                                     | (22) | (282,819)           | (67,581)           |
| Operating loss before working capital changes       |      | (7,951,104)         | (2,090,973)        |
| Other receivables                                   |      | (6,758,961)         | (5,211,293)        |
| Prepayments   |      | (764)               | 20,470             |
| Trade and other payables                            |      | 260,329             | (514,979)          |
| <b>Net cash used in operating activities</b>        |      | <b>(14,450,500)</b> | <b>(7,796,775)</b> |

|  |      |                      |                     |
|--|------|----------------------|---------------------|
| <b>Investing activities:</b>                 |      |                      |                     |
| Investment in subsidiaries                   | (9)  | (154,270,594)        | (65,094,437)        |
| Investment in associate                      | (10) | -                    | (3,942,825)         |
| Investment in other investments              | (11) | (2,643,181)          | -                   |
| Loans to subsidiaries                        | (13) | (19,474,850)         | -                   |
| Purchase of plant and equipment              | (8)  | (777,939)            | (4,100)             |
| <b>Net cash used in investing activities</b> |      | <b>(177,166,564)</b> | <b>(69,041,362)</b> |

|   |      |                    |                   |
|---|------|--------------------|-------------------|
| <b>Financing activities:</b>                    |      |                    |                   |
| Issuance of shares                              | (16) | 196,074,392        | 35,440,879        |
| Payment of principal portion of lease liability | (25) | (3,044,284)        | (2,960,912)       |
| Payment of interest portion of lease liability  | (25) | (371,899)          | (464,316)         |
| Share application money received                | (17) | 3,542,785          | -                 |
| <b>Net cash from financing activities</b>       |      | <b>196,200,994</b> | <b>32,015,651</b> |
| Net increase/ (decrease) in bank balances       |      | 4,583,930          | (44,822,486)      |
| Bank balance at beginning of year               |      | 2,043,879          | 46,866,365        |
| <b>Bank balance at end of year</b>              | (15) | <b>6,627,809</b>   | <b>2,043,879</b>  |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

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 2022 were authorised for issue by the Board of Directors on xx<sup>th</sup> xx, 2022.

### 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. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 Impairment of Assets.

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 2021. 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.

##### 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 date<br>(annual periods)<br>beginning on or after |
|-----------|---|---|
| FRS 16    | Amendments to FRS 16: Property, Plant and Equipment Proceeds before Intended Use  | 01-Jan-22   |
| FRS 37    | Amendments to FRS 37: Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts Cost of Fulfilling a Contract | 01-Jan-22   |
| Various   | Annual Improvements to FRSs 2018-2020   | 01-Jan-22   |

|         |   |           |
|---------|---|-----------|
| Various | Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies                                       | 01-Jan-23 |
| FRS 1   | Amendments to FRS 1: Presentation of Financial Statements Classification of Liabilities as Current or Non-current         | 01-Jan-23 |
| FRS 8   | Amendments to FRS 8: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates | 01-Jan-23 |

The directors 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. Nonmonetary 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. Subsidiary

Subsidiaries are entities controlled by the company. The company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investment, the difference between the net disposal proceed and their carrying amounts is included in profit or loss.

These financial statements are the separate financial statements of the company.

The company is exempted from the requirement to prepare consolidated financial statements as the company itself is the wholly owned subsidiary of another entity, which produces the consolidated financial statements which are available for public use.

#### 2.5. 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.

#### 2.6. 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:

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

|                              | Years |
|------------------------------|-------|
| Office equipment             | 3     |
| Vehicle                      | 5     |
| 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.

### 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.

## 2.7. 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.

## 2.8. 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.

## 2.9. Leases

### As a lessee

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### 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.

## 2.10. 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).

## 2.11. Other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## 2.12. 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.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

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.

### 2.13. 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.

### 2.14. 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.

### 2.15. 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.

### 2.16. 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.

### 2.17. 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, at amortised cost and fair value through other comprehensive income (OCI).

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.



## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### Financial assets 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
- 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 recognise 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 recognise 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 drawn 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 effective 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

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.

### 4.1. Critical Accounting Judgements

#### Determination of functional currency

In determining the functional currency 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 investment in subsidiary, investments in associates and other investments

The company follows the guidance of FRS 36 in determining the recoverability of its investment in subsidiary, investments in associate and other investments. The company determines the recoverable amount of the subsidiaries based on the subsidiaries' net assets values at the end of the reporting period as in the opinion of the management, the net assets values of these subsidiaries reasonably approximate the fair values less costs to sell.

The carrying amounts of investment in subsidiary, investments in associate and other investments are disclosed in Note 9, Note 10 and Note 11 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### 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.

## 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:

|   | 2022       | 2021       |
|---|------------|------------|
|   | S\$        | S\$        |
| <b>Financial asset</b>                            |            |            |
| At amortised cost:                                |            |            |
| - Other receivables                               | 15,169,356 | 8,127,576  |
| - Loans to subsidiaries                           | 19,474,850 | -          |
| - Bank balances                                   | 6,627,809  | 2,043,879  |
| At fair value through other comprehensive income: |            |            |
| - Other investments                               | 2,643,181  | -          |
|   | 43,915,196 | 10,171,455 |
| <b>Financial liabilities</b>                      |            |            |
| At amortised cost:                                |            |            |
| - Trade and other payables                        | 1,186,123  | 978,187    |
| - Lease liability                                 | 10,742,555 | 13,734,017 |
|   | 11,928,678 | 14,712,204 |

### 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.

The company is exposed to credit risk, foreign currency exchange rate risk and liquidity risk. The company is not significantly exposed to interest rate risk.

There has been no change to the company's exposure to these financial risks or the manner in which it manages measures the risk.

#### a) Credit risk

Credit risk refers to risk that a counter party 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.

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### 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 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 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:

|                            | 2022<br>CHF       | 2021<br>CHF | 2022<br>US\$      | 2021<br>US\$       |
|----------------------------|-------------------|-------------|-------------------|--------------------|
| <b>In Singapore dollar</b> |                   |             |                   |                    |
| Financial assets           |                   |             |                   |                    |
| Other investments          | -                 | -           | 2,643,181         | -                  |
| Other receivables          | 188,159           | -           | 8,957,765         | 4,964,463          |
| Loans to subsidiaries      | 19,474,850        | -           | -                 | -                  |
| Bank balances              | -                 | -           | 4,978,696         | 2,012,298          |
|                            | <u>19,663,009</u> | <u>-</u>    | <u>16,579,642</u> | <u>6,976,761</u>   |
| Financial liabilities      |                   |             |                   |                    |
| Lease liability            | -                 | -           | 10,742,555        | 13,734,017         |
| Other payables             | -                 | -           | 569,298           | 234,413            |
|                            | <u>-</u>          | <u>-</u>    | <u>11,311,853</u> | <u>13,968,430</u>  |
| Net exposure               | <u>19,663,009</u> | <u>-</u>    | <u>5,267,789</u>  | <u>(6,991,669)</u> |

### 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:

|             | 2022<br>S\$ | 2021<br>S\$ |
|-------------|-------------|-------------|
| CHF impact  | (1,966,301) | -           |
| US\$ impact | (526,779)   | 699,197     |

A 10% weakening of Singapore dollar against the above currencies 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.

### Contractual undiscounted cash flows

| 2022                          | Effective interest rate<br>(%) | Carrying amount<br>S\$ | Less than a year<br>S\$ | Within 2 to 5 years<br>S\$ | Later than 5 years<br>S\$ | Total<br>S\$      |
|-------------------------------|--------------------------------|------------------------|-------------------------|----------------------------|---------------------------|-------------------|
| <b>Financial liabilities:</b> |                                |                        |                         |                            |                           |                   |
| Lease liability               | 3%                             | 10,742,555             | 3,426,809               | 7,915,765                  | -                         | 11,342,574        |
| Trade and other payables      | -                              | 1,186,123              | 1,186,123               | -                          | -                         | 1,186,123         |
|                               |                                | <u>11,928,678</u>      | <u>4,612,932</u>        | <u>7,915,765</u>           | <u>-</u>                  | <u>12,528,697</u> |

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### Contractual undiscounted cash flows

| 2021                          | Effective interest rate (%) | Carrying amount | Less than a year | Within 2 to 5 years | Later than 5 years | Total      |
|-------------------------------|-----------------------------|-----------------|------------------|---------------------|--------------------|------------|
|                               |                             | S\$             | S\$              | S\$                 | S\$                | S\$        |
| <b>Financial liabilities:</b> |                             |                 |                  |                     |                    |            |
| Lease liability               | 3%                          | 13,734,017      | 3,411,110        | 11,290,614          | -                  | 14,701,724 |
| Other payables                | -                           | 978,187         | 978,187          | -                   | -                  | 978,187    |
|                               |                             | 14,712,204      | 4,389,297        | 11,290,614          | -                  | 15,679,911 |

### 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 12 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:

#### iii) Assets measured at fair value

| Financial Assets                                 | Assets 2022<br>S\$ | Fair Value<br>Hierarchy | Valuation Technique and Key<br>Impact   | Significant<br>unobservable input   | Relationship of unobservable<br>inputs to fair value   |
|--|--------------------|-------------------------|---|---|--|
| At fair value through other comprehensive income |                    |                         |   |   |  |
| Other investments - Equity securities (unquoted) | 4,742,124          | 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 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.

|                          | 2022        | 2021        |
|--------------------------|-------------|-------------|
|                          | S\$         | S\$         |
| Trade and other payables | 1,186,123   | 978,187     |
| Lease liability          | 10,742,555  | 13,734,017  |
| Less: Bank balances      | (6,627,809) | (2,043,879) |
| Net debt                 | 5,300,869   | 12,668,325  |
| Total equity             | 365,194,408 | 175,508,660 |
| Total capital            | 370,495,277 | 188,176,985 |
| Gearing ratio            | 1.4%        | 6.7%        |

The company is not subject to externally imposed capital requirements.

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 2022, 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.

### 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.

### 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.

#### (a) Significant related parties' transactions:

|  | 2022        | 2021      |
|--|-------------|-----------|
|  | S\$         | S\$       |
| Service income                               | 7,965,433   | 6,067,413 |
| Gain on transfer of business                 | 1,152,393   | -         |
| Rental expense                               | (60,000)    | (129,258) |
| Recovery of professional and consultancy fee | (1,791,109) | -         |

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### (b) Key management personnel compensation:

|   | 2022    | 2021    |
|---|---------|---------|
|   | S\$     | S\$     |
| Salaries, bonus and allowances                    | 412,410 | 128,488 |
| Employer's contribution to Central Provident Fund | 7,800   | 780     |

### 8. PLANT AND EQUIPMENT

|                                 | Office equipment | Office artwork | Vehicle           | Total             |
|---------------------------------|------------------|----------------|-------------------|-------------------|
|                                 | S\$              | S\$            | S\$               | S\$               |
| <b>Cost</b>                     |                  |                |                   |                   |
| At 01.04.2020                   | 21,139           | 120,060        | 19,867,150        | 20,008,349        |
| Additions                       | 4,100            | -              | 374,875           | 378,975           |
| At 31.03.2021                   | 25,239           | 120,060        | 20,242,025        | 20,387,324        |
| Additions                       | -                | -              | 777,939           | 777,939           |
| <b>At 31.03.2022</b>            | <b>25,239</b>    | <b>120,060</b> | <b>21,019,964</b> | <b>21,165,263</b> |
| <b>Accumulated depreciation</b> |                  |                |                   |                   |
| At 01.04.2020                   | 14,093           | -              | 2,926,369         | 2,940,462         |
| Charged for the year            | 8,413            | -              | 2,886,965         | 2,895,378         |
| At 31.03.2021                   | 22,506           | -              | 5,813,334         | 5,835,840         |
| Charged for the year            | 1,367            | -              | 2,989,449         | 2,990,816         |
| At 31.03.2022                   | 23,873           | -              | 8,802,783         | 8,826,656         |
| <b>Carrying amount</b>          |                  |                |                   |                   |
| At 31.03.2021                   | 2,733            | 120,060        | 14,428,691        | 14,551,484        |
| <b>At 31.03.2022</b>            | <b>1,366</b>     | <b>120,060</b> | <b>12,217,181</b> | <b>12,338,607</b> |

The company leases an aircraft for business use. The lease has a total tenure of 84 months and the remaining lease term as at 31 March 2022 is 48 months (2021: 60 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. INVESTMENT IN SUBSIDIARIES

|                                 | 2022        | 2021       |
|---------------------------------|-------------|------------|
|                                 | S\$         | S\$        |
| Unquoted equity shares at cost: |             |            |
| At beginning of the year        | 65,094,437  | -          |
| Additions                       | 179,429,510 | 65,094,437 |
| At end of the year              | 244,523,947 | 65,094,437 |

Details of the subsidiary are as follows:

| Name of subsidiary / Country of incorporation       | Principal activity   | Proportion of ownership Interest |      |
|---|--|----------------------------------|------|
|   |  | 2021                             | 2020 |
| The Norton Motorcycle Co. Limited<br>United Kingdom | Manufacturing and selling of Norton Brand motorcycles and trading of vehicle spares & accessories                                      | 100%                             | 100% |
| TVS Digital Pte. Ltd.<br>Singapore                  | Providing information technology and computer service activities and acting as other holding companies                                 | 100%                             | -    |
| The GO AG<br>Switzerland                            | Providing smart connected mobility solutions through a pipeline of e-bikes, e-cargo bikes, and e-scooters combining innovative designs | 80%                              | -    |
| Swiss E-Mobility Group (Holding) AG<br>Switzerland  | Trading of e-bikes and spare parts   | 75%                              | -    |

During the financial year,

- 1) The company subscribed to and was allotted 1,100,000 ordinary shares in TVS Digital Pte. Ltd. for a total consideration of S\$1,100,000 as the consideration shares for a business transfer agreement with TVS Digital Pte. Ltd.
- 2) the company subscribed to and was allotted 24,058,917 ordinary shares in TVS Digital Pte. Ltd. for a total consideration of 24,058,917 by way of selling the following investments to TVS Digital Pte. Ltd.:
  - i) 3,007,800 shares in Tagbox Pte. Ltd., Singapore
  - ii) 4,662,025 shares in Altizon Inc, USA.
  - iii) 4,361,901 shares in Predictronic Corp, USA.
  - iv) 12,027,191 shares in Scienaptic Systems Inc, USA

One set consolidated financial statements of the company and its subsidiary are not prepared as the company itself is a wholly owned subsidiary of another corporation. The holding company, TVS Motor Company Ltd prepares consolidated financial statements which are available for public use.

At the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiary. The recoverable amount of the relevant investment in subsidiary has been determined on the basis of its net assets value at the end of the reporting period as in the opinion of the management of the company, the net assets values of the subsidiary reasonably approximate the fair values less costs to sell.

### 10. INVESTMENTS IN ASSOCIATES

|                                 | 2022         | 2021        |
|---------------------------------|--------------|-------------|
|                                 | S\$          | S\$         |
| Unquoted equity shares at cost: |              |             |
| At beginning of the year        | 100,123,559  | 83,434,344  |
| Additions                       | -            | 16,689,215  |
| Disposal                        | (24,058,916) | -           |
| At end of the year              | 76,064,643   | 100,123,559 |

Details of the associates are as follows:

| Name of associate/ Country of incorporation         | Principal activity  | Proportion of ownership Interest |       |
|---|---|----------------------------------|-------|
|   |   | 2022                             | 2021  |
| PT. TVS Motor Company<br>Indonesia                  | Manufacturers of motorcycles, motorcycles spare parts and accessories   | 31.7%                            | 31.7% |
| Tagbox Pte Ltd<br>Singapore                         | Providing Internet of Things (IoT) based solutions for sensing, monitoring and analysis across supply chain activities  | -                                | 24.3% |
| Predictronic Corp.<br>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% |
| Altizon Inc.<br>United States of America            | Empowering Industrial Digital Revolutions globally by digitizing legacy factories and helping enterprises use machine data to drive business decisions  | -                                | 20%   |
| Scienaptic Systems Inc.<br>United States of America | A leading AI-powered credit underwriting decisioning platform company   | -                                | 21.7% |

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.

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### 11. OTHER INVESTMENTS

|   | 2022      | 2021 |
|---|-----------|------|
|   | S\$       | S\$  |
| Equity instruments                                |           |      |
| At fair value through other comprehensive income: |           |      |
| Unquoted equity investments                       | 2,643,181 | -    |

The above investment offers 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 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 |      |
|--------------------|--------------------------|----------------------------------|------|
|                    |                          | 2022                             | 2021 |
| Mottu Holdings Ltd | United States of America | 0.63%                            | -    |

Other investments are denominated in United States dollar.

### 12. OTHER RECEIVABLES

|                                     | 2022       | 2021      |
|-------------------------------------|------------|-----------|
|                                     | S\$        | S\$       |
| <b>Non-current</b>                  |            |           |
| Long-term deposit                   | 4,742,124  | 4,581,063 |
| <b>Current</b>                      |            |           |
| Amount due from subsidiary (Note 9) | 2,202,129  | 2,202,129 |
| Amount due from a related party     | 1,345,838  | 747,731   |
| Interest receivables                | 143,306    | -         |
| Other receivables third parties     | 2,517,065  | -         |
| Refundable deposits                 | 386,653    | 596,653   |
| Share application money paid        | 3,832,241  | -         |
|                                     | 10,427,232 | 3,546,513 |
| Total other receivables             | 15,169,356 | 8,127,576 |

Long-term deposit of US\$3,950,000 (2021: US\$3,950,000) 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 subsidiary and a related party are unsecured, interest free and repayable on demand.

Other receivables are denominated in the following currencies:

|                      | 2022       | 2021      |
|----------------------|------------|-----------|
|                      | S\$        | S\$       |
| British pound        | 2,472,212  | -         |
| Singapore dollar     | 3,551,220  | 3,163,113 |
| Swiss franc          | 188,159    | -         |
| United States dollar | 8,957,765  | 4,964,463 |
|                      | 15,169,356 | 8,127,576 |

### 13. LOANS TO SUBSIDIARIES

|                                | 2022       | 2021 |
|--------------------------------|------------|------|
|                                | S\$        | S\$  |
| Loans to subsidiaries (Note 9) | 19,474,850 | -    |

Loans to subsidiaries are interest bearing at 3.25% per annum, unsecured and repayable within 12 months from the reporting period.

Loans to subsidiaries are denominated in Swiss franc.

### 14. PREPAYMENTS

|             | 2022    | 2021    |
|-------------|---------|---------|
|             | S\$     | S\$     |
| Prepayments | 280,693 | 279,929 |

### 15. BANK BALANCES

|  | 2022      | 2021      |
|--|-----------|-----------|
|  | S\$       | S\$       |
| Cash at bank   | 6,627,809 | 2,043,879 |
| Bank balances are denominated in the following currencies: |           |           |
| Singapore dollar   | 1,649,113 | 31,581    |
| United States dollar                                       | 4,978,696 | 2,012,298 |
|  | 6,627,809 | 2,043,879 |

### 16. SHARE CAPITAL

|                          | 2022                      | 2021        | 2022        | 2021        |
|--------------------------|---------------------------|-------------|-------------|-------------|
|                          | Number of ordinary shares |             | S\$         | S\$         |
| Issued and paid up:      |                           |             |             |             |
| At beginning of the year | 200,829,458               | 118,528,579 | 200,829,458 | 118,528,579 |
| Issued during the year   | 196,074,392               | 82,300,879  | 196,074,392 | 82,300,879  |
| At the end of the year   | 396,903,850               | 200,829,458 | 396,903,850 | 200,829,458 |

The company issued 196,074,392 (2021: 82,300,879) ordinary shares in the capital of the company for a consideration of S\$196,074,392 (2021: S\$82,300,879).

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.

### 17. SHARE APPLICATION MONEY

The share application money is advance receipt for application for shares in the company.

### 18. LEASE LIABILITY

|                              | 2022       | 2021       |
|------------------------------|------------|------------|
|                              | S\$        | S\$        |
| <b>Maturity analysis:</b>    |            |            |
| Within one year              | 3,426,809  | 3,411,110  |
| Within two to five years     | 7,915,765  | 11,290,614 |
|                              | 11,342,574 | 14,701,724 |
| Less: future finance charges | (600,019)  | (967,707)  |
|                              | 10,742,555 | 13,734,017 |
| <b>Analysed as:</b>          |            |            |
| Current                      | 3,147,576  | 3,040,673  |
| Non-current                  | 7,594,979  | 10,693,344 |
|                              | 10,742,555 | 13,734,017 |

The company leases a vehicle for its business use (Note 8). The effective borrowing rate is 3% (2021: 3%) per annum.

Lease liability is denominated in United States dollar.

### 19. TRADE AND OTHER PAYABLES

|                                     | 2022      | 2021    |
|-------------------------------------|-----------|---------|
|                                     | S\$       | S\$     |
| Trade payable - third party         | 280,383   | -       |
| Other payables - third parties      | -         | 69,349  |
| Amount due to a subsidiary (Note 9) | 18,234    | -       |
| Accrued expenses                    | 887,506   | 908,838 |
|                                     | 1,186,123 | 978,187 |

Trade payables are unsecured, non-interest bearing and they are normally settled on 30 day's term.

Amount due to a subsidiary is unsecured, interest free and repayable on demand.

Trade and other payables are denominated in the following currencies:

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

|                     | 2022             | 2021           |
|---------------------|------------------|----------------|
|                     | S\$              | S\$            |
| British pound       | 500,875          | 69,349         |
| Euro                | 86,650           | -              |
| Singapore dollar    | 29,300           | 674,425        |
| United State dollar | 569,298          | 234,413        |
|                     | <u>1,186,123</u> | <u>978,187</u> |

### 20. REVENUE

|                                       | 2022             | 2021             |
|---------------------------------------|------------------|------------------|
|                                       | S\$              | S\$              |
| Passenger service income              | 7,965,433        | 6,087,413        |
| Timing of transfer of good or service |                  |                  |
| Over time                             | <u>7,965,433</u> | <u>6,087,413</u> |

### 21. COST OF SERVICES

|  | 2022             | 2021             |
|--|------------------|------------------|
|  | S\$              | S\$              |
| Aircraft operation and maintenance charges | 4,452,970        | 2,514,412        |
| Depreciation of plant and equipment        | 2,950,552        | 2,886,965        |
| Interest on lease liability                | 371,899          | 464,316          |
| Withholding tax                            | 65,879           | 73,578           |
|  | <u>7,841,300</u> | <u>5,939,271</u> |

### 22. OTHER INCOME

|                              | 2022             | 2021           |
|------------------------------|------------------|----------------|
|                              | S\$              | S\$            |
| Gain on transfer of business | 1,152,393        | -              |
| Interest income              | 282,819          | 67,581         |
| Jobs Support Scheme          | 7,823            | 23,369         |
| Jobs Growth Incentive        | 118,568          | 14,000         |
| Wage Credit Scheme           | 652              | -              |
| Others                       | 19,890           | -              |
|                              | <u>1,582,145</u> | <u>104,950</u> |

The company received wage support for local employees under the Jobs Support Scheme ("JSS") and under the Jobs Growth Incentive ("JGI") from the Singapore Government as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19.

### 23. INCOME TAX

The income tax benefit varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2021: 17%) to loss before income tax as a result of the following differences:

|   | 2022             | 2021           |
|---|------------------|----------------|
|   | S\$              | S\$            |
| Loss before income tax                                  | (9,931,429)      | (4,491,460)    |
| Income tax benefit at statutory rate of 17% (2021: 17%) | (1,688,343)      | (763,548)      |
| Income tax effect of:                                   |                  |                |
| - non-taxable items                                     | (228,841)        | (161,698)      |
| - tax losses carried forward                            | <u>1,917,184</u> | <u>925,246</u> |
|   | <u>-</u>         | <u>-</u>       |

### 24. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

|   | 2022          | 2021          |
|---|---------------|---------------|
|   | S\$           | S\$           |
| Aircraft operation and maintenance charges                            | 4,452,970     | 2,514,412     |
| Depreciation of plant and equipment                                   | 2,990,816     | 2,895,378     |
| Donations   | 400,000       | -             |
| Foreign currency exchange loss  | 2,210,997     | 24,453        |
| Insurance   | 474,169       | -             |
| Office rental   | 60,000        | 129,258       |
| Professional and consultancy fees                                     | 7,119,609     | 2,052,878     |
| Software development expense  | 99,783        | 97,789        |
| Short-term employee's benefits  | 1,013,955     | 2,114,080     |
| Cost of defined benefits plans included in employee benefits expenses | <u>58,719</u> | <u>40,001</u> |

### 25. 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.

|  | 2022              | 2021              |
|--|-------------------|-------------------|
|  | S\$               | S\$               |
| <b>Lease liability (Note 18)</b>         |                   |                   |
| At beginning of the year                 | 13,734,017        | 17,586,555        |
| Financing cash flows:                    |                   |                   |
| - Principal portion of lease liabilities | (3,044,284)       | (2,960,912)       |
| - Interest portion of lease liabilities  | (371,899)         | (464,316)         |
| Non-cash transactions:                   |                   |                   |
| - Foreign currency exchange loss/ (gain) | 52,822            | (891,626)         |
| - Interest expense                       | 371,899           | 464,316           |
| At the end of year                       | <u>10,742,555</u> | <u>13,734,017</u> |

### 26. 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.

# TVS MOTOR (SINGAPORE) PTE. LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH 2022

|  | 2022<br>S\$        | 2021<br>S\$        |
|--|--------------------|--------------------|
| <b>Revenue</b>                             |                    |                    |
| Service income                             | 7,965,433          | 6,087,413          |
| <b>Cost of services</b>                    |                    |                    |
| Aircraft operation and maintenance charges | 4,452,970          | 2,514,412          |
| Depreciation                               | 2,950,552          | 2,886,965          |
| Interest on lease liability                | 371,899            | 464,316            |
| Withholding tax                            | 65,879             | 73,578             |
|  | <u>7,841,300</u>   | <u>5,939,271</u>   |
| <b>Gross profit</b>                        | <b>124,133</b>     | <b>148,142</b>     |
| <b>Other income</b>                        |                    |                    |
| Gain on transfer of business               | 1,152,393          | -                  |
| Interest income                            | 282,819            | 67,581             |
| Jobs Support Scheme                        | 7,823              | 23,369             |
| Jobs Growth Incentive                      | 118,568            | 14,000             |
| Wage Credit Scheme                         | 652                | -                  |
| Others                                     | 19,890             | -                  |
|  | <u>1,582,145</u>   | <u>104,950</u>     |
| Total income                               | <u>1,706,278</u>   | <u>253,092</u>     |
| <b>Less: expenses</b>                      |                    |                    |
| - Schedule 'A'                             | (11,637,707)       | (4,744,552)        |
| <b>Loss before income tax</b>              | <b>(9,931,429)</b> | <b>(4,491,460)</b> |

This schedule does not form part of the statutory audited financial statements.

### Schedule 'A'

### EXPENSES FOR THE YEAR ENDED 31 MARCH 2022

|                                  | 2021<br>S\$       | 2020<br>S\$      |
|----------------------------------|-------------------|------------------|
| <b>Administrative expenses</b>   |                   |                  |
| Auditors' remuneration           | 24,000            | 16,000           |
| Bank charges                     | 16,683            | 14,635           |
| Book keeping fee                 | 9,600             | 9,600            |
| Cloud services cost              | 18,437            | -                |
| CPF contribution                 | 58,719            | 40,001           |
| Donation                         | 400,000           | 36,100           |
| Entertainment                    | -                 | 121              |
| Escrow charges                   | 7,375             | -                |
| Insurance expense                | 474,169           | 14,535           |
| Legal and professional fee       | 99,648            | 177,616          |
| Medical expense                  | -                 | 6,634            |
| Office expense                   | 32,534            | 36,082           |
| Office rental                    | 60,000            | 129,258          |
| Other interest                   | 460               | 130              |
| Printing and stationery          | 100               | 100              |
| Professional and consultancy fee | 7,119,609         | 2,052,878        |
| Salary, bonus and allowance      | 953,236           | 2,067,445        |
| Secretarial fee                  | 1,509             | 4,526            |
| Skill development levy           | 360               | 411              |
| Software development expense     | 99,783            | 97,789           |
| Staff welfare                    | 2,000             | -                |
| Subscription and membership fee  | 856               | 1,132            |
| Telecommunication expense        | -                 | 5,487            |
| Transport charges                | -                 | 1,206            |
| Vehicle expense                  | 7,168             | -                |
| <b>Other expense</b>             |                   |                  |
| Depreciation                     | 40,264            | 8,413            |
| Fine and penalty                 | 200               | -                |
| Foreign currency exchange loss   | 2,210,997         | 24,453           |
|                                  | <u>11,637,707</u> | <u>4,744,552</u> |

This schedule does not form part of the statutory audited financial statements.



**RE-STATED ACCOUNTS OF**  
TVS MOTOR (SINGAPORE) PTE. LIMITED

## TVS MOTOR (SINGAPORE) PTE. LIMITED

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2022

|  | Notes | SGD in Mn.    | Rupees in crores |
|--|-------|---------------|------------------|
| <b>ASSETS</b>  |       |               |                  |
| <b>Non-current assets</b>                                |       |               |                  |
| Property, plant and equipment                            | 1     | 12.34         | 69.06            |
| Non-current investments                                  | 2     | 323.23        | 1,616.20         |
| Financial assets - others                                | 3     | 3.83          | 29.50            |
| Other non current assets                                 | 4     | 4.74          | 26.54            |
|  |       | <u>344.14</u> | <u>1,741.30</u>  |
| <b>Current assets</b>                                    |       |               |                  |
| Financial assets   |       |               |                  |
| Trade receivables  | 6     | 3.55          | 19.86            |
| Cash and cash equivalents                                | 7     | 6.63          | 37.10            |
| Other Financial assets                                   | 8     | 19.61         | 109.80           |
| Other current assets                                     | 9     | 3.19          | 17.82            |
|  |       | <u>32.98</u>  | <u>184.58</u>    |
| Total Assets   |       | <u>377.12</u> | <u>1,925.88</u>  |
| <b>EQUITY AND LIABILITIES</b>                            |       |               |                  |
| <b>Equity</b>  |       |               |                  |
| Equity share capital                                     | 10    | 396.90        | 2,005.63         |
| Other equity   | 11    | (35.25)       | (166.69)         |
|  |       | <u>361.65</u> | <u>1,838.94</u>  |
| Share application money pending allotment                |       | 3.54          | 20.17            |
| <b>Liabilities</b>                                       |       |               |                  |
| <b>Non-Current liabilities</b>                           |       |               |                  |
| Financial liabilities                                    |       |               |                  |
| Lease liability  |       | 7.59          | 42.51            |
|  |       | <u>7.59</u>   | <u>42.51</u>     |
| <b>Current liabilities</b>                               |       |               |                  |
| Financial liabilities                                    |       |               |                  |
| (i) Lease liability                                      |       | 3.15          | 17.62            |
| (ii) Trade payables                                      | 12    |               |                  |
| a. Total outstanding dues of micro and small enterprises |       | -             | -                |
| b. Total outstanding dues of other than (ii) (a) above   |       | 1.19          | 6.64             |
|  |       | <u>4.34</u>   | <u>24.26</u>     |
| Total liabilities  |       | <u>11.93</u>  | <u>66.77</u>     |
| Total equity and liabilities                             |       | <u>377.12</u> | <u>1,925.88</u>  |

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

|  | Notes | SGD in Mn.    | Rupees in crores |
|--|-------|---------------|------------------|
| I Revenue from operations                                  | 13    | 8.10          | 44.70            |
| II Other income  | 14    | 1.45          | 8.04             |
| III Total Income (I + II)                                  |       | <u>9.55</u>   | <u>52.74</u>     |
| IV Expenses:   |       |               |                  |
| Employee benefits expense                                  | 15    | 1.01          | 5.60             |
| Finance costs  | 16    | 0.37          | 2.05             |
| Depreciation and amortisation expense                      | 17    | 2.99          | 16.52            |
| Other expenses   | 18    | 15.11         | 83.42            |
|  |       | <u>19.48</u>  | <u>107.59</u>    |
| V Profit before exceptional items (III - IV)               |       | (9.93)        | (54.85)          |
| VI Exceptional items                                       |       | -             | -                |
| VII Profit before tax (V+ VI)                              |       | <u>(9.93)</u> | <u>(54.85)</u>   |
| VIII Tax expense   |       |               |                  |
| i) Current tax   |       | -             | -                |
| ii) Deferred tax   |       | -             | -                |
| IX Profit for the year (VII - VIII)                        |       | <u>(9.93)</u> | <u>(54.85)</u>   |
| 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                   |       | -             | 19.83            |
|  |       | <u>-</u>      | <u>19.83</u>     |
| XI Total Comprehensive Income (IX + X)                     |       | <u>(9.93)</u> | <u>(35.02)</u>   |
| XII Earnings per equity share (Face value of SGD 1/- each) |       |               |                  |
| Basic & Diluted earnings per share (in SGD / in rupees)    |       | (0.03)        | (1.38)           |

## TVS MOTOR (SINGAPORE) PTE. LIMITED

### Notes on Accounts

#### 1 Property, Plant & Equipment

SGD in Mn.

| Description                           | Office equipment | Furniture and fixtures | Vehicle | Right of use asset | Total |
|---------------------------------------|------------------|------------------------|---------|--------------------|-------|
|                                       | 1                | 2                      | 3       | 4                  | 5     |
| Cost of assets                        |                  |                        |         |                    |       |
| Gross carrying value as at 01-04-2021 | 0.02             | 0.12                   | 0.77    | 19.47              | 20.38 |
| Additions                             | -                |                        | 0.78    |                    | 0.78  |
| Sub-total                             | 0.02             | 0.12                   | 1.55    | 19.47              | 21.16 |
| Sales / deletion                      | -                | -                      | -       |                    | -     |
| Total                                 | 0.02             | 0.12                   | 1.55    | 19.47              | 21.16 |
| Depreciation / Amortisation           |                  |                        |         |                    |       |
| Upto 31-03-2021                       | 0.02             | -                      | 0.07    | 5.74               | 5.83  |
| For the year                          | -                | -                      | 0.04    | 2.95               | 2.99  |
| Sub-total                             | 0.02             | -                      | 0.11    | 8.69               | 8.82  |
| Withdrawn on assets sold / deleted    | -                | -                      | -       |                    | -     |
| Total                                 | 0.02             | -                      | 0.11    | 8.69               | 8.82  |
| Carrying value                        |                  |                        |         |                    |       |
| As at 31-03-2022                      | -                | 0.12                   | 1.44    | 10.78              | 12.34 |

#### 1 Property, Plant & Equipment

Rupees in crores

| Description                                     | Office equipment | Vehicles | Furniture and fixtures | Right of use asset | Total  |
|---|------------------|----------|------------------------|--------------------|--------|
|   | 1                | 2        | 3                      | 4                  | 5      |
| Cost of assets                                  |                  |          |                        |                    |        |
| Gross carrying value as at 01-04-2021           | 0.14             | 4.18     | 0.65                   | 108.94             | 113.91 |
| Additions                                       |                  | 4.35     | -                      | -                  | 4.35   |
| Foreign Currency translation reserve difference | -                | 0.13     | 0.02                   | 0.05               | 0.20   |
| Sub-total                                       | 0.14             | 8.66     | 0.67                   | 108.99             | 118.46 |
| Sales / deletion                                | -                | -        | -                      | -                  | -      |
| Total   | 0.14             | 8.66     | 0.67                   | 108.99             | 118.46 |
| Depreciation / Amortisation                     |                  |          |                        |                    |        |
| Upto 31-03-2021                                 | 0.12             | 0.40     | -                      | 32.34              | 32.86  |
| For the year                                    | 0.01             | 0.21     | -                      | 16.30              | 16.52  |
| Foreign Currency translation reserve difference | -                | 0.01     | -                      | 0.01               | 0.02   |
| Sub-total                                       | 0.13             | 0.62     | -                      | 48.65              | 49.40  |
| Withdrawn on assets sold / deleted              | -                | -        | -                      | -                  | -      |
| Total   | 0.13             | 0.62     | -                      | 48.65              | 49.40  |
| Carrying value                                  |                  |          |                        |                    |        |
| As at 31-03-2022                                | 0.01             | 8.04     | 0.67                   | 60.34              | 69.06  |

## Notes on accounts - (continued)

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## **Independent Auditors' report to the Member of TVS Digital Pte. Ltd.**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of TVS DIGITAL PTE. LTD. which comprise the statement of financial position as at 31 March 2022, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 23 April 2021 (date of incorporation) to 31 March 2022, 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 1967 (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 2022 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 statement, 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.

#### **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 Requirement**

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,  
29<sup>th</sup> April 2022

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

|                                     | Note | 2022<br>S\$       |
|-------------------------------------|------|-------------------|
| <b>ASSETS</b>                       |      |                   |
| <b>Non-current assets:</b>          |      |                   |
| Plant and equipment                 | (8)  | 225,875           |
| Intangible assets                   | (9)  | 1,160,674         |
| Investments in associates           | (10) | 24,058,918        |
| Total non-current assets            |      | 25,445,467        |
| <b>Current assets:</b>              |      |                   |
| Trade and other receivables         | (11) | 25,756            |
| Bank balances                       | (12) | 745,009           |
| Total current assets                |      | 770,765           |
| <b>Total assets</b>                 |      | <b>26,216,232</b> |
| <b>EQUITY AND LIABILITIES</b>       |      |                   |
| Equity: Share capital               | (13) | 25,158,918        |
| Share application money             | (14) | 3,832,241         |
| Accumulated loss                    |      | (5,271,060)       |
| <b>Total equity</b>                 |      | <b>23,720,099</b> |
| <b>Current liabilities:</b>         |      |                   |
| Other payables                      | (15) | 2,496,133         |
| Total current liabilities           |      | 2,496,133         |
| <b>Total liabilities</b>            |      | <b>2,496,133</b>  |
| <b>Total equity and liabilities</b> |      | <b>26,216,232</b> |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD FROM 23 APRIL 2021  
(DATE OF INCORPORATION) TO 31 MARCH 2022**

|                                       | Note | 23 Apr 2021 To<br>31 Mar 2022<br>S\$ |
|---------------------------------------|------|--------------------------------------|
| Revenue                               | (16) | 68,788                               |
| Cost of services                      |      | (161,570)                            |
| Gross loss                            |      | (92,782)                             |
| Administrative expenses               |      | (5,174,394)                          |
| Other expenses                        |      | (3,884)                              |
| Loss before income tax                |      | (5,271,060)                          |
| Income tax expense                    | (17) | -                                    |
| Loss for the year                     | (18) | (5,271,060)                          |
| Other comprehensive income            |      | -                                    |
| Total comprehensive loss for the year |      | (5,271,060)                          |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 23 APRIL 2021  
(DATE OF INCORPORATION) TO 31 MARCH 2022**

|   | Share<br>Capital<br>S\$ | Share<br>Application<br>Money<br>S\$ | Accumulated<br>Losses<br>S\$ | Total<br>S\$ |
|---|-------------------------|--------------------------------------|------------------------------|--------------|
| Balance as at date of<br>incorporation, 23 April 2021 | 1                       | -                                    | -                            | 1            |
| Issuance of shares (Note 13)                          | 25,158,917              | -                                    | -                            | 25,158,917   |
| Share application money<br>received                   | -                       | 3,832,241                            | -                            | 3,832,241    |
| Total comprehensive loss for<br>the year              | -                       | -                                    | (5,271,060)                  | (5,271,060)  |
| Balance as at 31 March 2022                           | 25,158,918              | 3,832,241                            | (5,271,060)                  | 23,720,099   |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

**STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD FROM 23 APRIL 2021  
(DATE OF INCORPORATION) TO 31 MARCH 2022**

|   | Note | 23 Apr 2021 To<br>31 Mar 2022<br>S\$ |
|---|------|--------------------------------------|
| <b>Cash flows from operating activities</b>         |      |                                      |
| Loss before income tax                              |      | (5,271,060)                          |
| Adjustment for:                                     |      |                                      |
| Amortisation of intangible assets                   | (9)  | 161,570                              |
| Depreciation of plant and equipment                 | (8)  | 3,615                                |
| Operating loss before working capital changes       |      | (5,105,875)                          |
| Trade and other receivables                         |      | (25,756)                             |
| Other payables                                      |      | 2,443,740                            |
| <b>Net cash used in operating activities</b>        |      | <b>(2,687,891)</b>                   |
| <b>Investing activities:</b>                        |      |                                      |
| Purchase of plant and equipment                     |      | (217,097)                            |
| Purchase of intangible assets                       |      | (182,244)                            |
| <b>Net cash used in investing activities</b>        |      | <b>(399,341)</b>                     |
| <b>Financing activities:</b>                        |      |                                      |
| Share application money received                    | (14) | 3,832,241                            |
| <b>Net cash generated from financing activities</b> |      | <b>3,832,241</b>                     |
| Net increase in bank balances                       |      | 745,009                              |
| Bank balances at beginning of year                  |      | -                                    |
| <b>Bank balances at end of year</b>                 | (12) | <b>745,009</b>                       |

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. GENERAL

#### a) Corporate Information

TVS Digital Pte. Ltd. (the company (Registration number: 202114606H) is a private limited company incorporated and domiciled in the Republic of Singapore with its registered office at:

1 Kim Seng Promenade  
#10-07 Great World City  
Singapore 237994

The principal activities of the company are to carry on the business of other information technology and computer service activities and other holding company.

#### b) Authorisation of financial statements for issue

The financial statements of the company for the year ended 31 March 2022 were authorised for issue by the Board of Directors on xx<sup>th</sup> xx, 2022.

### 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. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 Impairment of Assets.

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 where 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 23 April 2021. 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 financial years.

##### 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 date<br>(annual periods)<br>beginning on or after |
|-----------|---|---|
| FRS 16    | Amendments to FRS 16: Property, Plant and Equipment Proceeds before Intended Use  | 01-Jan-22   |
| FRS 37    | Amendments to FRS 37: Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts Cost of Fulfilling a Contract | 01-Jan-22   |
| Various   | Annual Improvements to FRSs 2018-2020   | 01-Jan-22   |
| Various   | Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies   | 01-Jan-23   |

|       |   |           |
|-------|---|-----------|
| FRS 1 | Amendments to FRS 1: Presentation of Financial Statements Classification of Liabilities as Current or Non-current         | 01-Jan-23 |
| FRS 8 | Amendments to FRS 8: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates | 01-Jan-23 |

The directors 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 functional currency of the company is United States dollar.

The financial statements of the company are presented in Singapore dollar

##### 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. 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 as follows:

|                           | Years |
|---------------------------|-------|
| Computer and IT equipment | 2     |
| Renovation                | 5     |

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.

##### 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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)**

**2.5. Intangible Assets**

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful from the point at which an asset is ready for use.

Amortisation is calculated in the straight-line method to write off the cost of intangible assets, over their estimated useful lives of 3 years.

Intangible asset refers to capitalisation of costs relating to development of software

**2.6. 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.

**2.7. 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.

**2.8. 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.

**2.9. 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.

**Service income**

The company provides software programming 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. 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.

**2.11. 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.

**2.12. 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;



**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)**

- 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.

**2.13. 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.

**2.14. 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.

**2.15. 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, at amortised cost.

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.

**Financial assets 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.

**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 recognise lifetime ECL for trade receivables. The expected credit losses on the financial assets will be estimated using a provision matrix based on 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 recognise 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 drawn 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 effective 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

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

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.

**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**

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 are 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.

**4.1. Critical Accounting Judgements****Determination of functional currency**

In determining the functional currency 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 investment in associates**

The company follows the guidance of FRS 36 in determining the recoverability of its investment in associates. The company determines the recoverable amount of the associates based on the associates net assets values at the end of the reporting period as in the opinion of the management, the net assets values of these associates reasonably approximate the fair values less costs to sell.

The carrying amount of investment in associates is disclosed in Note 9 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 amount of plant and equipment are disclosed in Note 8 to the financial statements.

**c) Impairment of intangible assets**

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. This requires the company to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amount of intangible assets is disclosed in Note 9 to the financial statements.

The cost of plant and equipment is depreciated on a straight-line basis over their estimated useful lives. 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.

**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:

|                               | 2022           |
|-------------------------------|----------------|
|                               | S\$            |
| <b>Financial assets</b>       |                |
| At amortised cost:            |                |
| - Trade and other receivables | 25,756         |
| - Bank balances               | 745,009        |
|                               | <u>770,765</u> |
| <b>Financial liabilities</b>  |                |
| At amortised cost:            |                |
| - Other payables              | 2,496,133      |

**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.

The company is exposed to credit risk, foreign currency exchange rate risk and liquidity risk. The company is not significantly exposed to interest rate risk.

There has been no change to the company's exposure to these financial risks or the manner in which it manages measures the risk.

**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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)**
**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, 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**

The company applies 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 amortised cost:

- Trade receivables

These are due from customers that have a good credit record with the company with no history of default. The loss allowance is measured based on lifetime ECL using the provision matrix. Management considers the risk of default as minimal based on the past collection history. Management considers the amount of ECL is insignificant.

- Other receivables

Management determined credit risk for other receivables 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.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

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:

|                              | 2022          |
|------------------------------|---------------|
| In Singapore dollar          | US\$          |
| <b>Financial assets</b>      |               |
| Trade and other receivables  | 25,756        |
| Bank balances                | 30,054        |
|                              | <b>55,810</b> |
| <b>Financial liabilities</b> |               |
| Other payables               | -             |
| Net exposure                 | <b>55,810</b> |

**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:

|             | 2022           |
|-------------|----------------|
|             | S\$            |
| US\$ impact | <b>(5,581)</b> |

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.

**Contractual undiscounted cash flows**

| 2022                          | Effective interest rate (%) | Carrying amount S\$ | Less than a year S\$ | Within 2 to 5 years S\$ | Later than 5 years S\$ | Total S\$ |
|-------------------------------|-----------------------------|---------------------|----------------------|-------------------------|------------------------|-----------|
| <b>Financial liabilities:</b> |                             |                     |                      |                         |                        |           |
| Other payables                | -                           | 2,496,133           | 2,496,133            | -                       | -                      | 2,496,133 |
|                               |                             | 2,496,133           | 2,496,133            | -                       | -                      | 2,496,133 |

**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.

Management has determined that the carrying amounts of bank balances, trade and other receivables and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature

**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 less bank balances. Total capital is calculated as equity and net debt. The company's overall strategy remains unchanged during the period.

|                     | 2022       |
|---------------------|------------|
|                     | S\$        |
| Other payables      | 2,496,133  |
| Less: Bank balances | (745,009)  |
| Net debt            | 1,751,124  |
| Total equity        | 23,720,099 |
| Total capital       | 25,471,223 |
| Gearing ratio       | 6.9%       |

The company is not subject to externally imposed capital requirements.

**6. HOLDING COMPANY**

The company is wholly-owned subsidiary of TVS Motor (Singapore) Pte. Limited, incorporated in Singapore. 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:**

|   | 2022      |
|---|-----------|
|   | S\$       |
| Transfer of intangible assets and plant and equipment | 1,152,393 |
| Recovery of manpower cost                             | (141,968) |

**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 parties' transactions:**

|                           | 2022      |
|---------------------------|-----------|
|                           | S\$       |
| Recovery of manpower cost | (565,567) |
| Rental expense            | (60,000)  |

**(b) Key management personnel compensation:**

|   | 2022    |
|---|---------|
|   | S\$     |
| Salaries, bonus and allowances                    | 657,318 |
| Employer's contribution to Central Provident Fund | 5,460   |

**8. PLANT AND EQUIPMENT**

|   | Computer and IT Equipment S\$ | Renovation S\$ | Total S\$      |
|---|-------------------------------|----------------|----------------|
| <b>Cost</b>                             |                               |                |                |
| At 23.04.2021                           | -                             | -              | -              |
| Additions                               | 12,393                        | 217,097        | 229,490        |
| <b>At 31.03.2022</b>                    | <b>12,393</b>                 | <b>217,097</b> | <b>229,490</b> |
| Accumulated depreciation At 23.04.2021  | -                             | -              | -              |
| Charged for the year                    | 3,615                         | -              | 3,615          |
| <b>At 31.03.2022</b>                    | <b>3,615</b>                  | <b>-</b>       | <b>3,615</b>   |
| <b>Carrying amount As at 31.03.2022</b> | <b>8,778</b>                  | <b>217,097</b> | <b>225,875</b> |

Management has reviewed for the impairment of its plant and equipment at the end of the 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.

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)**
**9. INTANGIBLE ASSETS**

|                                 | Computer<br>Software | Software Under<br>Development | Total            |
|---------------------------------|----------------------|-------------------------------|------------------|
|                                 | S\$                  | S\$                           | S\$              |
| <b>Cost</b>                     |                      |                               |                  |
| At 23.04.2021                   | -                    | -                             | -                |
| Additions                       | 874,945              | 447,299                       | 1,322,244        |
| <b>At 31.03.2022</b>            | <b>874,945</b>       | <b>447,299</b>                | <b>1,322,244</b> |
| <b>Accumulated amortisation</b> |                      |                               |                  |
| At 23.04.2021                   | -                    | -                             | -                |
| Charged for the year            | 161,570              | -                             | 161,570          |
| <b>At 31.03.2022</b>            | <b>161,570</b>       | <b>-</b>                      | <b>161,570</b>   |
| <b>Carrying amount</b>          |                      |                               |                  |
| <b>At 31.03.2022</b>            | <b>713,375</b>       | <b>447,299</b>                | <b>1,160,674</b> |

During the financial year, the company carried out a review of the recoverable amount of intangible assets. As a result, there were no allowances for impairment or revisions to the useful lives required for intangible assets

**10. INVESTMENTS IN ASSOCIATES**

|  | 2022       |
|--|------------|
|  | S\$        |
| <b>Unquoted equity shares at cost:</b> |            |
| At date of incorporation               | -          |
| Additions                              | 24,058,918 |
| At end of the year                     | 24,058,918 |

Details of the associates are as follows:

| Name of associate/<br>Country of<br>incorporation      | Principal activity  | Proportion of<br>ownership Interest |
|--|---|-------------------------------------|
|  |   | 2022                                |
| Tagbox Pte Ltd<br>Singapore                            | Providing Internet of Things (IoT) based solutions for sensing, monitoring and analysis across supply chain activities  | 24.3%                               |
| Predictronics Corp.<br>United States of<br>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%                               |
| Altizon Inc.<br>United States of<br>America            | Empowering Industrial Digital Revolutions globally by digitizing legacy factories and helping enterprises use machine data to drive business decisions  | 20.0%                               |
| Scienaptic Systems<br>Inc. United States of<br>America | A leading AI-powered credit underwriting decisioning platform company   | 21.7%                               |

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.

**11. TRADE AND OTHER RECEIVABLES**

|  | 2022   |
|--|--------|
|  | S\$    |
| Trade receivables third parties          | 5,842  |
| Other receivable third party             | 1,680  |
| Amount due from holding company (Note 6) | 18,234 |
|  | 25,756 |

Trade receivables are non-interest bearing and they are normally settled on 30 day's term.

Trade receivables are not secured by any collateral or credit enhancement and are recognised at their original invoice amounts, which represents their fair values on initial recognition.

The credit risk profile of trade receivables is presented based on their past due status as follows:

|                   | 2022  |
|-------------------|-------|
|                   | S\$   |
| Not past due      | 5,436 |
| Less than 30 days | 406   |
|                   | 5,842 |

Other investments are denominated in United States dollar.

At the end of the financial year, management had assessed and determined that the expected credit losses on trade receivables is insignificant.

Trade and other receivables are denominated in United States dollar.

**12. BANK BALANCES**

|              | 2022    |
|--------------|---------|
|              | S\$     |
| Cash at bank | 745,009 |

Bank balances are denominated in the following currencies:

|                      | 2022    |
|----------------------|---------|
|                      | S\$     |
| Singapore dollar     | 714,955 |
| United States dollar | 30,054  |
|                      | 745,009 |

**13. SHARE CAPITAL**

|                          | 2022                         | 2021       |
|--------------------------|------------------------------|------------|
|                          | Number of<br>ordinary shares | S\$        |
| Issued and paid up:      |                              |            |
| At date of incorporation | 1                            | 1          |
| Issued during the year   | 25,158,917                   | 25,158,917 |
| At the end of the year   | 25,158,918                   | 25,158,918 |

At date of incorporation, the company issued 1 ordinary shares for S\$1 to the subscriber according to the Memorandum of Association.

During the financial year,

- the company issued 1,100,000 ordinary shares in the capital of the company to TVS Motor (Singapore) Pte. Limited, holding company as consideration shares for a business transfer agreement.
- the company issued 24,058,917 ordinary shares to TVS Motor (Singapore) Pte. Limited, holding company for the purchase of shares of the associates (Note 10).

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.

**14. SHARE APPLICATION MONEY**

The share application money is advance receipt for application for shares in the company.

**15. OTHER PAYABLES**

|   | 2022      |
|---|-----------|
|   | S\$       |
| Amount due to intermediate holding company (Note 6) | 141,968   |
| Amount due to a related party (Note 7)              | 625,567   |
| Accrued expenses                                    | 1,728,598 |
|   | 2,496,133 |

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)**

Amounts due to intermediate holding company and a related party are unsecured, interest free and repayable on demand.

Other payables are denominated in the following currencies:

|                  | <u>2022</u>      |
|------------------|------------------|
|                  | <u>S\$</u>       |
| Indian rupee     | 141,968          |
| Singapore dollar | <u>2,354,165</u> |
|                  | <u>2,496,133</u> |

**16. REVENUE**

Disaggregation of revenue from contracts with customers:

|   | <u>23 Apr 2021 To<br/>31 Mar 2022</u> |
|---|---------------------------------------|
|   | <u>S\$</u>                            |
| Service income                                  | 68,788                                |
| Timing of transfer of good or service Over time | <u>68,788</u>                         |

**17. INCOME TAX**

The income tax benefit varied from the amount of income tax determined by applying the Singapore income tax rate of 17% to loss before income tax as a result of the following differences:

|   | <u>23 Apr 2021 To<br/>31 Mar 2022</u> |
|---|---------------------------------------|
|   | <u>S\$</u>                            |
| Loss before income tax                      | (5,271,060)                           |
| Income tax benefit at statutory rate of 17% | <u>(896,080)</u>                      |
| Income tax effect of:                       |                                       |
| - non-deductible expense                    | 28,081                                |
| - tax losses carried forward                | <u>867,999</u>                        |
|   | <u>-</u>                              |

**18. LOSS FOR THE YEAR**

Loss for the year has been arrived at after charging:

|   | <u>23 Apr 2021 To<br/>31 Mar 2022</u> |
|---|---------------------------------------|
|   | <u>S\$</u>                            |
| Amortisation of intangible assets                                     | 161,570                               |
| Depreciation of plant and equipment                                   | 3,615                                 |
| Foreign currency exchange loss  | 269                                   |
| Manpower costs  | 707,535                               |
| Professional and consultancy fees                                     | 874,297                               |
| Short-term employee's benefits  | 3,361,051                             |
| Cost of defined benefits plans included in employee benefits expenses | <u>100,721</u>                        |

**19. COMPARATIVE FIGURES**

The financial statements cover the financial period since incorporation on 23 April 2021 to 31 March 2022. This being the first set of financial statements, there are no comparative figures.

**20. 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.

# TVS DIGITAL PTE. LTD.

## NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2022 (Continued)

### DETAILED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD FROM 23 APRIL 2021 (DATE OF INCORPORATION) TO 31 MARCH 2022

|                                     | 23 Apr 2021 To<br>31 Mar 2022 |     |
|-------------------------------------|-------------------------------|-----|
|                                     |                               | S\$ |
| <b>Revenue</b>                      |                               |     |
| 68,788                              |                               |     |
| <b>Cost of service</b>              |                               |     |
| Amortisation of intangible assets   | (161,570)                     |     |
| Gross loss                          | (92,782)                      |     |
| <b>Less: expenses</b>               |                               |     |
| <b>Administrative expenses</b>      |                               |     |
| Auditors' remuneration              | 13,000                        |     |
| Bank charges                        | 8,533                         |     |
| Book keeping charges                | 5,400                         |     |
| Cloud service cost                  | 17,045                        |     |
| CPF contribution                    | 100,721                       |     |
| Insurance expense                   | 11,599                        |     |
| Legal and professional fee          | 2,800                         |     |
| Manpower costs                      | 707,535                       |     |
| Office expense                      | 80,523                        |     |
| Office rental                       | 60,000                        |     |
| Professional and consultancy fees   | 874,297                       |     |
| Printing & Stationery               | 3,155                         |     |
| Salary and bonus                    | 3,258,940                     |     |
| SDL                                 | 888                           |     |
| Service cost                        | 1,724                         |     |
| Software development expense        | 11,036                        |     |
| Staff welfare                       | 1,390                         |     |
| Subscription and membership fee     | 999                           |     |
| Training and development expense    | 14,809                        |     |
| <b>Other expense</b>                |                               |     |
| Depreciation of plant and equipment | 3,615                         |     |
| Foreign currency exchange loss      | 269                           |     |
|                                     | (5,178,278)                   |     |
| Loss before income tax              | (5,271,060)                   |     |

This schedule does not form part of the statutory audited financial statements.

**RE-STATED ACCOUNTS OF  
TVS DIGITAL PTE. LTD.**



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2022**

|  | Notes | SGD in Mn.   | Rupees in crores |
|--|-------|--------------|------------------|
| <b>ASSETS</b>  |       |              |                  |
| <b>Non-current assets</b>                                |       |              |                  |
| Property, plant and equipment                            | 1     | 0.23         | 1.26             |
| Other intangible assets                                  | 1     | 0.71         | 3.99             |
| Intangible assets under development                      |       | 0.45         | 2.50             |
| Non-current investments                                  | 2     | 24.06        | 127.93           |
|  |       | <u>25.45</u> | <u>135.68</u>    |
| <b>Current assets</b>                                    |       |              |                  |
| Financial assets   |       |              |                  |
| Trade receivables  | 3     | 0.02         | 0.13             |
| Cash and cash equivalents                                | 4     | 0.75         | 4.17             |
| Other current assets                                     | 5     | -            | 0.01             |
|  |       | <u>0.77</u>  | <u>4.31</u>      |
| Total Assets   |       | <u>26.22</u> | <u>139.99</u>    |
| <b>EQUITY AND LIABILITIES</b>                            |       |              |                  |
| <b>Equity</b>  |       |              |                  |
| Equity share capital                                     | 6     | 25.16        | 138.78           |
| Other equity   | 7     | (5.27)       | (42.25)          |
|  |       | <u>19.89</u> | <u>96.53</u>     |
| Share application money pending allotment                |       | 3.83         | 29.50            |
| <b>Liabilities</b>                                       |       |              |                  |
| <b>Current liabilities</b>                               |       |              |                  |
| Financial liabilities                                    |       |              |                  |
| (i) Trade payables                                       | 8     | -            | -                |
| a. Total outstanding dues of micro and small enterprises |       | -            | -                |
| b. Total outstanding dues of other than (i) (a) above    |       | 2.50         | 13.96            |
|  |       | <u>2.50</u>  | <u>13.96</u>     |
| Total liabilities  |       | <u>2.50</u>  | <u>13.96</u>     |
| Total equity and liabilities                             |       | <u>26.22</u> | <u>139.99</u>    |

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022**

|  | Notes | SGD in Mn.    | Rupees in crores |
|--|-------|---------------|------------------|
| I Revenue from operations                                  | 9     | 0.07          | 0.38             |
| II Other income  |       | -             | -                |
| III Total Income (I + II)                                  |       | <u>0.07</u>   | <u>0.38</u>      |
| IV Expenses:   |       |               |                  |
| Employee benefits expense                                  | 10    | 4.09          | 22.56            |
| Depreciation and amortisation expense                      | 11    | 0.16          | 0.91             |
| Other expenses   | 12    | 1.09          | 6.02             |
|  |       | <u>5.34</u>   | <u>29.49</u>     |
| V Profit before exceptional items (III - IV)               |       | (5.27)        | (29.11)          |
| VI Exceptional items                                       |       | -             | -                |
| VII Profit before tax (V+ VI)                              |       | (5.27)        | (29.11)          |
| VIII Tax expense   |       | -             | -                |
| i) Current tax   |       | -             | -                |
| ii) Deferred tax   |       | -             | -                |
| IX Profit for the year (VII - VIII)                        |       | <u>(5.27)</u> | <u>(29.11)</u>   |
| 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                   |       | -             | (13.14)          |
|  |       | <u>-</u>      | <u>(13.14)</u>   |
| XI Total Comprehensive Income (IX + X)                     |       | <u>(5.27)</u> | <u>(42.25)</u>   |
| XII Earnings per equity share (Face value of SGD 1/- each) |       |               |                  |
| Basic & Diluted earnings per share (in SGD / in rupees)    |       | (0.21)        | (11.57)          |

## TVS DIGITAL PTE. LTD.

### Notes on Accounts

#### 1. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

SGD in Mn.

| Description                           | Property, Plant & Equipment |                  |       | Other Intangible |       |
|---------------------------------------|-----------------------------|------------------|-------|------------------|-------|
|                                       | Building                    | Office equipment | Total | Software         | Total |
|                                       | 1                           | 2                | 3     | 4                | 5     |
| Cost of assets                        |                             |                  |       |                  |       |
| Gross carrying value as at 01-04-2021 | -                           | -                | -     |                  |       |
| Additions                             | 0.22                        | 0.01             | 0.23  | 0.87             | 0.87  |
| Sub-total                             | 0.22                        | 0.01             | 0.23  | 0.87             | 0.87  |
| Sales / deletion                      | -                           | -                | -     | -                | -     |
| Total                                 | 0.22                        | 0.01             | 0.23  | 0.87             | 0.87  |
| Depreciation / Amortisation           |                             |                  |       |                  |       |
| Upto 31-03-2021                       | -                           | -                | -     | -                | -     |
| For the year                          | -                           | -                | -     | 0.16             | 0.16  |
| Sub-total                             | -                           | -                | -     | 0.16             | 0.16  |
| Withdrawn on assets sold / deleted    | -                           | -                | -     | -                | -     |
| Total                                 | -                           | -                | -     | 0.16             | 0.16  |
| Carrying value                        |                             |                  |       |                  |       |
| As at 31-03-2022                      | 0.22                        | 0.01             | 0.23  | 0.71             | 0.71  |
|                                       |                             |                  |       | -                | -     |

#### 1 Property, Plant & Equipment

Rupees in crores

| Description                                     | Property, Plant & Equipment |                  |       | Other Intangible |       |
|---|-----------------------------|------------------|-------|------------------|-------|
|   | Building                    | Office equipment | Total | Software         | Total |
|   | 1                           | 2                | 3     | 4                | 5     |
| Cost of assets                                  |                             |                  |       |                  |       |
| Gross carrying value as at 01-04-2021           |                             |                  | -     |                  |       |
| Additions                                       | 1.22                        | 0.07             | 1.29  | 4.90             | 4.90  |
| Foreign Currency translation reserve difference | -                           | -                | -     | -                | -     |
| Sub-total                                       | 1.22                        | 0.07             | 1.29  | 4.90             | 4.90  |
| Sales / deletion                                | -                           | -                | -     | -                | -     |
| Total   | 1.22                        | 0.07             | 1.29  | 4.90             | 4.90  |
| Depreciation / Amortisation                     |                             |                  |       |                  |       |
| Upto 31-03-2020                                 | -                           | -                | -     | -                | -     |
| For the year                                    | -                           | 0.02             | 0.02  | 0.89             | 0.89  |
| Foreign Currency translation reserve difference | -                           | 0.01             | 0.01  | 0.02             | 0.02  |
| Sub-total                                       | -                           | 0.03             | 0.03  | 0.91             | 0.91  |
| Withdrawn on assets sold / deleted              | -                           | -                | -     | -                | -     |
| Total   | -                           | 0.03             | 0.03  | 0.91             | 0.91  |
| Carrying value                                  |                             |                  |       |                  |       |
| As at 31-03-2021                                | 1.22                        | 0.04             | 1.26  | 3.99             | 3.99  |
|   |                             |                  |       | -                | -     |

## TVS DIGITAL PTE. LTD.

### Notes on accounts - (continued)

|  | As at 31-03-2022 |                  |  | For the Year Ended 31-03-2022 |                  |
|--|------------------|------------------|--|-------------------------------|------------------|
|  | SGD in Mn.       | Rupees in crores |  | SGD in Mn.                    | Rupees in crores |
| <b>2 NON-CURRENT INVESTMENTS</b>   |                  |                  | <b>9 REVENUE FROM OPERATIONS</b>             |                               |                  |
| Investment in Equity instruments   |                  |                  | Sale of service                              | 0.07                          | 0.38             |
| Investment in Associates   |                  |                  |  | <u>0.07</u>                   | <u>0.38</u>      |
| 2,43,243 fully paidup equity shares of Tagbox Pte Limited, Singapore (face value of SGD 9.25 each) | 3.01             | 15.42            |  |                               |                  |
| 24,827 fully paidup equity shares of Predictronics Corp, USA (face value of USD 0.01 each)         | 4.36             | 22.36            | <b>10 EMPLOYEE BENEFITS EXPENSE</b>          |                               |                  |
| 8,06,429 fully paidup equity shares of Altizon Inc, USA (face value of USD 0.00001 each)           | 4.66             | 25.34            | Salaries, wages and bonus                    | 3.97                          | 21.91            |
| 28,05,357 fully paidup equity shares of Scienaptic Systems Inc, USA (face value of USD 0.001 each) | 12.03            | 64.81            | Contribution to provident and other funds    | 0.10                          | 0.56             |
|  | <u>24.06</u>     | <u>127.93</u>    | Staff welfare expenses                       | 0.02                          | 0.09             |
|  |                  |                  |  | <u>4.09</u>                   | <u>22.56</u>     |
| <b>3 TRADE RECEIVABLES</b>   |                  |                  | <b>11 DEPRECIATION</b>                       |                               |                  |
| Unsecured, considered good   | 0.02             | 0.13             | Depreciation on property plant and equipment | -                             | 0.02             |
|  | <u>0.02</u>      | <u>0.13</u>      | Amortisation on intangible assets            | 0.16                          | 0.89             |
| <b>4 CASH AND CASH EQUIVALENTS</b>   |                  |                  |  | <u>0.16</u>                   | <u>0.91</u>      |
| Balances with banks in current accounts  | 0.75             | 4.17             | <b>12 OTHER EXPENSES</b>                     |                               |                  |
|  | <u>0.75</u>      | <u>4.17</u>      | (a) Rent                                     | 0.06                          | 0.33             |
| <b>5 OTHER CURRENT ASSETS</b>  |                  |                  | (b) Insurance                                | 0.01                          | 0.06             |
| Prepaid expenses   |                  |                  | (c) Audit fees                               | 0.01                          | 0.07             |
| Trade deposits   | -                | 0.01             | (d) Miscellaneous expenses                   | 1.01                          | 5.56             |
| Others   | -                | 0.01             |  | <u>1.09</u>                   | <u>6.02</u>      |
|  |                  |                  |  |                               |                  |
| <b>6 EQUITY SHARE CAPITAL</b>  |                  |                  |  |                               |                  |
| Issued, subscribed and fully paid up:  |                  |                  |  |                               |                  |
| 25,158,918 Ordinary shares of SGD 1 each   | 25.16            | 138.78           |  |                               |                  |
|  | <u>25.16</u>     | <u>138.78</u>    |  |                               |                  |
| <b>7 OTHER EQUITY</b>  |                  |                  |  |                               |                  |
| Retained earnings  | (5.27)           | (29.11)          |  |                               |                  |
| Foreign currency translation reserve   | -                | 13.14            |  |                               |                  |
|  | <u>(5.27)</u>    | <u>(15.97)</u>   |  |                               |                  |
| <b>8 TRADE PAYABLES</b>  |                  |                  |  |                               |                  |
| Dues to Micro and Small Enterprises**  |                  |                  |  |                               |                  |
| Dues to enterprises other than Micro and Small Enterprises   | 2.50             | 13.96            |  |                               |                  |
|  | <u>2.50</u>      | <u>13.96</u>     |  |                               |                  |

\*\* 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.

## TVS MOTOR COMPANY (EUROPE) B.V.

### General information

#### 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 2021/2022 amounts to a loss of USD 84,585 (2020/2021: a loss of USD 88,441).

#### Summary of activities

The principal activities of the Company are to act as a holding and finance company.

### BALANCE SHEET AS AT 31 MARCH 2022

(Before appropriation of result)

|                             | 31 March 2022 |                  | 31 March 2021 |                  |
|-----------------------------|---------------|------------------|---------------|------------------|
|                             | USD           | USD              | USD           | USD              |
| <b>ASSETS</b>               |               |                  |               |                  |
| <b>Fixed assets</b>         |               |                  |               |                  |
| Financial fixed assets      | 3,754,748     |                  | 3,754,748     |                  |
|                             |               | <b>3,754,748</b> |               | <b>3,754,748</b> |
| <b>Current assets</b>       |               |                  |               |                  |
| Receivables and prepayments | -             |                  | 11,572        |                  |
| Cash and cash equivalents   | 10,855        |                  | 82,283        |                  |
|                             |               | <b>10,855</b>    |               | <b>93,855</b>    |
|                             |               | <b>3,765,603</b> |               | <b>3,848,603</b> |
| <b>LIABILITIES</b>          |               |                  |               |                  |
| <b>Equity</b>               |               |                  |               |                  |
| Share capital               | 25,010,664    |                  | 26,416,542    |                  |
| Other reserves              | (21,253,302)  |                  | (22,574,594)  |                  |
|                             |               | <b>3,757,362</b> |               | <b>3,841,948</b> |
| <b>Current liabilities</b>  |               |                  |               |                  |
|                             | 8,241         |                  | 6,655         |                  |
|                             |               | <b>8,241</b>     |               | <b>6,655</b>     |
|                             |               | <b>3,765,603</b> |               | <b>3,848,603</b> |

### PROFIT AND LOSS ACCOUNT FOR THE YEAR 2021/2022

|                        | 2021/2022 |                 | 2020/2021 |                 |
|------------------------|-----------|-----------------|-----------|-----------------|
|                        | USD       | USD             | USD       | USD             |
| Gross margin           |           | (864)           |           | (2,976)         |
| Other general expenses | 83,722    |                 | 85,465    |                 |
| Total general expenses |           | <b>83,722</b>   |           | <b>85,465</b>   |
|                        |           | <b>(84,585)</b> |           | <b>(88,441)</b> |
| Result before taxation |           | <b>(84,585)</b> |           | <b>(88,441)</b> |
| Taxation result        |           | -               |           | -               |
| Result after taxation  |           | <b>(84,585)</b> |           | <b>(88,441)</b> |

## General notes

### 1. General

#### 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 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.

#### 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.

#### 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 and in hand represent cash in hand, 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 and in hand 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

#### Costs

Costs are determined on a historical basis and allocated to the financial year to which they relate.

#### Dividends

Dividends to be received from participations and securities not carried at net asset value are recognized as soon

#### 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.

## TVS MOTOR COMPANY (EUROPE) B.V.

### Notes to the balance sheet as at 31 March 2022

#### ASSETS

##### Financial fixed assets

31 March

2022

USD

A summary of the financial fixed assets is included below:

##### Subsidiaries

PT. TVS Motor Company Indonesia

3,754,748

3,754,748

| Place,<br>Country | Valuation<br>method | Share in<br>issued<br>capital |
|-------------------|---------------------|-------------------------------|
|                   |                     | %                             |

PT. TVS Motor Company Indonesia

Kuningan,  
Indonesia

cost price

17.09

##### 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 2022 amounted to IDR 82,596,165,254 equal to USD 5,749,820 based on the annual accounts of the Participation for the year ended 31 March 2021 (31 March 2020: IDR 69,128,989,416 equal to USD 4,759,312 based). The Board of Directors decided not to impair the investment in the Participation in the current year.

##### Receivables and prepayments

31 March

2022

USD

31 March

2021

USD

Other receivables

-

11,572

-

11,572

#### EQUITY AND LIABILITIES

##### 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 1.1101 (2020/2021: 1.1725). The conversion result for the year (USD 1,405,878) is carried directly to other reserves.

##### Proposed appropriation of result for the financial year 2021/2022

Management proposes to add the entire result 2022 amounting to a loss of USD 84,585 to the other reserve. This proposal has been incorporated in the financial statements.

##### Current liabilities

31 March

2022

USD

31 March

2021

USD

Trade payables and trade credit

2,241

655

Other payables

6,000

6,000

8,241

6,655

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 2021/2022

2021/2022

2021/2022

USD

USD

##### Gross margin

Finance expenses

864

2,976

864

2,976

The Finance income consists of:

Interest income and similar income

Currency exchange loss

864

2,976

864

2,976

##### General expenses

Management fee

25,500

18,042

Tax advisory fees

6,052

2,204

Administration fees

45,018

49,596

Legal fees

-

8,238

Bank charges

7,151

7,260

Salary administration fees

-

125

83,722

85,465

##### Average number of employees

The Company had no employees during the year under review (2020/2021: none).

##### Events after balance sheet date

No other major activities have occurred after balance sheet date that could have a material effect on the annual accounts.

Amsterdam, 02 June 2022

R.C. Elshout  
Director

H. Lakshmanan  
Director

A. Bhugra  
Director

V.N. Venkatanathan  
Director

IQ EQ Management (Netherlands) B.V.  
Director

**RE-STATED ACCOUNTS OF**  
TVS MOTOR COMPANY (EUROPE) B.V.

## TVS MOTOR COMPANY (EUROPE) B.V.

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2022

|  | Notes | USD in Mn.  | Rupees in crores |
|--|-------|-------------|------------------|
| <b>ASSETS</b>  |       |             |                  |
| <b>Non-current assets</b>                                |       |             |                  |
| Non-current investments                                  | 1     | -           | -                |
|  |       | <u>-</u>    | <u>-</u>         |
| <b>Current assets</b>                                    |       |             |                  |
| Financial assets   |       |             |                  |
| Cash and cash equivalents                                | 2     | 0.01        | 0.08             |
|  |       | <u>0.01</u> | <u>0.08</u>      |
| Total Assets   |       | <u>0.01</u> | <u>0.08</u>      |
| <b>EQUITY AND LIABILITIES</b>                            |       |             |                  |
| <b>Equity</b>  |       |             |                  |
| Equity share capital                                     | 3     | 31.06       | 126.52           |
| Other equity   | 4     | (31.06)     | (126.51)         |
|  |       | <u>-</u>    | <u>0.01</u>      |
| <b>Liabilities</b>                                       |       |             |                  |
| <b>Current liabilities</b>                               |       |             |                  |
| Financial liabilities                                    |       |             |                  |
| Trade payables   | 5     | 0.01        | 0.07             |
| a. Total outstanding dues of micro and small enterprises |       |             |                  |
| b. Total outstanding dues of other than (iii) (a) above  |       |             |                  |
|  |       | <u>0.01</u> | <u>0.07</u>      |
| Total equity and liabilities                             |       | <u>0.01</u> | <u>0.08</u>      |

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

|  | Notes | USD in Mn.    | Rupees in crores |
|--|-------|---------------|------------------|
| I Revenue from operations                                    |       | -             | -                |
| II Other income  |       | -             | -                |
| III Total Income (I +II)                                     |       | <u>-</u>      | <u>-</u>         |
| IV Expenses:   |       |               |                  |
| Other expenses   | 6     | 0.08          | 0.63             |
|  |       | <u>0.08</u>   | <u>0.63</u>      |
| V Profit before exceptional items (III - IV)                 |       | (0.08)        | (0.63)           |
| VI Exceptional items   |       | -             | -                |
| VII Profit before tax (V+ VI)                                |       | <u>(0.08)</u> | <u>(0.63)</u>    |
| VIII Tax expense   |       |               |                  |
| i) Current tax   |       | -             | -                |
| ii) Deferred tax   |       | -             | -                |
| IX Profit for the year (VII - VIII)                          |       | (0.08)        | (0.63)           |
| 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                     |       | -             | -                |
|  |       | <u>-</u>      | <u>-</u>         |
| XI Total Comprehensive Income (IX + X)                       |       | <u>(0.08)</u> | <u>(0.63)</u>    |
| XII Earnings per equity share (Face value of EUR 100/- each) |       |               |                  |
| Basic & Diluted earnings per share (in USD / in rupees)      |       | <u>(0.36)</u> | <u>(27.96)</u>   |



## TVS MOTOR COMPANY (EUROPE) B.V.

### Notes on Accounts

|  | USD in Mn.<br>As at<br>31-03-2022 | Rupees in crores<br>As at<br>31-03-2022 |  | USD in Mn.<br>As at<br>31-03-2022 | Rupees in crores<br>As at<br>31-03-2022 |
|--|-----------------------------------|---|--|-----------------------------------|---|
| 1 NON-CURRENT INVESTMENTS                            |                                   |   | 4 OTHER EQUITY   |                                   |   |
| Investment in Equity instruments                     |                                   |   | Retained earnings  | (31.06)                           | (138.22)                                |
| 28,70,000 fully paidup equity shares of PT.TVS Motor |                                   |   | Foreign currency translation reserve                       | -                                 | 11.71                                   |
| Company Indonesia (face value of IDR 97,400 each)    | -                                 | -                                       |  | <u>(31.06)</u>                    | <u>(126.51)</u>                         |
|  | <u>-</u>                          | <u>-</u>                                |  |                                   |   |
| 2 CASH AND CASH EQUIVALENTS                          |                                   |   | 5 TRADE PAYABLES   |                                   |   |
| Balances with banks in current accounts              | 0.01                              | 0.08                                    | Current  |                                   |   |
|  | <u>0.01</u>                       | <u>0.08</u>                             | Dues to Micro and Small Enterprises**                      | -                                 | -                                       |
|  |                                   |   | Dues to enterprises other than Micro and Small Enterprises | 0.01                              | 0.07                                    |
|  |                                   |   | Trade payables to related parties (note XXX)               |                                   |   |
| 3 EQUITY SHARE CAPITAL                               |                                   |   |  | <u>0.01</u>                       | <u>0.07</u>                             |
| 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                                  |  |                                   |   |
|  | <u>31.06</u>                      | <u>126.52</u>                           |  |                                   |   |
|  |                                   |   | 6 OTHER EXPENSES   |                                   |   |
|  |                                   |   | (a) Foreign exchange loss (Net)                            | -                                 | 0.01                                    |
|  |                                   |   | (b) Miscellaneous expenses                                 | 0.08                              | 0.62                                    |
|  |                                   |   |  | <u>0.08</u>                       | <u>0.63</u>                             |

\*\* 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.         | Rupees in crores   |
|--------------------|--------------------|
| For the year ended | For the year ended |
| 31-03-2022         | 31-03-2022         |

# PT. TVS MOTOR COMPANY INDONESIA

## Independent Auditors' Report

No. 000309/2.1265/AU.1/04/1208-2/1/V/2022

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, 2022, 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, 2022, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

IMELDA & REKAN

Theodorus Bambang Dwi K.A  
License of Public Accountant No. AP.1208

May 04, 2022

## STATEMENT OF FINANCIAL POSITION MARCH 31, 2022

|  | Notes | March 31, 2022    | March 31, 2021    |
|--|-------|-------------------|-------------------|
|  |       | Rp                | Rp                |
| <b>ASSETS</b>                                |       |                   |                   |
| <b>CURRENT ASSETS</b>                        |       |                   |                   |
| Cash and cash equivalents                    | 5     | 84,752,191,380    | 24,377,134,810    |
| Trade accounts receivable                    | 6     |                   |                   |
| Related party                                | 25    | 1,529,986,908     | 1,230,707,258     |
| Third parties - net                          |       | 383,236,201,551   | 325,812,454,194   |
| Other accounts receivable                    |       |                   |                   |
| Related party                                | 7,25  | 2,628,437,734     | 10,800,872,704    |
| Third parties                                |       | 4,887,616,814     | -                 |
| Inventories - net                            | 8     | 318,251,282,690   | 274,890,935,466   |
| Prepaid taxes                                | 9     | 105,180,152,225   | 61,235,675,211    |
| Advances to suppliers                        | 10    | 17,695,358,184    | 16,257,055,777    |
| Other current assets                         |       | 4,748,570,131     | 3,996,441,462     |
| Total Current Assets                         |       | 922,909,797,617   | 718,601,276,882   |
| <b>NONCURRENT ASSETS</b>                     |       |                   |                   |
| Trade accounts receivable from third parties | 6     | -                 | 2,486,680,434     |
| Deferred tax assets - net                    | 24    | 26,426,175,998    | -                 |
| Right-of-use assets                          |       | 1,822,019,256     | 2,098,130,480     |
| Property, plant, and equipment - net         | 11    | 411,197,437,743   | 414,950,851,410   |
| Security deposits                            |       | 735,032,465       | 770,631,632       |
| Other noncurrent assets                      |       | -                 | 358,299,448       |
| Total Noncurrent Assets                      |       | 440,180,665,462   | 420,664,593,404   |
| <b>TOTAL ASSETS</b>                          |       | 1,363,090,463,079 | 1,139,265,870,286 |

See accompanying notes to financial statements which are an integral part of the financial statements.

# PT. TVS MOTOR COMPANY INDONESIA

## STATEMENT OF FINANCIAL POSITION MARCH 31, 2022 (Continued)

|   | Notes | March 31, 2022<br>Rp     | March 31, 2021<br>Rp     |
|---|-------|--------------------------|--------------------------|
| <b>LIABILITIES AND EQUITY</b>                       |       |                          |                          |
| <b>CURRENT LIABILITIES</b>                          |       |                          |                          |
| Bank loans  | 12    | 390,857,189,876          | 370,870,203,368          |
| Trade accounts payable                              | 13    |                          |                          |
| Related party                                       | 25    | 350,120,803,126          | 221,398,653,071          |
| Third parties                                       |       | 46,901,317,950           | 45,376,906,009           |
| Other accounts payable                              | 14    |                          |                          |
| Related party                                       | 25    | 8,900,742,990            | 2,091,348,230            |
| Third parties                                       |       | 7,186,446,734            | 7,512,468,492            |
| Taxes payable                                       | 15    | 754,219,285              | 817,660,650              |
| Accrued expenses                                    | 16    | 38,989,696,304           | 41,453,822,656           |
| Deposit from customers                              |       | 3,999,451,801            | 8,481,748,748            |
| Contract liabilities                                |       | 8,254,294,414            | 6,528,834,901            |
| Lease liabilities                                   |       | 1,515,026,434            | 1,647,927,289            |
| Total Current Liabilities                           |       | 857,479,188,914          | 706,179,573,414          |
| <b>NONCURRENT LIABILITY</b>                         |       |                          |                          |
| Lease liabilities                                   |       | -                        | 322,506,893              |
| Deferred tax liabilities - net                      | 24    | -                        | 7,936,231,537            |
| Post-employment benefits obligation                 | 17    | 22,375,157,000           | 20,382,336,000           |
| Total Liabilities                                   |       | 879,854,345,914          | 734,820,647,844          |
| <b>EQUITY</b>                                       |       |                          |                          |
| Capital stock - Rp 97,400 (US\$ 10)                 |       |                          |                          |
| par value per share                                 |       |                          |                          |
| Authorized - 17,500,000 shares                      |       |                          |                          |
| Subscribed and paid-up - 16,791,187                 |       |                          |                          |
| ordinary shares at March 31, 2022 and               |       |                          |                          |
| March 31, 2021                                      | 18    | 1,635,461,613,800        | 1,635,461,613,800        |
| Foreign exchange rate difference on paid-in capital | 19    | 216,192,517,840          | 216,192,517,840          |
| Revaluation surplus                                 | 20    | 276,495,214,244          | 276,495,214,244          |
| Other comprehensive income                          |       | 7,471,671,140            | 6,993,774,500            |
| Deficit   |       | (1,652,384,899,859)      | (1,730,697,897,942)      |
| Total Equity  |       | 483,236,117,165          | 404,445,222,442          |
| <b>TOTAL LIABILITIES AND EQUITY</b>                 |       | <b>1,363,090,463,079</b> | <b>1,139,265,870,286</b> |

See accompanying notes to financial statements which are an integral part of the financial statements.

## PT. TVS MOTOR COMPANY INDONESIA

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended March 31, 2021<sup>2</sup>

|   | Notes | 2022<br>Rp          | 2021<br>Rp        |
|---|-------|---------------------|-------------------|
| NET SALES   | 21,25 | 1,164,515,080,355   | 767,774,548,041   |
| COST OF GOODS SOLD  | 22,25 | (1,031,413,632,664) | (669,207,622,183) |
| GROSS PROFIT  |       | 133,101,447,691     | 98,566,925,858    |
| Marketing expenses  | 23    | (8,788,075,363)     | (14,318,116,298)  |
| General and administrative expenses                                 | 23,25 | (67,325,103,609)    | (59,676,895,894)  |
| Finance cost  |       | (22,876,832,949)    | (29,627,121,991)  |
| Gain on foreign exchange - net                                      |       | 2,267,193,756       | 40,808,828,941    |
| Interest income   |       | 116,980,974         | 530,710,664       |
| Gain (loss) on disposal of property, plant and equipment            | 11    | 116,644,219         | (37,534,640)      |
| Others - net  |       | 7,203,785,469       | 9,315,956,661     |
| PROFIT BEFORE TAX   |       | 43,816,040,188      | 45,562,753,301    |
| INCOME TAX BENEFIT (EXPENSE)  | 24    | 34,496,957,895      | (29,888,010,496)  |
| PROFIT FOR THE YEAR   |       | 78,312,998,083      | 15,674,742,805    |
| OTHER COMPREHENSIVE INCOME  |       |                     |                   |
| Items that will not be reclassified subsequently to profit or loss: |       |                     |                   |
| Remeasurement of defined benefits obligation                        | 17    | 612,688,000         | (2,271,647,000)   |
| Related tax (expense) benefit                                       | 24    | (134,791,360)       | 454,329,400       |
| Total other comprehensive income (loss), net of tax                 |       | 477,896,640         | (1,817,317,600)   |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR                             |       | 78,790,894,723      | 13,857,425,205    |

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, 2022

|  | Notes | Capital stock<br>Rp | Foreign exchange rate difference on paid-in capital<br>Rp | Other comprehensive income |  |                     | Total equity<br>Rp |
|--|-------|---------------------|---|----------------------------|--|---------------------|--------------------|
|  |       |                     |   | Revaluation surplus<br>Rp  | Remeasurement of defined benefits obligation<br>Rp | Deficit<br>Rp       |                    |
| 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    |
| Issuance of shares                                       | 18,19 | 48,700,000,000      | 24,482,000,000  | -                          | -  | -                   | 73,182,000,000     |
| Remeasurement on defined benefits obligation, net of tax |       | -                   | -   | -                          | (1,817,317,600)                                    | -                   | (1,817,317,600)    |
| Profit for the year                                      |       | -                   | -   | -                          | -  | 15,674,742,805      | 15,674,742,805     |
| Balance as of March 31, 2021                             |       | 1,635,461,613,800   | 216,192,517,840   | 276,495,214,244            | 6,993,774,500                                      | (1,730,697,897,942) | 404,445,222,442    |
| Remeasurement on defined benefits obligation, net of tax |       | -                   | -   | -                          | 477,896,640  | -                   | 477,896,640        |
| Profit for the year                                      |       | -                   | -   | -                          | -  | 78,312,998,083      | 78,312,998,083     |
| Balance as of March 31, 2022                             |       | 1,635,461,613,800   | 216,192,517,840   | 276,495,214,244            | 7,471,671,140                                      | (1,652,384,899,859) | 483,236,117,165    |

See accompanying notes to financial statements which are an integral part of the financial statements

# PT. TVS MOTOR COMPANY INDONESIA

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

|   | Note | 2022<br>Rp          | 2021<br>Rp          |
|---|------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                           |      |                     |                     |
| Profit before tax per statement of profit or loss                     |      |                     |                     |
| and other comprehensive income  |      | 43,816,040,188      | 45,562,753,301      |
| Adjustments for:  |      |                     |                     |
| Interest and finance charges  |      | 20,039,652,081      | 29,615,156,225      |
| Depreciation of property, plant and equipment and right of use assets |      | 17,087,169,919      | 14,189,882,852      |
| (Gain) loss on sale and disposal of property, plant and equipment     | 11   | (116,644,219)       | 37,534,640          |
| Provision for employee benefits expense                               | 17   | 4,486,672,000       | (248,019,000)       |
| Provision for inventory obsolescence                                  | 8    | 1,696,862,504       | 1,512,624,697       |
| Provision for credit losses   | 6    | 11,066,752,331      | 9,529,908,237       |
| Interest income   |      | (116,980,974)       | (530,710,664)       |
| Net unrealized gain on foreign exchange                               |      | (766,418,685)       | (46,816,366,067)    |
| Operating cash flows before changes in working capital                |      | 97,193,105,145      | 52,852,764,221      |
| Changes in working capital:   |      |                     |                     |
| Trade accounts receivable   |      | (72,451,610,976)    | 28,757,941,015      |
| Other accounts receivable   |      | 3,284,818,156       | 11,198,171,627      |
| Inventories   |      | (45,057,209,728)    | (64,192,867,467)    |
| Prepaid taxes   |      | (96,403,914,472)    | (56,464,240,587)    |
| Advances to suppliers   |      | (1,438,302,407)     | (6,852,244,667)     |
| Other current assets  |      | (752,128,670)       | 3,094,394,817       |
| Trade accounts payable  |      | 135,877,220,905     | (72,787,820,474)    |
| Other accounts payable  |      | 6,647,304,337       | 1,675,536,756       |
| Taxes payable   |      | (63,441,365)        | (124,298,507)       |
| Accrued expenses  |      | (2,397,288,760)     | 13,881,209,872      |
| Deposit from customers  |      | (4,482,296,947)     | 7,091,873,118       |
| Contract liabilities  |      | 1,725,459,513       | 5,458,995,799       |
| Net cash generated from (Used in) operations                          |      | 21,681,714,731      | (76,410,584,477)    |
| Income tax paid   | 24   | (5,125,879,729)     | (1,562,797,365)     |
| Employee benefits paid  | 17   | (1,881,163,000)     | (295,205,000)       |
| Proceeds from tax refund  |      | 57,943,375,635      | 64,809,706,998      |
| Net Cash Provided by (Used in) Operating Activities                   |      | 72,618,047,637      | (13,458,879,844)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                           |      |                     |                     |
| Increase in security deposits   |      | 33,879,478          | 292,810,675         |
| Interest received   |      | 116,980,974         | 530,710,664         |
| Acquisitions of property, plant and equipment                         | 11   | (11,191,011,376)    | (3,245,215,967)     |
| Proceeds from sale of property, plant and equipment                   | 11   | 242,272,727         | -                   |
| Net Cash Used in Investing Activities                                 |      | (10,797,878,197)    | (2,421,694,628)     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                           |      |                     |                     |
| Proceeds from stock issuance  | 18   | -                   | 73,182,000,000      |
| Proceeds from bank loans  |      | 1,731,676,946,198   | 1,103,256,724,704   |
| Payments of bank loans  |      | (1,709,517,412,584) | (1,174,025,239,303) |
| Payments of lease liabilities   |      | (2,691,517,000)     | (1,786,517,000)     |
| Interest and finance charges paid                                     |      | (19,795,804,989)    | (29,291,125,654)    |
| Net Cash Used in Financing Activities                                 |      | (327,788,375)       | (28,664,157,253)    |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>           |      | 61,492,381,065      | (44,544,731,725)    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>                 |      | 24,377,134,810      | 70,361,133,361      |
| Effect of foreign exchange rate changes                               |      | (1,117,324,495)     | (1,439,266,826)     |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                       |      | 84,752,191,380      | 24,377,134,810      |

See accompanying notes to financial statements which are an integral part of the financial statements

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022 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 Bando 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. 40 dated March 19, 2021 of Susana Tanu, S.H., notary in Jakarta, regarding the reappointment of Board of Commissioners by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-AH.01.03-0187516 dated March 24, 2021.

In accordance with article 3 of the Company's Articles of Association, the scope of its activities includes 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, 2022, the Company has 490 employees (2021: 470 employees).

The Company's management consists of the following:

|                        | March 31, 2022                                | March 31, 2021                             |
|------------------------|---|--|
| President Commissioner | Kunnath Narayanan Radhakrishnan               | Kunnath Narayanan Radhakrishnan            |
| Commissioners          | Ramgopal Dilip<br>Ramaswami<br>Anandakrishnan | Ramgopal Dilip<br>Ramaswami Anandakrishnan |
| President Director     | Jeyanandan Thangarajan                        | Jeyanandan Thangarajan                     |
| Director               | Rajesh Ramani                                 | Rajesh Ramani                              |

### 2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

#### a. Standards and Amendments/Improvements to Standards Effective in the Current Year

In the current year, the Company has applied new standards and a number of amendments/improvements to PSAK that are relevant to its operations and effective for accounting period beginning on or after April 1, 2021. The adoption of these new/revised PSAKs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years, except as discussed below.

- Interest Rate Benchmark Reform - Phase 2 (Amendments to PSAK 71 Financial Instruments, PSAK 55 Financial Instruments: Recognition and Measurement, PSAK 60 Financial Instruments: Disclosures, PSAK 62 Insurance Contracts, and PSAK 73 Leases).

In the current year, the Company has adopted the Phase 2 amendments Interest Rate Benchmark Reform - Amendments to PSAK 71, PSAK 55, PSAK 60, PSAK 73 which was issued in December 2020. The adoption of these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

As of March 31, 2022, the alternative benchmark is not yet determined. Risks arising from the transition relate principally to the potential impact of rate differences if the debt do not transition to the new interest rate benchmark at the same time and/or the rates move by different amounts. Management will continue to monitor this and take the necessary actions to address related risks and uncertainties going forward.

The Company will continue to apply the Phase 1 amendments to PSAK 55 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Company is exposed ends. The Company expects this uncertainty will continue until the Company's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread. Summary of the actions taken by the Company to manage the risks relating to the are disclosed in Note 26.

#### b. Standards, Amendments/Improvements and Interpretations to Standards Issued not yet Adopted

At the date of authorization of these financial statements, the following standard, interpretation and amendments to PSAK relevant to the Company were issued but not effective, with early application permitted:

Effective for periods beginning on or after January 1, 2022

- PSAK 57 (amendment) Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling the Contracts
- 2020 Annual Improvements to PSAK (amendments to PSAK 71 Financial Instruments and PSAK 73 Leases) Effective for periods beginning on or after January 1, 2023
- PSAK 1 (amendment) Presentation of financial statements: Classification of Liabilities as Current or Non-current

- PSAK 16 (amendment) Property, Plant and Equipment: Proceeds before Intended Use
- PSAK 25 (amendment) Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to PSAK 1 (amendment) Presentation of Financial Statements: Disclosure of Accounting Policies

As of the issuance date of the financial statements, the effects of adopting these standards, amendments and interpretations on the financial statements are not known nor reasonably estimable by management.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

#### b. Basis of Presentation

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.

The statement of cash flows is prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### c. Foreign Currency Transactions and Translation

The financial statements are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Company are presented in Indonesian Rupiah, which is the functional currency for the financial statement.

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 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.

#### d. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following conditions applies:
  - 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).
  - 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).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - 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.
  - The entity is controlled or jointly controlled by a person identified in (a).
  - 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).
  - 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.

#### e. 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.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended (Continued)

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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

### Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

### Amortized cost and 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.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipt (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest is recognized using the effective interest method for debt instruments measured subsequently at amortized cost, except for short term balances when the effect of discounting is immaterial.

### Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses ("ECL") on trade and other accounts receivable. 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 instrument.

The Company always recognizes lifetime ECL for trade accounts receivable. The expected credit losses on these financial assets are 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 recognizes lifetime ECL when there has been a 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 measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit impaired at the reporting date or an actual default occurring.

### Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the

financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) 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.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

### Definition of default

The Company considers that default has occurred when a financial asset is more than 365 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### Credit-impaired financial assets

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.

### Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade accounts receivable, when the amounts are over 360 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

### Measurement and recognition of ECL

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determine at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Company's trade and other receivables, finance lease receivables are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- External credit ratings where available.

### Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, 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.

### Financial Liabilities and Equity Instruments

#### 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.

#### Trade and other accounts payable

Trade, other accounts payable and accrued expense are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method, except for shortterm balances when the effect of discounting is immaterial.

#### Bank loans

Interest-bearing bank loans are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method. Interest expense calculated using the

**NOTES TO FINANCIAL STATEMENTS**

March 31, 2021 and for the year then ended(Continued)

effective interest method is recognized over the term of the borrowing in accordance with the Company's accounting policy for borrowings costs.

**Effective interest method**

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period to the net carrying amount on initial recognition.

**Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

**f. Cash and Cash Equivalents**

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.

**g. 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.

**h. 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 by 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 2021 and 2022.

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 or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation land is charged 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.

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.

**i. Impairment of Non-Financial Assets**

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 assessment 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 a 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.

**j. Leases**

**The Company as lessee**

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurements of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying assets to the conditions required by the terms and conditions of the lease, a provision is recognized and measured under PSAK 57. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying assets. If a lease transfers ownership of the underlying assets or the cost of the right-of-use assets reflects that of the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying assets. The depreciation starts at the commencement date of the lease.



## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended (Continued)

The right-of-use assets are presented as a separate line in the statement of financial position. The Company applies PSAK 48 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the impairment of assets policy.

Variable rents that do not depend on an index or rate are not included in the measurements of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occur and are included in the line 'Others - net' in the statement of profit or loss and other comprehensive income.

As a practical expedient, PSAK 73 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

### k. 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 by comparing the actual claim with sales.

### l. Revenue and Expense Recognition

The Company recognizes revenue from sale of goods. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a product to a customer. The Company has generally concluded that it is the principal in its revenue arrangements and records revenue on a gross basis because it typically controls the goods or services before transferring them to the customer.

Revenue is recognized at the point in time when service is delivered and control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points, shipping and handling).

#### Expenses

Expenses are recognized when incurred.

### m. Employee Benefits

The Company provides post-employment benefits as required under Labor Law No. 11/2020 (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.
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss.

#### Termination

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognized any related restructuring costs

### n. 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 it 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.

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 the same taxable entity 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.

## 4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company accounting policies, which are described in Note 3, the directors are 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:

##### • Calculation of Loss Allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

##### • 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

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended(Continued)

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 disclosed 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.

The carrying value of land is disclosed in Note 11.

## 5. CASH AND CASH EQUIVALENTS

|                                   | March 31       |                |
|-----------------------------------|----------------|----------------|
|                                   | 2022           | 2021           |
|                                   | Rp             | Rp             |
| Cash on hand                      | 80,299,336     | 103,617,830    |
| Cash in banks                     |                |                |
| Rupiah                            |                |                |
| PT. Bank Danamon Indonesia Tbk    | 6,873,198,950  | 2,510,929,824  |
| PT. Bank Mandiri (Persero) Tbk    | 2,236,227,554  | 4,119,396,063  |
| PT. Bank DBS Indonesia            | 2,174,660,920  | 767,370,957    |
| Deutsche Bank AG, Jakarta branch  | 1,331,440,999  | 127,560,000    |
| PT. Bank SBI Indonesia            | 83,169,131     | 82,279,522     |
| MUFG Bank, Jakarta branch         | 72,657,412     | -              |
| Standard Chartered Bank Indonesia | 54,364,000     | 54,814,000     |
| Subtotal                          | 12,825,718,966 | 7,662,350,366  |
| US Dollar                         |                |                |
| PT. Bank DBS Indonesia            | 33,900,944,387 | 3,725,701,492  |
| Deutsche Bank AG, Jakarta branch  | 29,448,570,649 | 729,717,964    |
| Standard Chartered Bank Indonesia | 6,159,063,887  | 4,477,393,449  |
| MUFG Bank, Jakarta branch         | 2,284,894,726  | -              |
| PT. Bank Mandiri (Persero) Tbk    | 52,699,429     | 2,678,353,709  |
| Subtotal                          | 71,846,173,078 | 11,611,166,614 |
| Total                             | 84,752,191,380 | 19,377,134,810 |
| Time deposit                      |                |                |
| Rupiah                            |                |                |
| PT. Bank SBI Indonesia            | -              | 5,000,000,000  |
| Total                             | 84,752,191,380 | 24,377,134,810 |
| Interest rate per annum:          |                |                |
| Rupiah                            | -              | 3.75%          |

## 6. TRADE ACCOUNTS RECEIVABLE

|                                      | March 31         |                  |
|--------------------------------------|------------------|------------------|
|                                      | 2022             | 2021             |
|                                      | Rp               | Rp               |
| a. By debtor                         |                  |                  |
| Related parties (Note 25) -          |                  |                  |
| TVS Motor Company Limited, India     | 1,529,986,908    | 1,230,707,258    |
| Third parties                        |                  |                  |
| TVS Global Automobile Traders FZCO   | 281,061,485,410  | 197,016,682,270  |
| Sunshine., Ltd                       | 46,018,347,264   | 32,087,922,581   |
| Robustrade Dmcc                      | 30,948,824,340   | -                |
| Wandel International Nigeria Limited | 10,413,997,004   | 4,802,896,081    |
| G-Two FZCO                           | 9,491,866,808    | -                |
| Stargold Motorcycle Co               | 8,695,324,842    | 9,267,617,136    |
| PT Super Sukses Anugerah             | 3,394,320,061    | 4,654,524,373    |
| Car and General Trading              | 2,859,182,736    | -                |
| STE Top Shine                        | 2,766,588,607    | -                |
| PT Utama Sulawesi Makmur             | 2,419,996,007    | 2,899,369,418    |
| ETS Dk Motos                         | 1,549,692,540    | -                |
| Agrocorp International Pte., Ltd.    | 525,788,438      | 20,480,951,100   |
| PT Gamma Sakti Indonesia             | 2,605,064        | 21,035,243,925   |
| Premier Top Trading Limited          | -                | 38,328,061,288   |
| Getu Tefera Sido                     | -                | 1,481,469,812    |
| STE Mahira Distribution              | -                | 1,393,876,208    |
| Moon Princess Co., Ltd               | -                | 1,098,495,648    |
| Others (Below Rp 1,000,000,000 each) | 5,663,661,104    | 5,281,933,025    |
| Subtotal                             | 405,811,680,225  | 339,829,042,865  |
| Allowance for credit losses          | (22,575,478,674) | (11,529,908,237) |
| Net                                  | 383,236,201,551  | 328,299,134,628  |
| Total                                | 384,766,188,459  | 329,529,841,886  |
| Less: Noncurrent portion             | -                | 2,486,680,434    |
| Current portion                      | 384,766,188,459  | 327,043,161,452  |
| b. By currency                       |                  |                  |
| US Dollar                            | 395,645,819,115  | 307,906,579,746  |
| Rupiah                               | 11,695,848,018   | 33,153,170,377   |
| Subtotal                             | 407,341,667,133  | 341,059,750,123  |
| Allowance for credit losses          | (22,575,478,674) | (11,529,908,237) |
| Total                                | 384,766,188,459  | 329,529,841,886  |

The average credit period on sale of goods is 95 days in 2022 (2021: 90 days). No interest is charged on the outstanding balance.

Allowance for credit losses for trade accounts receivable has been measured at an amount equal to lifetime ECL. The ECL on trade accounts receivable is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the risk profile of trade accounts receivable from contracts with customers based on the Company's provision matrix.

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### NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended (Continued)

|  | March 31, 2022  |                |                |                |                 |                  |                  |                  |
|--|-----------------|----------------|----------------|----------------|-----------------|------------------|------------------|------------------|
|  | Past due        |                |                |                |                 |                  |                  |                  |
|  | Not past due    | < 30 days      | 31 – 60 days   | 61 – 90 days   | 91 – 120 days   | 121 - 180 days > | 180 days         | Total            |
|  | Rp              | Rp             | Rp             | Rp             | Rp              | Rp               | Rp               | Rp               |
| Expected credit loss rate on collective assessment | 28.39%          | 46.69%         | 82.76%         | 96.22%         | 96.94%          | 97.00%           | 98.50%           |                  |
| Estimated total gross carrying amount at default   | 201,238,356,832 | 62,036,739,901 | 15,146,580,399 | 13,983,446,747 | 32,641,090,994  | 56,336,853,218   | 25,958,599,042   | 407,341,667,133  |
| Lifetime ECL                                       | (1,808,773,316) | (681,307,445)  | (785,396,277)  | (648,332,714)  | (1,192,336,702) | (1,993,459,720)  | (15,465,872,500) | (22,575,478,674) |
| Total  |                 |                |                |                |                 |                  |                  | 384,766,188,459  |

|  | March 31, 2022  |                 |                |               |               |                  |                 |                  |
|--|-----------------|-----------------|----------------|---------------|---------------|------------------|-----------------|------------------|
|  | Past due        |                 |                |               |               |                  |                 |                  |
|  | Not past due    | < 30 days       | 31 – 60 days   | 61 – 90 days  | 91 – 120 days | 121 - 180 days > | 180 days        | Total            |
|  | Rp              | Rp              | Rp             | Rp            | Rp            | Rp               | Rp              | Rp               |
| Expected credit loss rate on collective assessment | 1.42%           | 2.97%           | 6.77%          | 7.19%         | 8.42%         | 9.57%            | 6.08%           |                  |
| Estimated total gross carrying amount at default   | 180,722,580,999 | 34,516,554,534  | 10,536,930,851 | 3,077,303,398 | 2,054,775,867 | 4,081,455,953    | 106,070,148,521 | 341,059,750,123  |
| Lifetime ECL                                       | (2,559,061,288) | (1,025,399,940) | (713,752,396)  | (221,399,408) | (172,970,953) | (390,729,969)    | (6,446,594,284) | (11,529,908,237) |
| Total  |                 |                 |                |               |               |                  |                 | 329,529,841,886  |

The movements in allowance for credit losses are as follows:

|   | 2022                               |                       |                 |
|---|------------------------------------|-----------------------|-----------------|
|   | Lifetime ECL - Not credit impaired |                       | Total           |
|   | Assessed collectively              | Assessed individually |                 |
| Balance at beginning of year  | 11,529,908,237                     | -                     | 11,529,908,237  |
| Loss allowance recognized in profit or loss during the year (Note 23) | 21,181,894                         | 11,045,570,437        | 11,066,752,331  |
| Write off   | (21,181,894)                       | -                     | (21,181,894)    |
| Balance at end of year  | 11,529,908,237                     | 11,045,570,437        | 22,575,478,674  |
|   | 2021                               |                       |                 |
|   | Lifetime ECL - Not credit impaired |                       | Total           |
|   | Assessed collectively              | Assessed individually |                 |
| Balance at beginning of year  | 5,702,360,470                      | -                     | 5,702,360,470   |
| Loss allowance recognized in profit or loss during the year (Note 23) | 9,529,908,237                      | -                     | 9,529,908,237   |
| Write-off   | (3,702,360,470)                    | -                     | (3,702,360,470) |
| Balance at end of year  | 11,529,908,237                     | -                     | 11,529,908,237  |

#### 7. OTHER ACCOUNTS RECEIVABLE FROM A RELATED PARTY

Other accounts receivable from a related party represents service fees and claim for reimbursements in 2022 and 2021 from TVS Motor Company Limited, India (Note 25).

## PT. TVS MOTOR COMPANY INDONESIA

### NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended(Continued)

#### 8. INVENTORIES

|                                       | March 31        |                 |
|---------------------------------------|-----------------|-----------------|
|                                       | 2022            | 2021            |
|                                       | Rp              | Rp              |
| Finished goods                        | 30,664,826,775  | 36,997,168,363  |
| Materials, components and spare parts | 291,561,897,632 | 242,204,798,676 |
| Others                                | 2,320,787,079   | 1,136,765,971   |
| Total                                 | 324,547,511,486 | 280,338,733,010 |
| Allowance for inventory obsolescence  | (6,296,228,796) | (5,447,797,544) |
| Net                                   | 318,251,282,690 | 274,890,935,466 |

The change in allowance for inventory obsolescence is as follows:

|                              | March 31      |               |
|------------------------------|---------------|---------------|
|                              | 2022          | 2021          |
|                              | Rp            | Rp            |
| Balance at beginning of year | 5,447,797,544 | 4,826,111,946 |
| Provision during the year    | 1,696,862,504 | 1,512,624,697 |
| Write-off during the year    | (848,431,252) | (890,939,099) |
| Balance at end of year       | 6,296,228,796 | 5,447,797,544 |

Management believes that allowance for inventory obsolescence is adequate.

All Inventory are insured with total coverage of USD 20,000,000 as of March 31, 2022 (2021: USD 15,000,000 and Rp 8,000,000,000) to PT. Asuransi Multi Artha Guna Tbk for both years.

Inventories are used as collateral for bank loans (Note 12).

#### 9. PREPAID TAXES

|                       | March 31        |                |
|-----------------------|-----------------|----------------|
|                       | 2022            | 2021           |
|                       | Rp              | Rp             |
| Income tax (Note 24)  | 7,260,861,090   | 2,999,344,363  |
| Value added tax (VAT) |                 |                |
| 2022                  | 96,776,770,175  | -              |
| 2021                  | 1,142,520,960   | 58,236,330,848 |
| Total                 | 105,180,152,225 | 61,235,675,211 |

##### VAT – 2020

In 2021, the Company received Rp 64,174,105,517 out of its total claim of Rp 64,330,820,351. The difference of Rp 156,714,834 was recorded as tax expense under Others-net in the statement of profit or loss and other comprehensive income.

##### VAT – 2021

In 2022, the Company received Rp 57,079,253,635 out of its total claim of Rp 58,236,330,848. The difference of Rp 14,556,253 was recorded as expense and Rp 1,142,520,960 was retained as prepaid tax.

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.

## PT. TVS MOTOR COMPANY INDONESIA

### NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended (Continued)

#### 11. PROPERTY, PLANT AND EQUIPMENT

|                                    | April 1, 2021   | Additions      | Deductions    | Reclassification | March 31, 2022  |
|------------------------------------|-----------------|----------------|---------------|------------------|-----------------|
|                                    | Rp              | Rp             | Rp            | Rp               | Rp              |
| Revalued amount:                   |                 |                |               |                  |                 |
| Land                               | 304,162,000,000 | -              | -             | -                | 304,162,000,000 |
| Cost:                              |                 |                |               |                  |                 |
| Buildings                          | 88,144,280,996  | 1,619,388,113  | -             | -                | 89,763,669,109  |
| Machinery and tools                | 112,353,343,957 | 6,810,974,899  | 1,348,456,070 | -                | 117,815,862,786 |
| Moulds and dies                    | 101,823,108,358 | 1,014,969,783  | -             | -                | 102,838,078,141 |
| Office equipment and<br>furnitures | 11,946,266,649  | 1,448,674,224  | 539,107,413   | -                | 12,855,833,460  |
| Vehicles                           | 1,219,363,584   | 297,004,357    | -             | -                | 1,516,367,941   |
| Total                              | 619,648,363,544 | 11,191,011,376 | 1,887,563,483 | -                | 628,951,811,437 |
| Accumulated depreciation:          |                 |                |               |                  |                 |
| Buildings                          | 56,130,204,773  | 4,433,319,073  | -             | -                | 60,563,523,846  |
| Machinery and tools                | 98,878,603,643  | 2,948,131,065  | 1,222,827,563 | -                | 100,603,907,145 |
| Moulds and dies                    | 38,583,075,603  | 6,505,145,549  | -             | -                | 45,088,221,152  |
| Office equipment and<br>furnitures | 10,140,020,489  | 807,228,511    | 539,107,412   | -                | 10,408,141,588  |
| Vehicles                           | 965,607,626     | 124,972,337    | -             | -                | 1,090,579,963   |
| Total                              | 204,697,512,134 | 14,818,796,535 | 1,761,934,975 | -                | 217,754,373,694 |
| Net Book Value                     | 414,950,851,410 |                |               |                  | 411,197,437,743 |

|                                    | April 1, 2020   | Additions      | Deductions | Reclassification | March 31, 2021  |
|------------------------------------|-----------------|----------------|------------|------------------|-----------------|
|                                    | Rp              | Rp             | Rp         | Rp               | Rp              |
| Revalued amount:                   |                 |                |            |                  |                 |
| Land                               | 304,162,000,000 | -              | -          | -                | 304,162,000,000 |
| Cost:                              |                 |                |            |                  |                 |
| Buildings                          | 88,040,280,996  | 104,000,000    | -          | -                | 88,144,280,996  |
| Machinery and tools                | 111,108,796,984 | 1,318,782,973  | 78,925,000 | 4,689,000        | 112,353,343,957 |
| Moulds and dies                    | 101,243,396,703 | 579,711,655    | -          | -                | 101,823,108,358 |
| Office equipment and<br>furnitures | 10,649,295,310  | 1,242,721,339  | -          | 54,250,000       | 11,946,266,649  |
| Vehicles                           | 1,219,363,584   | -              | -          | -                | 1,219,363,584   |
| Construction in Progress           |                 |                |            |                  |                 |
| Machinery and tools                | 58,939,000      | -              | -          | (58,939,000)     | -               |
| Total                              | 616,482,072,577 | 3,245,215,967  | 78,925,000 | -                | 619,648,363,544 |
| Accumulated depreciation:          |                 |                |            |                  |                 |
| Buildings                          | 51,738,454,477  | 4,391,750,296  | -          | -                | 56,130,204,773  |
| Machinery and tools                | 96,169,520,385  | 2,750,473,618  | 41,390,360 | -                | 98,878,603,643  |
| Moulds and dies                    | 33,719,937,746  | 4,863,137,857  | -          | -                | 38,583,075,603  |
| Office equipment and<br>furnitures | 9,660,136,229   | 479,884,260    | -          | -                | 10,140,020,489  |
| Vehicles                           | 845,960,186     | 119,647,440    | -          | -                | 965,607,626     |
| Total                              | 192,134,009,023 | 12,604,893,471 | 41,390,360 | -                | 204,697,512,134 |
| Net Book Value                     | 424,348,063,554 |                |            |                  | 414,950,851,410 |

## PT. TVS MOTOR COMPANY INDONESIA

### NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended (Continued)

Depreciation expense was allocated to the following:

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | Rp             | Rp             |
| Manufacturing cost                            | 13,886,595,687 | 12,005,361,771 |
| General and administrative expenses (Note 23) | 932,200,848    | 599,531,700    |
| Total   | 14,818,796,535 | 12,604,893,471 |

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, 2022 and 2021, 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., FPG Insurance Indonesia and Lippo General Insurance Tbk against earthquake, fire, lightning, explosion and other possible risks for USD 48,000,000 as of March 31, 2022.

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 against earthquake, fire, lightning, explosion and other possible risks for USD 33,000,000. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Disposal of property, plant and equipment are as follows:

|   | 2022          | 2021       |
|---|---------------|------------|
|   | Rp            | Rp         |
| Net book value  | 125,628,508   | 37,534,640 |
| Proceeds from disposal of property, plant and equipment | (242,272,727) | -          |
| Loss (gain) on disposal                                 | (116,644,219) | 37,534,640 |

### 12. BANK LOANS

|  | 2022            | 2021            |
|--|-----------------|-----------------|
|  | Rp              | Rp              |
| Short-term bank loans  |                 |                 |
| Rupiah   |                 |                 |
| PT. Bank DBS Indonesia   | 2,987,801,312   | 19,193,392,235  |
| Bank MUFG  | 15,488,756,399  | -               |
| U.S. Dollar  |                 |                 |
| PT. Bank SBI Indonesia (USD 4,386,518 in 2022 and USD 9,219,337 in 2021)           | 62,942,149,259  | 134,344,181,096 |
| Deutsche Bank AG, Jakarta Branch (USD 1,716,256 in 2022 and USD 2,500,000 in 2021) | 24,626,556,053  | 36,430,000,000  |
| PT. Bank DBS Indonesia (USD 711,626 in 2022 and USD 1,835,109 in 2021)             | 10,211,120,657  | 26,741,202,811  |
| Deutsche Bank AG, Singapore Branch (USD 12,000,000 and USD 10,500,000 in 2021)     | 172,188,000,000 | 153,006,000,000 |
| Bank MUFG (USD 7,008,315 in 2022)  | 100,562,310,500 | -               |
| Chinese Yuan   |                 |                 |
| PT. Bank DBS Indonesia (CNH 819,972 in 2022 and CNH 521,234 in 2021)               | 1,850,495,695   | 1,155,427,226   |
| Total  | 390,857,189,876 | 370,870,203,368 |

The amortized cost of the bank loans are as follows:

|                            | 2022            | 2021            |
|----------------------------|-----------------|-----------------|
|                            | Rp              | Rp              |
| Bank loans                 | 390,857,189,876 | 370,870,203,368 |
| Accrued interest (Note 16) | 3,227,060,337   | 3,502,034,115   |
| Amortized cost             | 394,084,250,213 | 374,372,237,483 |

### 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 USD 5,000,000 which also can be drawn in Indonesian Rupiah and Chinese Yuan.
- Overdraft working capital facility with a maximum credit of Rp 15,000,000,000.

The outstanding balances are as follows:

|  | 2022           | 2021           |
|--|----------------|----------------|
|  | Rp             | Rp             |
| Trade finance facility                                     |                |                |
| Rupiah   | -              | 15,636,390,507 |
| US Dollar (USD 406,176 in 2022 and USD 1,359,620 in 2021)  | 5,828,220,042  | 19,812,383,515 |
| Chinese Yuan (CNH 819,972 in 2022 and CNH 521,234 in 2021) | 1,850,495,694  | 1,155,427,226  |
| Subtotal   | 7,678,715,736  | 36,604,201,248 |
| Overdraft working capital facility                         |                |                |
| Rupiah   | 2,987,801,312  | 3,557,001,728  |
| US Dollar (USD 305,450 in 2022 and USD 475,489 in 2021)    | 4,382,900,615  | 6,928,819,296  |
| Subtotal   | 7,370,701,927  | 10,485,821,024 |
| Total  | 15,049,417,663 | 47,090,022,272 |

In 2022, interest rate per annum is at 6.8% (2021: 7.80%) for US Dollar denominated loans, at 9.85% (2021: 10.50%) for IDR denominated loans and at 6.50% (2021: 6.50%) for CNH denominated loans.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 2,301,419,921 in 2022 (2021: Rp 3,758,140,529). The facility is secured with lien on receivables and inventory to the extent of credit limit.

The above loan facilities with DBS Indonesia contains certain covenant such as 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, 2022, and 2021, the Company is compliant to the loan covenants.

### PT. Bank SBI Indonesia

In 2021, the Company renewed the revolving credit facility from PT. Bank SBI Indonesia with a maximum credit limit of USD 14,350,000, 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 USD 10,000,000. The loan bears an interest rate of 7.00% per annum.

In 2022, the Company renewed the revolving credit facility from PT Bank SBI Indonesia with a maximum credit limit of USD 5,750,000 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 State Bank of India, CAG, Chennai- India amounting to USD 5,000,000. The loan bears an interest rate of 6% per annum.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 5,673,473,891 in 2022 (2021: Rp 9,758,754,355).

The above loan facilities with Bank SBI Indonesia contains certain covenant which, among others, 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. As of March 31, 2022, and 2021, the Company is compliant to the loan covenants.

### Deutsche Bank AG, Singapore branch

In March 2019, the Company obtained a working capital loan facility of USD 15,000,000 from Deutsche Bank AG, Singapore branch. The loan bears an interest rate of three months SOFR + 3.95%. The Company availed and repaid several tranches and has outstanding balance of USD12,000,000 as of March 31, 2022 and USD 10,500,000 as of March 31, 2021. The facility is secured by lien on receivables and inventory to the extent of credit limit.

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended(Continued)

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp7,030,549,643 in 2022 (2021: Rp 9,941,081,750).

### Deutsche Bank AG, Jakarta branch

In 2021, the Company obtained a revolving credit facility with Deutsche Bank, Jakarta for USD 2,500,000 which is renewable. The interest rate is 4.82%. In 2022, Company obtained a credit facility from Deutsche Bank, Jakarta in association with Exim Bank of Indonesia under the Jaminah Program (Program Pemulihan Ekonomi Nasional (PEN) for USD 10,000,000 wherein the Exim Bank provide credit guarantee up to 80% credit limit. The loan outstanding is USD 1,716,256 for 2022. The interest rate is 4.68%.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 1,578,156,213 in 2022 (2021: Rp 2,021,651,556).

The above loan facilities with Deutsche Bank AG, Singapore branch and Jakarta branch contains certain covenant which, among others, 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 of March 31, 2022, and 2021, the Company is compliant to the loan covenants.

### Bank MUFG

In 2022, the Company signed a credit agreement with MUFG Bank Ltd, Jakarta for USD 10,000,000 which is an omnibus facilities with sub limits comprising of invoice financing, foreign exchange facilities, trade loan and uncommitted short term loan. The facility is valid for one year from date of signing. The facility is unsecured in nature without any collateral as on reporting date. The loan interest rate of 2.20% per annum.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 2,517,904,150 in 2022 (2021: Rp nil).

As per loan agreements entered with banks, all the above short-term loans are renewable in nature and there are no fixed due dates.

### 13. TRADE ACCOUNTS PAYABLE

|  | 2022            | 2021            |
|--|-----------------|-----------------|
|  | Rp              | Rp              |
| a. By Creditors                            |                 |                 |
| Related party - TVS Motor Company Limited, |                 |                 |
| India (Note 25)                            | 350,120,803,126 | 221,398,653,071 |
| Third parties                              |                 |                 |
| PT. Setia Guna Sejati                      | 5,345,974,474   | 5,839,228,841   |
| PT. GS Battery                             | 4,581,834,000   | 4,658,547,800   |
| Chongqing Xinxing Gear Wheel Co., Ltd      | 4,391,736,825   | -               |
| PT. Gajah Tunggal Tbk                      | 2,666,549,070   | 2,059,511,170   |
| PT. Daijo Industrial                       | 2,224,433,274   | -               |
| PT. Insako Jaya Sejahtera                  | 1,349,012,730   | 2,007,734,375   |
| PT. Dharma Polimetal                       | 1,250,294,664   | 2,553,736,446   |
| Others (below Rp 2,000,000,000 each)       | 25,091,482,913  | 28,258,147,377  |
| Subtotal                                   | 46,901,317,950  | 45,376,906,009  |
| Total                                      | 397,022,121,076 | 266,775,559,080 |
| b. By Currency                             |                 |                 |
| U.S. Dollar                                | 362,322,888,905 | 228,879,555,903 |
| Rupiah                                     | 33,084,407,542  | 37,882,248,460  |
| Chinese Yuan                               | 1,573,285,129   | 13,754,717      |
| Rupee                                      | 41,539,500      | -               |
| Total                                      | 397,022,121,076 | 266,775,559,080 |

### 14. OTHER ACCOUNTS PAYABLE

|  | 2022           | 2021          |
|--|----------------|---------------|
|  | Rp             | Rp            |
| Related party - TVS Motor Company Limited, |                |               |
| India (Note 25)                            | 8,900,742,990  | 2,091,348,230 |
| Third parties                              |                |               |
| PT. Talisman Insurance Brokers             | 1,121,882,125  | 1,070,078,195 |
| Ecu Worldwide Indonesia                    | 1,099,658,565  | -             |
| PT. Pan Asia Logistics Indonesia           | 720,864,377    | 1,787,866,918 |
| PT. Senator International Indonesia        | 706,597,281    | 1,172,228,080 |
| PT. Agility International                  | -              | 382,964,969   |
| Others (below Rp 600,000,000 each)         | 3,537,444,386  | 3,099,330,330 |
| Subtotal                                   | 7,186,446,734  | 7,512,468,492 |
| Total                                      | 16,087,189,724 | 9,603,816,722 |

Other accounts payable to a related party represents information technology service fees.

### 15. TAXES PAYABLE

|                    | 2022        | 2021        |
|--------------------|-------------|-------------|
|                    | Rp          | Rp          |
| Income taxes       |             |             |
| Article 21         | 358,124,559 | 428,815,801 |
| Article 26         | 118,275,311 | 222,131,945 |
| Article 4(2) Final | 108,557,240 | 92,257,038  |
| Article 23         | 157,078,241 | 70,023,100  |
| Article 22         | 12,183,934  | 4,432,766   |
| Total              | 754,219,285 | 817,660,650 |

### 16. ACCRUED EXPENSES

|                                   | 2022           | 2021           |
|-----------------------------------|----------------|----------------|
|                                   | Rp             | Rp             |
| Provision for sales and marketing | 18,571,165,142 | 16,581,780,506 |
| Warranty expense                  | 3,375,033,190  | 2,690,925,288  |
| Interest (Note 12)                | 3,227,060,337  | 3,502,034,115  |
| Professional fees                 | 518,700,000    | 2,548,400,000  |
| Employees' social security        | 485,844,299    | 463,141,064    |
| Others                            | 12,811,893,336 | 15,667,541,683 |
| Total                             | 38,989,696,304 | 41,453,822,656 |

### 17. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company calculates defined post-employment benefits for its employees in accordance with Labor Law No. 11/2020. This plan provides pension benefits based on years of service and salaries of the employees. The number of employees entitled to the benefits are 401 employees (2021: 385 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's liability.

#### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan's 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:

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended(Continued)

|  | 2022            | 2021            |
|--|-----------------|-----------------|
|  | Rp              | Rp              |
| Service cost:  |                 |                 |
| Current service cost (Note 23)   | 3,271,002,000   | 2,658,842,000   |
| Past service cost and gain on settlements                                    | (277,520,000)   | (4,498,404,000) |
| Interest cost (Note 23)  | 1,493,190,000   | 1,591,543,000   |
| Components of defined benefits cost recognised in profit or loss             | 4,486,672,000   | (248,019,000)   |
| Remeasurement on the net defined benefit obligation                          |                 |                 |
| Actuarial loss (gains) arising from changes in financial assumptions         | 874,028,000     | 2,232,835,000   |
| Actuarial loss (gains) arising from experience adjustments                   | (1,486,716,000) | 38,812,000      |
| Components of defined benefit costs recognised in other comprehensive income | (612,688,000)   | 2,271,647,000   |
| Total  | 3,873,984,000   | 2,023,628,000   |

Past service cost and gain on settlement is recorded under Others – net in the statement of profit or loss and other comprehensive income

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:

|  | 2022           | 2021           |
|--|----------------|----------------|
|  | Rp             | Rp             |
| Present value of post-employment benefits obligation | 22,375,157,000 | 20,382,336,000 |

Changes in the present value of unfunded defined benefits obligations are as follows:

|  | 2022            | 2021           |
|--|-----------------|----------------|
|  | Rp              | Rp             |
| Balance at beginning of year   | 20,382,336,000  | 18,653,913,000 |
| Component of defined benefit cost recognized in profit or loss             | 4,486,672,000   | (248,019,000)  |
| Component of defined benefit cost recognized in other comprehensive income | (612,688,000)   | 2,271,647,000  |
| Benefits payment   | (1,881,163,000) | (295,205,000)  |
| Balance at end of year   | 22,375,157,000  | 20,382,336,000 |

Significant actuarial assumptions for the determination of the defined benefits obligation are discount rate and expected salary growth. The sensitivity analysis below has 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 20,006,741,000 (increase to Rp 25,178,432,000) (2021: decrease to Rp 18,149,501,000 (increase to Rp 23,042,804,000)).
- If the expected salary growth is 1% higher (lower), the defined benefits obligation would increase to Rp 25,392,368,000 (decrease to Rp 19,794,336,000) (2021: increase to Rp 23,247,298,000 (decrease to Rp 17,949,306,000)).

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.

The cost of providing post-employment benefits is calculated by an independent actuary, KKA Halim dan Rekan (2021: PT. Milliman Indonesia). The actuarial valuation was carried out using the following key assumptions:

|                                 | 2022   | 2021   |
|---------------------------------|--|--|
| Discount rate per annum         | 7.25%  | 7.6%   |
| Salary increment rate per annum | 7.0%   | 7.0%   |
| Normal retirement age           | 56 years old and can be extended up to 60 years old                              | 56 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

| Name of Stockholders                | March 31, 2022 and 2021 |                         |                     |
|-------------------------------------|-------------------------|-------------------------|---------------------|
|                                     | Ordinary Shares         | Percentage of Ownership | Total Capital Stock |
|                                     |                         | %                       | Rp                  |
| TVS Motor (Singapore) Pte., Limited | 5,324,187               | 32%                     | 518,575,813,800     |
| TVS Motor Company (Europe) B.V.     | 2,870,000               | 17%                     | 279,538,000,000     |
| TVS Motor Company Limited, India    | 8,597,000               | 51%                     | 837,347,800,000     |
| Total                               | 16,791,187              | 100%                    | 1,635,461,613,800   |

Movements in paid-in capital are as follows:

|                           | 2022              | 2021              |
|---------------------------|-------------------|-------------------|
|                           | Rp                | Rp                |
| Beginning of the year     | 1,635,461,613,800 | 1,586,761,613,800 |
| Issuance of capital stock | -                 | 48,700,000,000    |
| End of the year           | 1,635,461,613,800 | 1,635,461,613,800 |

Changes in the Company's outstanding shares are as follows:

|                                    | 2022             | 2021             |
|------------------------------------|------------------|------------------|
|                                    | Number of Shares | Number of Shares |
| Beginning of the year              | 16,791,187       | 16,291,187       |
| Issuance of capital stock for cash | -                | 500,000          |
| End of the year 1                  | 16,791,187       | 16,791,187       |

In 2021, the Company received additional capital stock subscription amounting to USD 5,000,000 (equivalent to Rp 73,182,000,000) 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:

|  | 2022            | 2021            |
|--|-----------------|-----------------|
|  | Rp              | Rp              |
| Balance at beginning of year                           | 216,192,517,840 | 191,710,517,840 |
| Foreign exchange rate difference on issuance of shares | -               | 24,482,000,000  |
| Balance at end of year                                 | 216,192,517,840 | 216,192,517,840 |

## 20. REVALUATION SURPLUS

This amount represents the increase in value of land due to revaluation.



# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended(Continued)

### 21. NET SALES

A disaggregation of the Company's revenue for the year is as follows:

|                      | 2022              | 2021            |
|----------------------|-------------------|-----------------|
|                      | Rp                | Rp              |
| Type of goods        |                   |                 |
| Sale of vehicles     | 1,112,996,556,804 | 737,052,207,097 |
| Sale of spare parts  | 51,518,523,551    | 30,722,340,944  |
| Total                | 1,164,515,080,355 | 767,774,548,041 |
| Geographical markets |                   |                 |
| Export               | 1,083,916,327,043 | 677,315,597,598 |
| Domestic             | 80,598,753,312    | 90,458,950,443  |
| Total                | 1,164,515,080,355 | 767,774,548,041 |

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for sales of goods at March 31, 2022 is Rp 8,254,294,414 (2021: Rp 6,528,834,901) and are presented as contract liabilities.

0.9% (2021: 0.9%) 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                  | 2022            | 2021            |
|------------------------------------|-----------------|-----------------|
|                                    | Rp              | Rp              |
| TVS Global Automobile Traders FZCO | 323,732,716,705 | 129,438,467,573 |
| Premier Top Trading Limited        | 220,318,728,100 | 253,963,412,857 |
| Sunshine (Far East) Ltd            | 177,520,482,980 | -               |
| Robustrade DMCC                    | 128,884,783,977 | -               |
| Total                              | 850,456,711,762 | 383,401,880,430 |

### 22. COST OF GOODS SOLD

|                                   | 2022              | 2021             |
|-----------------------------------|-------------------|------------------|
|                                   | Rp                | Rp               |
| Raw materials and components used | 903,395,195,173   | 565,655,387,016  |
| Direct labor                      | 19,443,044,418    | 16,579,082,684   |
| Overhead                          | 102,243,051,485   | 76,703,766,924   |
| Total manufacturing cost          | 1,025,081,291,076 | 658,938,236,624  |
| Finished goods                    |                   |                  |
| At beginning of year              | 36,997,168,363    | 47,266,553,922   |
| At end of year                    | (30,664,826,775)  | (36,997,168,363) |
| Cost of goods sold                | 1,031,413,632,664 | 669,207,622,183  |

53% in 2022 (2021: 68%) 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

|                                    | 2022           | 2021           |
|------------------------------------|----------------|----------------|
|                                    | Rp             | Rp             |
| Marketing                          |                |                |
| Advertising and market research    | 7,045,094,630  | 12,242,175,080 |
| Free service charges               | 827,010,000    | 1,021,955,969  |
| Warranty                           | 668,947,421    | 943,425,249    |
| Others                             | 247,023,312    | 110,560,000    |
| Total                              | 8,788,075,363  | 14,318,116,298 |
|                                    | 2022           | 2021           |
|                                    | Rp             | Rp             |
| General and administrative         |                |                |
| Salaries and allowances            | 22,965,985,581 | 18,438,601,590 |
| Loss allowance (Note 6)            | 11,066,752,331 | 9,529,908,237  |
| Short term and low value leases    | 5,909,569,953  | 4,664,024,048  |
| Consultancy fees                   | 5,020,991,134  | 5,473,091,420  |
| Post-employment benefits (Note 17) | 4,764,192,000  | 4,250,385,000  |
| Training and development           | 4,373,700,611  | 4,365,629,223  |
| Right-of-use assets depreciation   | 2,268,373,384  | 1,584,989,381  |
| Travel and transportation          | 2,029,628,863  | 1,850,719,698  |

|   | 2022           | 2021           |
|---|----------------|----------------|
|   | Rp             | Rp             |
| Taxes, permit and license                             | 1,903,927,401  | 2,742,976,170  |
| Data processing (Note 25d)                            | 1,457,216,389  | 1,741,985,252  |
| Insurance   | 1,452,868,546  | 1,434,769,840  |
| Property, plant, and equipment depreciation (Note 11) | 932,200,848    | 599,531,700    |
| Professional fees                                     | 913,515,350    | 830,000,000    |
| Office supplies                                       | 557,033,387    | 645,671,243    |
| Telecommunication                                     | 313,026,677    | 334,323,579    |
| Research and development                              | 232,838,982    | 364,946,113    |
| Recruitment   | 224,205,070    | 126,040,000    |
| Postage and courier                                   | 148,269,431    | 105,837,703    |
| Business meeting                                      | 19,409,600     | 7,720,000      |
| Others  | 771,398,071    | 585,745,697    |
| Total   | 67,325,103,609 | 59,676,895,894 |

### 24. INCOME TAX

The tax (benefit) expense of the Company consists of the following:

|                                     | 2022             | 2021           |
|-------------------------------------|------------------|----------------|
|                                     | Rp               | Rp             |
| Current tax                         |                  |                |
| Adjustment of Tax Assessment Letter |                  |                |
| 2020                                |                  |                |
| 2019                                | 241,000          | 1,159,000      |
| Deferred tax                        | (34,497,198,895) | 29,886,851,496 |
| Total                               | (34,496,957,895) | 29,888,010,496 |

### Current tax

The reconciliation between profit before tax per statements of profit or loss and other comprehensive income and fiscal profit (loss) is as follows:

|   | 2022              | 2021              |
|---|-------------------|-------------------|
|   | Rp                | Rp                |
| Profit before tax per statements of profit or loss and other comprehensive income | 43,816,040,188    | 45,562,753,301    |
| Temporary differences:  |                   |                   |
| Provision for employee benefits - net   | 2,605,509,000     | (543,224,000)     |
| Depreciation of property, plant and equipment                                     | 7,697,763,203     | 4,399,250,839     |
| Provision for accrued expenses  | 2,673,492,538     | (7,205,236,780)   |
| Total   | 12,976,764,741    | (3,349,209,941)   |
| Permanent differences:  |                   |                   |
| Employee welfare  | 4,694,624,037     | 3,330,374,161     |
| Tax expenses  | 837,314,451       | 1,557,886,963     |
| Provision for inventory obsolescence  | 1,696,862,504     | 1,512,624,697     |
| Interest income already subjected to final tax                                    | (116,980,974)     | (530,710,664)     |
| Provision for credit losses   | 11,066,752,331    | 9,529,908,237     |
| Others  | 296,286,349       | 302,488,166       |
| Total   | 18,474,858,698    | 15,702,571,560    |
| Fiscal profit before fiscal loss carryforward                                     | 75,267,663,627    | 57,916,114,919    |
| Fiscal loss carryforward - net of expired portion                                 | (298,217,673,418) | (356,133,788,337) |
| Total accumulated fiscal loss   | (222,950,009,791) | (298,217,673,418) |
| Current tax   | Nil               | Nil               |

|                        | 2022          | 2021          |
|------------------------|---------------|---------------|
|                        | Rp            | Rp            |
| Prepaid taxes          |               |               |
| 2022                   | 5,125,879,729 | -             |
| 2021                   | 1,562,797,363 | 1,562,797,365 |
| 2020                   | -             | 864,363,000   |
| 2018                   | 572,183,998   | 572,183,998   |
| Prepaid taxes (Note 9) | 7,260,861,090 | 2,999,344,363 |

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended (Continued)

### Deferred Tax

The details of the Company's deferred tax assets (liabilities) are as follows:

|                                     | April 1, 2020    | Credited to profit or loss for the year | Charged to Other Comprehensive Income | March 31, 2021   | Charged (credited) to profit or loss for the year | Credited to Other Comprehensive Income | March 31, 2022   |
|-------------------------------------|------------------|---|---------------------------------------|------------------|---|--|------------------|
|                                     | Rp               | Rp                                      | Rp                                    | Rp               | Rp  | Rp                                     | Rp               |
| Deferred tax asset (liabilities):   |                  |   |                                       |                  |   |  |                  |
| Fiscal loss                         | 29,512,214,510   | (28,227,122,043)                        | -                                     | 1,285,092,467    | 31,178,343,495                                    | -                                      | 32,463,435,962   |
| Accrued expenses                    | 2,413,493,803    | (1,441,047,356)                         | -                                     | 972,446,447      | 588,168,358                                       | -                                      | 1,560,614,805    |
| Property, plant and equipment       | (14,160,200,354) | (110,037,297)                           | -                                     | (14,270,237,651) | 1,749,828,342                                     | -                                      | (12,520,409,309) |
| Post-employment benefits obligation | 3,730,782,600    | (108,644,800)                           | 454,329,400                           | 4,076,467,200    | 980,858,700                                       | (134,791,360)                          | 4,922,534,540    |
| Deferred Tax Asset -Net             | 21,496,290,559   | (29,886,851,496)                        | 454,329,400                           | (7,936,231,537)  | 34,497,198,895                                    | (134,791,360)                          | 26,426,175,998   |

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 asset of Rp 32,463,435,962 was recognized as of March 31, 2022 (2021: Rp 1,285,092,467).

A reconciliation between the tax expense and the amounts computed by applying the effective tax rates to profit before tax is as follows:

|   | 2022             | 2021            |
|---|------------------|-----------------|
|   | Rp               | Rp              |
| Profit before tax per statements of profit or loss and other comprehensive income | 43,816,040,188   | 45,562,753,301  |
| Tax expense at effective tax rates  | 9,639,528,841    | 10,023,805,726  |
| Unrecognized deferred tax on fiscal loss  | (47,737,229,493) | 18,308,288,966  |
| Tax effect of permanent differences   | 4,064,468,914    | 3,454,565,743   |
| Adjustment of deferred tax asset beginning due to decrease in tax rate            | (463,967,157)    | (2,889,696,404) |
| Tax base correction   | -                | 989,887,465     |
| Adjustment of tax assessment  | 241,000          | 1,159,000       |
| Tax expense (benefit)   | (34,496,957,895) | 29,888,010,496  |

The Company received Advance Tax Overpayment Refund Decree (SKPPKP) No. KEP- 00046/SKPPKP/WPJ.07/KP.0303/2021 dated February 26, 2021 which stated that for fiscal year 2018, the Company has an overpayment related to income taxes amounting to Rp 516,943,000 instead of Rp 518,102,000 and the difference amounting to Rp 1,159,000 was recorded under tax expense.

The Company received Advance Tax Overpayment Refund Decree (SKPPKP) KEP- 00257.PPH/WPJ.07/KP.03/2021 dated September 29, 2021 which stated that for fiscal year 2020, the Company has an overpayment related to income taxes amounting to Rp 864,122,000 instead of Rp 864,363,000 and the difference amounting to Rp 241,000 was recorded under tax expense.

### Changes in statutory tax rates

Government Regulation in Lieu of Law No. 1 Year 2020 on State Financial Policy and Stability of Financial Systems for the Management of Coronavirus Disease 2019 ("COVID-19") and/or Counter the Threat to National Economy and/or Stability of Financial Systems ("Perpu No. 1/2020") took effect on March 31, 2020. Perpu 1/2020 reduced the income tax rates for domestic corporations and permanent establishments to 22% applicable for fiscal years 2020 and 2021 and further reduction to 20% applicable for fiscal year 2022 and thereafter.

On October 29, 2021, the Government stipulated Law No.7 Year 2021 on the Harmonization of Tax Regulations ("HPP Bill"). One of the article in this HPP Bill is that the corporate income tax rate applicable in 2022 and so forth is 22%.

## 25. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

### Nature of Relationship

- TVS Motor Company (Europe) B.V. and TVS Motor (Singapore) Pte., Limited, are stockholders of the Company.
- TVS Motor Company Limited, India (TVS India) is the ultimate holding company of the Company and a stockholder.
- Related party which conform to criteria on Note 3d is TVS Auto Bangladesh Ltd.

### Transactions with Related Parties

The Company entered into certain transactions with related parties, including the following:

- Compensation paid to the Board of Commissioners and Directors of the Company amounted to Rp 4,535,309,098 in 2022 (2021: Rp 3,884,135,930).
- Net sales to related parties accounted for 0.9% in 2022 (2021: 0.9%), of the total net sales. At reporting date, the receivables for these sales were presented as trade accounts receivable which constituted 0.1% of the total assets as of March 31, 2022 (2021: 0.1%).
- Purchases from a related party constituted 53% in 2022 (2021: 68%) 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 40% as of March 31, 2022 (2021: 30%) of the total liabilities.
- The Company also entered non-trade transactions such as service fee (Note 26b), claim for reimbursements (Note 7), and information technology services fees with a related party (Notes 14 and 23).

## 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 exceeds 20,000 units per month. This agreement will be valid for 5 years from effective date. As of the issuance date of the financial statements, the extension of the agreement is still in process.
- The Company and TVS Motor Company Limited entered into a Memorandum of understanding with TVS Motor Company Limited on February 9, 2019, which has been further amended on September 1, 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 Nil in 2022 (2021: Rp 2,013,438,030). As of the issuance date of the financial statements, the agreement is expired.

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended(Continued)

### 27. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

|                             |         | 2022                |                     | 2021                |                     |
|-----------------------------|---------|---------------------|---------------------|---------------------|---------------------|
|                             |         | Foreign<br>Currency | Equivalent in<br>Rp | Foreign<br>Currency | Equivalent in<br>Rp |
| <b>Monetary Assets</b>      |         |                     |                     |                     |                     |
| Cash and cash equivalents   | USD     | 5,007,047           | 71,846,173,078      | 796,814             | 11,611,166,614      |
| Trade accounts receivable   |         |                     |                     |                     |                     |
| Related parties             | USD     | 106,627             | 1,529,986,908       | 84,457              | 1,230,707,258       |
| Third parties               | USD     | 27,488,994          | 394,115,832,207     | 21,045,558          | 306,675,872,488     |
| Other accounts receivable   |         |                     |                     |                     |                     |
| Related parties             | USD     | 183,179             | 2,628,437,734       | 741,207             | 10,800,872,704      |
| Security deposits           | USD     | 7,712               | 110,658,914         | 7,912               | 115,293,081         |
| Total Monetary Assets       |         |                     | 470,231,088,841     |                     | 330,433,912,145     |
| <b>Monetary Liabilities</b> |         |                     |                     |                     |                     |
| Bank loans                  | USD     | 25,822,697          | 370,530,136,470     | 24,054,446          | 350,521,383,907     |
|                             | CNH     | 819,972             | 1,850,495,695       | 521,234             | 1,155,427,226       |
| Trade accounts payable      |         |                     |                     |                     |                     |
| Related party               | USD     | 24,400,346          | 350,120,803,126     | 15,193,429          | 221,398,653,071     |
| Third parties               | USD     | 850,378             | 12,202,085,779      | 513,375             | 7,480,902,832       |
| CNH                         | 697,137 | 1,573,285,129       | 6,204               | 13,754,717          | -                   |
|                             | RMB     | 18,382              |                     | 41,539,500          | -                   |
| Other accounts payable      |         |                     |                     |                     |                     |
| Related party               | USD     | 620,304             | 8,900,742,990       | 143,518             | 2,091,348,230       |
| Third parties               | USD     | 114,847             | 1,647,946,921       | 330,801             | 1,070,912,163       |
| Accrued expenses            | USD     | 299,734             | 4,300,880,227       | 431,561             | 6,288,711,992       |
| Total Monetary Liabilities  |         |                     | 751,167,915,837     |                     | 590,021,094,138     |
| Net Monetary Liabilities    |         |                     | (280,936,826,996)   |                     | (259,587,181,993)   |

The conversion rates used by the Company are as follows:

|     |  | 2022   | 2021   | 2022  |  |
|-----|--|--------|--------|---|--|
|     |  | Rp     | Rp     | Financial assets at<br>amortized cost<br>Rp | Financial liabilities<br>at amortized cost<br>Rp |
| USD |  | 14,349 | 14,572 | -   | 1,515,026,434                                    |
| RMB |  | 2,259  | -      | -   | 390,857,189,876                                  |
| CNH |  | 2,257  | 2,217  | 480,194,428,691                             | 848,470,675,215                                  |
|     |  |        |        |   |  |
|     |  |        |        | Lease Liabilities                           |  |
|     |  |        |        | Bank loans                                  |  |
|     |  |        |        | Total                                       |  |

### 28. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

#### a. Categories and Classes of Financial Instruments

|                              |  | 2022  |  | 2021  |  |
|------------------------------|--|---|--|---|--|
|                              |  | Financial assets at<br>amortized cost<br>Rp | Financial liabilities<br>at amortized cost<br>Rp | Financial assets at<br>amortized cost<br>Rp | Financial liabilities<br>at amortized cost<br>Rp |
| <b>Financial Assets</b>      |  |   |  |   |  |
| Cash and cash equivalents    |  | 84,752,191,380                              | -  | 24,377,134,810                              | -  |
| Trade accounts receivable    |  |   |  |   |  |
| Related parties              |  | 1,529,986,908                               | -  | 1,230,707,258                               | -  |
| Third parties                |  | 383,236,201,551                             | -  | 328,299,134,628                             | -  |
| Other accounts receivable    |  |   |  |   |  |
| Related parties              |  | 2,628,437,734                               | -  | 10,800,872,704                              | -  |
| Third parties                |  | 4,887,616,814                               | -  | 2,158,646,480                               | -  |
| Other current assets         |  | 2,424,961,839                               | -  | 770,631,632                                 | -  |
| Security deposits            |  | 735,032,465                                 | -  |   |  |
| <b>Financial Liabilities</b> |  |   |  |   |  |
| Trade accounts payable       |  |   |  |   |  |
| Related party                |  | -   | 350,120,803,126                                  | -   | 221,398,653,071                                  |
| Third parties                |  | -   | 46,901,317,950                                   | -   | 45,376,906,009                                   |
| Other accounts payable       |  |   |  |   |  |
| Related party                |  | -   | 8,900,742,990                                    | -   | 2,091,348,230                                    |
| Third parties                |  | -   | 7,186,446,734                                    | -   | 7,512,468,492                                    |
| Accrued expenses             |  | -   | 38,989,696,304                                   | -   | 41,453,822,656                                   |
| Deposit from customers       |  | -   | 3,999,451,801                                    | -   | 8,481,748,748                                    |
|                              |  |   |  | -   | 1,970,434,182                                    |
|                              |  |   |  | -   | 370,870,203,368                                  |
|                              |  |   |  | 367,637,127,512                             | 699,155,584,756                                  |
|                              |  |   |  | Total                                       |  |

# PT. TVS MOTOR COMPANY INDONESIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2022 and for the year then ended(Continued)

### b. 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 strategy remains unchanged from 2021. The Company's capital structure consists bank loans (Note 12) offset by cash and cash equivalents (Note 5), lease liabilities and equity consisting of capital stock (Note 18), foreign exchange rate difference on paid-in capital (Note 19), revaluation surplus (Note 20), other comprehensive income and deficit.

The gearing ratio at reporting date is as follows:

|                           | 2022            | 2021            |
|---------------------------|-----------------|-----------------|
|                           | Rp              | Rp              |
| Debt                      | 392,372,216,310 | 372,840,637,550 |
| Cash and cash equivalents | 84,752,191,380  | 24,377,134,810  |
| Debt - net                | 307,620,024,930 | 348,463,502,740 |
| Equity                    | 483,236,117,165 | 404,445,222,442 |
| Net debt to equity ratio  | 64%             | 86%             |

### c. 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 Directors.

#### 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 profit or 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 Directors 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 at reporting date. 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 2022, if interest rate had been 298 basis points (2021: 497 basis points) higher (lower) and the other variables held constant, the Company's profit after tax would decrease (increase) by Rp 4,570,470,594 (2021: Rp 7,324,032,282).

The Company is exposed to USD LIBOR or similar interest rate benchmark, which are subject to interest rate benchmark reform. For the Company's floating rate debt, the Company has started discussion with its lenders to amend the reference benchmark interest rate. The Company has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulator. In 2020, the regulator has made clear that, at the end of 2021, it will no longer seek to persuade, or compel, banks to submit IBORs. In March 2021, the Financial Conduct Authority (FCA) has announced the dates that panel bank submissions for all LIBOR settings will cease, after which representative LIBOR rates will no longer be available. The FCA has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after December 31, 2021, in the case of all Sterling, Euro, Swiss Franc and Japanese Yen settings; and the 1-week and 2- month USD settings; and
- immediately after June 30, 2023, in the case of the remaining USD settings.

The following are the key risks for the Company arising from the transition:

#### Interest rate basis risk

If the bilateral negotiations with the Company's counterparties are not successfully concluded before the cessation of LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts by our interest rate risk management strategy. For example, in some cases the fallback clauses in LIBOR loan contracts may result in the interest rate becoming fixed for the remaining term at the last LIBOR quote. The Company is working closely with all counterparties to avoid this from occurring, however if this does arise, the Company's

interest rate risk management policy will apply as normal and may result in closing out or entering into new interest rate swaps to maintain the mix of floating rate and fixed rate debt.

#### Liquidity risk

There are fundamental differences between LIBOR and the alternative benchmark rates which the Company will be adopting. LIBOR is forward-looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management.

#### Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on existing contracts (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Company is working closely with all counterparties to avoid this from occurring.

#### Operational risk

None of the Company's LIBOR legacy contracts include adequate and robust fallback clauses for a cessation of the referenced benchmark interest rate. Various working groups in the industry are working on fallback provisions for different instruments and IBORs, which the Company is monitoring closely. The Company is planning to transition the majority of its IBOR-linked contracts to risk free rates through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from IBOR to RFR at an agreed point in time.

#### 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.

|           | 2022                                  |                                    | 2021                                  |                                    |
|-----------|---------------------------------------|------------------------------------|---------------------------------------|------------------------------------|
|           | 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 | 1%                                    | 2,164,276,998                      | 4%                                    | 8,193,183,321                      |

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

The Company develops and maintains its credit risk gradings to categorize exposures according to their degree of risk of default. The Company uses its own trading records to rate its major customers and other debtors.

The Company's current credit risk grading framework comprises the following categories:

| Category   | Description   | Basis for recognizing ECL          |
|------------|---|------------------------------------|
| Performing | The counterparty has a low risk of default and does not have any past-due amounts.  | 12-month ECL                       |
| Doubtful   | Amount is >120 days past due or there has been a significant increase in credit risk since initial recognition.                       | Lifetime ECL - not credit-impaired |
| In default | Amount is >365 days past due or there is evidence indicating the asset is creditimpaired.   | Lifetime ECL - creditimpaired      |
| Write-off  | There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery. | Amount is written off              |

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### NOTES TO FINANCIAL STATEMENTS

March 31, 2021 and for the year then ended(Continued)

The table below details the credit quality of the Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

|                                    |                        |                                    | 2022                  |                  |                     |
|------------------------------------|------------------------|------------------------------------|-----------------------|------------------|---------------------|
|                                    | Internal Credit Rating | 12-month or lifetime ECL           | Gross carrying amount | Loss allowance   | Net carrying amount |
|                                    |                        |                                    | Rp                    | Rp               | Rp                  |
| March 31, 2022                     |                        |                                    |                       |                  |                     |
| Cash in banks (Note 5)             | Performing             | 12-month ECL                       | 84,671,892,044        | -                | 84,671,892,044      |
| Trade accounts receivable (Note 6) | (i)                    | Lifetime ECL (simplified approach) | 407,341,667,133       | (22,575,478,674) | 384,766,188,459     |
| Other accounts receivable          | Performing             | 12-month ECL                       | 7,516,054,548         | -                | 7,516,054,548       |
|                                    |                        |                                    |                       | (22,575,478,674) |                     |

(i) The Company determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

| 2021  |                        |   |                       |                  |                     |
|---|------------------------|---|-----------------------|------------------|---------------------|
|   | Internal Credit Rating | 12-month or lifetime ECL                    | Gross carrying amount | Loss allowance   | Net carrying amount |
|   |                        |   | Rp                    | Rp               | Rp                  |
| March 31, 2021  |                        |   |                       |                  |                     |
| Cash in banks and time deposit (Note 5)               | Performing             | 12-month ECL                                | 24,273,516,980        | -                | 24,273,516,980      |
| Trade accounts receivable (Note 6)                    | (i)                    | L i f e t i m e E C L (simplified approach) | 341,059,750,123       | (11,529,908,237) | 329,529,841,886     |
| Other accounts receivable from related party (Note 7) | Performing             | 12-month ECL                                | 10,800,872,704        | -                | 10,800,872,704      |
|   |                        |   |                       | (11,529,908,237) |                     |

(i) The Company determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Company has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Company only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

The Company's credit exposure has no significant concentration of credit risk with any single customer or group of customers.

Further details of credit risks on trade and other accounts receivable and contract assets are disclosed in Notes 6 and 7, respectively.

#### iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Directors, 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, 2022                           |                   |                 |                    |               |                 |
|------------------------------------|--|-------------------|-----------------|--------------------|---------------|-----------------|
|                                    | Weighted average effective interest rate | Less than 1 month | 1-3 months      | 3 months to 1 year | 1-5 years     | Total           |
|                                    |  | Rp                | Rp              | Rp                 | Rp            | Rp              |
| Non-interest bearing               |  |                   |                 |                    |               |                 |
| Trade accounts payable             |  |                   |                 |                    |               |                 |
| Related party                      | -  | 14,810,761,437    | 76,616,853,632  | 258,693,188,057    | -             | 350,120,803,126 |
| Third party                        | -  | 18,319,378,636    | 17,906,824,899  | 10,675,114,415     | -             | 46,901,317,950  |
| Other accounts payable             |  |                   |                 |                    |               |                 |
| Related party                      | -  | 8,900,742,990     | -               | -                  | -             | 8,900,742,990   |
| Third party                        | -  | 4,433,318,141     | 1,567,941,495   | 1,185,187,098      | -             | 7,186,446,734   |
| Accrued expense                    | -  | 23,295,536,687    | 298,382,567     | 9,373,676,404      | 6,022,100,646 | 38,989,696,304  |
| Variable interest rate instruments |  |                   |                 |                    |               |                 |
| Bank loans                         | 3% - 6%                                  | 1,370,536,875     | 2,741,073,749   | 395,821,284,726    | -             | 399,932,895,350 |
| Fixed interest rate instruments    |  |                   |                 |                    |               |                 |
| Bank loans                         | 6% - 13.5%                               | 66,335,327        | 132,670,655     | 7,967,719,873      | -             | 8,166,725,855   |
| Lease liabilities                  | 10.85%                                   | 58,167,711        | 1,557,513,597   | -                  | -             | 1,615,681,308   |
| Total                              |  | 71,254,777,804    | 100,821,260,594 | 683,716,170,573    | 6,022,100,646 | 861,814,309,617 |

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March 31, 2021 and for the year then ended(Continued)

|                                    | Weighted average<br>effective interest rate | March 31, 2021    |                 |                    |           |                 |
|------------------------------------|---|-------------------|-----------------|--------------------|-----------|-----------------|
|                                    |   | Less than 1 month | 1-3 months      | 3 months to 1 year | 1-5 years | Total           |
|                                    |   | Rp                | Rp              | Rp                 | Rp        | Rp              |
| Non-interest bearing               |   |                   |                 |                    |           |                 |
| Trade accounts payable             |   |                   |                 |                    |           |                 |
| Related party                      | -   | -                 | 704,559,887     | 220,694,093,184    | -         | 221,398,653,071 |
| Third party                        | -   | 11,106,002,864    | 24,035,156,751  | 10,235,746,394     | -         | 45,376,906,009  |
| Other accounts payable             |   |                   |                 |                    |           |                 |
| Related party                      | -   | -                 | 651,269,252     | 1,440,078,978      | -         | 2,091,348,230   |
| Third party                        | -   | 1,554,103,699     | 3,894,335,507   | 2,064,029,286      | -         | 7,512,468,492   |
| Accrued expense                    | -   | 4,757,976,381     | 17,630,167,541  | 19,065,678,734     | -         | 41,453,822,656  |
| Variable interest rate instruments |   |                   |                 |                    |           |                 |
| Bank loans                         | 6% - 7%                                     | 70,042,948,145    | 59,704,171,927  | 64,614,784,439     | -         | 194,361,904,510 |
| Fixed interest rate instruments    |   |                   |                 |                    |           |                 |
| Bank loans                         | 6% - 13.5%                                  | 16,232,843,709    | 19,525,514,460  | 157,265,687,366    | -         | 193,024,045,536 |
| Lease liabilities                  | 10.85%                                      | 81,470,467        | 1,853,636,244   | 344,691,107        | -         | 2,279,797,818   |
| Total                              |   | 103,775,345,265   | 127,998,811,569 | 475,724,789,488    | -         | 707,498,946,322 |

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 because management has implemented and continues to implement the following measures:

- Continuing focus on export markets through consolidation of existing markets and entry into new markets;
- Collaborate with e-commerce and distribution company in Indonesia to increase its three-wheeler cargo sales;
- Increase the sales of three-wheeler both passenger and cargo versions which was launched recently, including exports of these products;
- Focus on margin improvement and control of fixed costs.

The Company's management believes that it is well placed to manage the Company's business risks successfully.

#### d. 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. 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, 2021   | Financing cash flows | Non-cash transaction<br>changes | March 31, 2022  |
|-------------------|-----------------|----------------------|---------------------------------|-----------------|
|                   | Rp              | Rp                   | Rp                              | Rp              |
| Bank loans        | 370,870,203,368 | 22,159,533,614       | (2,172,547,106)                 | 390,857,189,876 |
| Lease Liabilities | 1,970,434,182   | (2,691,517,000)      | 2,236,109,252                   | 1,515,026,434   |
|                   | 372,840,637,550 | 19,468,016,614       | 63,562,146                      | 392,372,216,310 |

|                   | April 1, 2020   | Financing cash flows | Non-cash transaction<br>changes | March 31, 2021  |
|-------------------|-----------------|----------------------|---------------------------------|-----------------|
|                   | Rp              | Rp                   | Rp                              | Rp              |
| Bank loans        | 498,483,813,857 | (70,768,514,599)     | (56,845,095,890)                | 370,870,203,368 |
| Lease Liabilities | -               | (1,786,517,000)      | 3,756,951,182                   | 1,970,434,182   |
|                   | 498,483,813,857 | (72,555,031,599)     | (53,088,144,708)                | 372,840,637,550 |

#### 30. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 1 to 44 were the responsibilities of the management and were approved by the Directors and authorized for issue on May 4, 2022.

**RE-STATED ACCOUNTS OF**  
PT. TVS MOTOR COMPANY INDONESIA

# PT. TVS MOTOR COMPANY INDONESIA

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2022

|  | Notes | IDR in Mn.          | Rupees in crores |
|--|-------|---------------------|------------------|
| <b>ASSETS</b>  |       |                     |                  |
| <b>Non-current assets</b>                                |       |                     |                  |
| Property, plant and equipment                            | 1     | 4,37,310.24         | 181.80           |
| Other Non Current Assets                                 | 2     | 734.98              | 0.39             |
| Deferred tax Assets                                      |       | 26,426.18           | 13.94            |
|  |       | <u>4,64,471.40</u>  | <u>196.13</u>    |
| <b>Current assets</b>                                    |       |                     |                  |
| Inventories  | 3     | 3,18,251.29         | 167.88           |
| Financial assets   |       |                     |                  |
| i. Trade receivables                                     | 4     | 3,88,123.82         | 204.74           |
| ii. Cash and cash equivalents                            | 5     | 84,752.19           | 44.70            |
| Current tax assets (Net)                                 |       |                     |                  |
| Other current assets                                     | 6     | 1,27,624.08         | 67.31            |
|  |       | <u>9,18,751.38</u>  | <u>484.63</u>    |
| Total Assets   |       | <u>13,83,222.78</u> | <u>680.76</u>    |
| <b>EQUITY AND LIABILITIES</b>                            |       |                     |                  |
| <b>Equity</b>  |       |                     |                  |
| Equity share capital                                     | 7     | 16,35,461.61        | 906.08           |
| Other equity   | 8     | (11,27,934.75)      | (687.25)         |
|  |       | <u>5,07,526.86</u>  | <u>218.83</u>    |
| <b>Liabilities</b>                                       |       |                     |                  |
| <b>Non-current liabilities</b>                           |       |                     |                  |
| Financial liabilities                                    |       |                     |                  |
| i. Lease Liabilities                                     |       |                     |                  |
| Provisions   | 9     | 22,375.16           | 11.80            |
|  |       | <u>22,375.16</u>    | <u>11.80</u>     |
| <b>Current liabilities</b>                               |       |                     |                  |
| Financial liabilities                                    |       |                     |                  |
| i. Borrowings  | 10    | 3,90,857.20         | 206.18           |
| ii. Lease Liabilities                                    |       | 1,515.03            | 0.80             |
| iii. Trade payables                                      | 11    |                     |                  |
| a. Total outstanding dues of micro and small enterprises |       | -                   | -                |
| b. Total outstanding dues other than (iii) (a) above     |       | 4,44,227.67         | 234.33           |
| iv. Other financial liabilities                          | 12    | 7,226.51            | 3.81             |
| Other current liabilities                                | 13    | 9,494.35            | 5.01             |
|  |       | <u>8,53,320.76</u>  | <u>450.13</u>    |
| Total liabilities  |       | <u>8,75,695.92</u>  | <u>461.93</u>    |
| Total equity and liabilities                             |       | <u>13,83,222.78</u> | <u>680.76</u>    |

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

|  | Notes | IDR in Mn.          | Rupees in crores |
|--|-------|---------------------|------------------|
| I Revenue from operations  | 14    | 11,65,689.98        | 603.28           |
| II Other income  | 15    | <u>7,099.82</u>     | <u>3.67</u>      |
| III Total Income (I + II)  |       | <u>11,72,789.80</u> | <u>606.95</u>    |
| IV Expenses:   |       |                     |                  |
| Cost of material consumed  | 16    | 8,57,304.71         | 444.54           |
| Changes in inventories of finished goods, stock-in -trade and work-in-progress | 16    | 6,332.34            | 2.41             |
| Employee benefits expense  | 17    | 1,03,008.23         | 53.31            |
| Finance costs  | 18    | 20,609.65           | 10.67            |
| Depreciation and amortisation expense  | 19    | 19,668.99           | 10.17            |
| Other expenses   | 20    | <u>1,24,631.94</u>  | <u>64.49</u>     |
|  |       | <u>11,31,555.86</u> | <u>585.59</u>    |
| V Profit before exceptional items,(III - IV)                                   |       | 41,233.94           | 21.36            |
| VI Exceptional items   |       | -                   | -                |
| VII Profit before tax (V+ VI)  |       | 41,233.94           | 21.36            |
| VIII Tax expense   |       |                     |                  |
| i) Current tax   |       | -                   | -                |
| ii) Deferred tax   |       | <u>(26,560.97)</u>  | <u>(13.75)</u>   |
| IX Profit for the year (VII - VIII)  |       | <u>67,794.91</u>    | <u>35.11</u>     |
| X Other Comprehensive Income   |       |                     |                  |
| A. Items that will not be reclassified to profit or loss                       |       |                     |                  |
| Remeasurements of post employment benefit obligations                          |       | 612.69              | 0.32             |
| Income tax relating to the above items   |       | <u>(134.79)</u>     | <u>(0.07)</u>    |
| B. Items that will be reclassified to profit or loss                           |       |                     |                  |
| Foreign currency translation adjustments                                       |       | -                   | 12.48            |
|  |       | <u>477.90</u>       | <u>12.73</u>     |
| XI Total Comprehensive Income (IX+X)   |       | <u>68,272.81</u>    | <u>47.84</u>     |
| XII Earnings per equity share (Face value of IDR.97,400/- each)                |       |                     |                  |
| Basic & Diluted earnings per share (in IDR / in rupees)                        |       | 4,037.53            | 20.91            |



# PT. TVS MOTOR COMPANY INDONESIA

## Notes to Accounts

### 1 Property, Plant & Equipment

IDR in Millions

| Description                           | Property, Plant & Equipment |             |                   |          |                                    |                    |             |
|---------------------------------------|-----------------------------|-------------|-------------------|----------|------------------------------------|--------------------|-------------|
|                                       | Land                        | Buildings   | Plant & equipment | Vehicles | Furniture, fixtures and equipments | Right of use asset | Total       |
|                                       | 1                           | 2           | 3                 | 4        | 5                                  | 6                  | 7           |
| Cost of assets                        |                             |             |                   |          |                                    |                    |             |
| Gross carrying value as at 01-04-2021 | 2,22,928.86                 | 1,02,205.56 | 3,26,107.70       | 1,219.65 | 11,946.26                          | 3,683.12           | 6,68,091.15 |
| Additions                             | -                           | 1,619.39    | 7,825.94          | 297.00   | 1,448.67                           | 1,992.26           | 13,183.26   |
| Sub-total                             | 2,22,928.86                 | 1,03,824.95 | 3,33,933.64       | 1,516.65 | 13,394.93                          | 5,675.38           | 6,81,274.41 |
| Sales / deletion                      | -                           |             | 1,348.46          |          | 539.11                             |                    | 1,887.57    |
| Total                                 | 2,22,928.86                 | 1,03,824.95 | 3,32,585.18       | 1,516.65 | 12,855.82                          | 5,675.38           | 6,79,386.84 |
| Depreciation / Amortisation           |                             |             |                   |          |                                    |                    |             |
| Upto 31-03-2021                       | -                           | 61,652.02   | 1,49,826.92       | 965.61   | 10,140.01                          | 1,584.99           | 2,24,169.55 |
| For the year                          | -                           | 5,136.39    | 11,332.03         | 124.97   | 807.23                             | 2,268.37           | 19,668.99   |
| Sub-total                             | -                           | 66,788.41   | 1,61,158.95       | 1,090.58 | 10,947.24                          | 3,853.36           | 2,43,838.54 |
| Withdrawn on assets sold / deleted    | -                           | -           | 1,222.83          | -        | 539.11                             |                    | 1,761.94    |
| Total                                 | -                           | 66,788.41   | 1,59,936.12       | 1,090.58 | 10,408.13                          | 3,853.36           | 2,42,076.60 |
| Carrying value                        |                             |             |                   |          |                                    |                    |             |
| As at 31-03-2022                      | 2,22,928.86                 | 37,036.54   | 1,72,649.06       | 426.07   | 2,447.69                           | 1,822.02           | 4,37,310.24 |

Rupees in crores

| Description                                     | Property, Plant & Equipment |           |                   |          |                                    |                    |        |
|---|-----------------------------|-----------|-------------------|----------|------------------------------------|--------------------|--------|
|   | Land                        | Buildings | Plant & equipment | Vehicles | Furniture, fixtures and equipments | Right of use asset | Total  |
|   | 1                           | 2         | 3                 | 4        | 5                                  | 6                  | 7      |
| Cost of assets                                  |                             |           |                   |          |                                    |                    |        |
| Gross carrying value as at 01-04-2021           | 112.02                      | 51.11     | 160.39            | 0.61     | 6.00                               | 1.86               | 331.99 |
| Additions                                       |                             | 0.85      | 4.13              | 0.16     | 0.76                               | 1.03               | 6.93   |
| Foreign Currency translation reserve difference | 5.57                        | 2.21      | 5.36              | 0.03     | 0.30                               | 0.05               | 13.52  |
| Sub-total                                       | 117.59                      | 54.17     | 169.88            | 0.80     | 7.06                               | 2.94               | 352.44 |
| Sales / deletion                                |                             |           | 0.71              |          | 0.28                               | -                  | 0.99   |
| Total   | 117.59                      | 54.17     | 169.17            | 0.80     | 6.78                               | 2.94               | 351.45 |
| Depreciation / Amortisation                     |                             |           |                   |          |                                    |                    |        |
| Upto 31-03-2021                                 | -                           | 30.69     | 118.05            | 0.49     | 5.09                               | 0.81               | 155.13 |
| For the year                                    |                             | 2.63      | 5.89              | 0.06     | 0.42                               | 1.17               | 10.17  |
| Foreign Currency translation reserve difference |                             | 1.45      | 3.53              | 0.03     | 0.27                               |                    | 5.28   |
| Sub-total                                       | -                           | 34.77     | 127.47            | 0.58     | 5.78                               | 1.98               | 170.58 |
| Withdrawn on assets sold / deleted              |                             |           | 0.65              |          | 0.28                               | -                  | 0.93   |
| Total   | -                           | 34.77     | 126.82            | 0.58     | 5.50                               | 1.98               | 169.65 |
| Carrying value                                  |                             |           |                   |          |                                    |                    |        |
| As at 31-03-2022                                | 117.59                      | 19.40     | 42.35             | 0.22     | 1.28                               | 0.96               | 181.80 |

## PT. TVS MOTOR COMPANY INDONESIA

### Notes on accounts - (continued)

|   | IDR in Mn.<br>As at<br>31-03-2022 | Rupees in crores<br>As at<br>31-03-2022 |  | IDR in Mn.<br>As at<br>31-03-2022 | Rupees in crores<br>As at<br>31-03-2022 |
|---|-----------------------------------|---|--|-----------------------------------|---|
| <b>2 OTHER NON-CURRENT ASSETS</b>                 |                                   |   | <b>8 OTHER EQUITY</b>                                      |                                   |   |
| Advances other than capital advances:             |                                   |   | General reserve  | (8,135.60)                        | (0.81)                                  |
| Deposits made                                     | 734.98                            | 0.39                                    | Retained earnings  | (13,35,991.67)                    | (665.20)                                |
|   | <u>734.98</u>                     | <u>0.39</u>                             | Foreign currency translation reserve                       | 2,16,192.52                       | (21.24)                                 |
|   |                                   |   |  | <u>(11,27,934.75)</u>             | <u>(687.25)</u>                         |
| <b>3 INVENTORIES</b>                              |                                   |   | <b>9 NON - CURRENT LIABILITIES - PROVISIONS</b>            |                                   |   |
| Raw materials and components                      | 2,85,265.67                       | 150.48                                  | Provision for employee benefits - Pension                  | 22,375.16                         | 11.80                                   |
| Finished goods                                    | 30,664.83                         | 16.18                                   |  | <u>22,375.16</u>                  | <u>11.80</u>                            |
| Stores and spares                                 | 2,320.79                          | 1.22                                    |  |                                   |   |
|   | <u>3,18,251.29</u>                | <u>167.88</u>                           |  |                                   |   |
|   |                                   |   | <b>10 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)</b>     |                                   |   |
| <b>4 TRADE RECEIVABLES</b>                        |                                   |   | Borrowings repayable on demand from banks                  |                                   |   |
| Secured, considered good                          |                                   |   | Secured  | 2,74,806.13                       | 144.96                                  |
| Unsecured, considered good                        | 4,10,699.30                       | 216.65                                  | Unsecured  | 1,16,051.07                       | 61.22                                   |
|   | <u>4,10,699.30</u>                | <u>216.65</u>                           |  | <u>3,90,857.20</u>                | <u>206.18</u>                           |
|   |                                   |   |  |                                   |   |
| Less : Loss allowance                             | 22,575.48                         | 11.91                                   |  |                                   |   |
|   | <u>3,88,123.82</u>                | <u>204.74</u>                           |  |                                   |   |
|   |                                   |   | <b>11 TRADE PAYABLES</b>                                   |                                   |   |
| <b>5 CASH AND CASH EQUIVALENTS</b>                |                                   |   | Current  |                                   |   |
| Balances with banks in current accounts           | 84,671.89                         | 44.66                                   | Dues to Micro and Small Enterprises **                     |                                   |   |
| Cash on hand                                      | 80.30                             | 0.04                                    | Dues to enterprises other than Micro and Small Enterprises | 4,44,227.67                       | 234.33                                  |
|   | <u>84,752.19</u>                  | <u>44.70</u>                            |  | <u>4,44,227.67</u>                | <u>234.33</u>                           |
|   |                                   |   |  |                                   |   |
| <b>6 OTHER CURRENT ASSETS</b>                     |                                   |   |  |                                   |   |
| Vendor advance                                    | 17,695.36                         | 9.33                                    |  |                                   |   |
| VAT receivable                                    | 1,05,180.15                       | 55.48                                   |  |                                   |   |
| Others  | 4,748.57                          | 2.50                                    |  |                                   |   |
|   | <u>1,27,624.08</u>                | <u>67.31</u>                            |  |                                   |   |
|   |                                   |   |  |                                   |   |
| <b>7 EQUITY SHARE CAPITAL</b>                     |                                   |   | <b>12 OTHER FINANCIAL LIABILITIES</b>                      |                                   |   |
| Authorised, issued, subscribed and fully paid up: |                                   |   | Interest accrued but not due on loans                      | 3,227.06                          | 1.70                                    |
| Authorised:                                       |                                   |   | Trade deposits   | 3,999.45                          | 2.11                                    |
| 17,500,000 Ordinary shares of IDR.97,400 each     | 17,04,500.00                      | 944.33                                  |  | <u>7,226.51</u>                   | <u>3.81</u>                             |
|   |                                   |   |  |                                   |   |
| Issued, subscribed and fully paid up:             |                                   |   | <b>13 OTHER CURRENT LIABILITIES</b>                        |                                   |   |
| 16,791,187 Ordinary shares of IDR.97,400 each     | 16,35,461.61                      | 906.08                                  | Statutory dues   | 754.22                            | 0.40                                    |
|   | <u>16,35,461.61</u>               | <u>906.08</u>                           | Employee related   | 485.84                            | 0.26                                    |
|   |                                   |   | Advance received from customers                            | 8,254.29                          | 4.35                                    |
|   |                                   |   |  | <u>9,494.35</u>                   | <u>5.01</u>                             |

\*\* 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.

## PT. TVS MOTOR COMPANY INDONESIA

### Notes on accounts - (continued)

|  | IDR in Mn.<br>For the year<br>ended 31-03-2022 | Rupees in crores<br>For the year<br>ended 31-03-2022 |   | IDR in Mn.<br>For the year<br>ended 31-03-2022 | Rupees in crores<br>For the year<br>ended 31-03-2022 |
|--|--|--|---|--|--|
| <b>14 REVENUE FROM OPERATIONS</b>  |  |  | <b>17 EMPLOYEE BENEFITS EXPENSE</b>   |  |  |
| Sale of products   | 11,64,515.08                                   | 602.67   | Salaries, wages and bonus   | 88,248.73                                      | 45.67  |
| Sale of service  | 532.96   | 0.28   | Contribution to provident and other funds   | 6,053.35                                       | 3.13   |
| Other operating revenue  | 641.94   | 0.33   | Staff welfare expenses  | 8,706.15                                       | 4.51   |
|  | <u>11,65,689.98</u>                            | <u>603.28</u>  |   | <u>1,03,008.23</u>                             | <u>53.31</u>   |
| <b>15 OTHER INCOME</b>   |  |  | <b>18 FINANCE COSTS</b>   |  |  |
| Interest income  | 116.98   | 0.06   | Interest  | 22,632.99                                      | 11.71  |
| Profit on sale of fixed asset  | 116.64   | 0.06   | Exchange differences  | (2,267.19)                                     | (1.17)   |
| Other non-operating income   | 6,866.20                                       | 3.55   | Interest on lease liabilities   | 243.85   | 0.13   |
|  | <u>7,099.82</u>                                | <u>3.67</u>  |   | <u>20,609.65</u>                               | <u>10.67</u>   |
| <b>16 MATERIAL COST :</b>  |  |  | <b>19 DEPRECIATION AND AMORTISATION EXPENSE</b>   |  |  |
| Cost of Materials Consumed   |  |  | Depreciation on property plant and equipment  | 17,400.62                                      | 7.67   |
| Opening stock of raw materials and components                                  | 2,36,757.00                                    | 118.97   | Depreciation on right of use asset  | 2,268.37                                       | 1.17   |
| Add: Purchases   | <u>9,05,813.38</u>                             | <u>476.05</u>  |   | <u>19,668.99</u>                               | <u>8.84</u>  |
|  | 11,42,570.38                                   | 595.02   |   |  |  |
| Less: Closing stock of raw materials and components                            | 2,85,265.67                                    | 150.48   |   |  |  |
|  | <u>8,57,304.71</u>                             | <u>444.54</u>  | <b>20 OTHER EXPENSES</b>  |  |  |
| Consumption of raw materials and components                                    |  |  | (a) Consumption of stores, spares and tools   | 2,694.21                                       | 1.39   |
|  |  |  | (b) Power and fuel  | 3,426.60                                       | 1.77   |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade: |  |  | (c) Rent  | 9,892.45                                       | 5.12   |
| Opening stock:   |  |  | (d) Repairs - buildings   | 2,754.96                                       | 1.43   |
| Finished goods   | <u>36,997.17</u>                               | <u>18.59</u>   | (e) Repairs - plant and equipment   | 4,548.48                                       | 2.35   |
| (A)  | <u>36,997.17</u>                               | <u>18.59</u>   | (f) Insurance   | 1,452.87                                       | 0.75   |
|  |  |  | (g) Rates and taxes (excluding taxes on income)   | 2,741.49                                       | 1.42   |
| Closing stock:   |  |  | (h) Audit fees  | 699.26   | 0.36   |
| Finished goods   | <u>30,664.83</u>                               | <u>16.18</u>   | (i) Packing and freight charges   | 45,436.21                                      | 23.51  |
| (B)  | <u>30,664.83</u>                               | <u>16.18</u>   | (j) Advertisement and publicity   | 8,788.08                                       | 4.55   |
|  |  |  | (k) 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) | 42,197.33                                      | 21.84  |
| (A)-(B)  | <u>6,332.34</u>                                | <u>2.41</u>  |   | <u>1,24,631.94</u>                             | <u>64.49</u>   |

# THE GO CORPORATION

## Report of the auditor to the General Assembly of the GO corporation, Zurich

Bassersdorf, January 27, 2022

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of the GO corporation for the financial year ended December 31, 2021.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Further we draw your attention to the fact that the GO corporation is over-indebted on the date of the review in the sense of Art. 725 para. 2 by the Swiss Code of obligations (OR). Since shareholder loans to the company in the amount of CHF 360'000.00 have been subordinated and furthermore a capital increase of at least CHF 1'500'000.00 is planned to be performed in Q1 2022, the Board of Directors has refrained from further steps.

### renius revisions ag

Tanja Jager

licensed audit expert RAB

Enclosures:

- Financial Statements (Balance Sheet, Income Statement, Notes)
- Proposed appropriation of available earnings

## BALANCE SHEET AS OF 31. DECEMBER

(in Swiss francs)

|                                       | 2021                | %            | 2020                | %            |
|---------------------------------------|---------------------|--------------|---------------------|--------------|
| <b>Assets</b>                         |                     |              |                     |              |
| <b>Current assets</b>                 |                     |              |                     |              |
| Cash and cash equivalents             | 3'660'566.15        |              | 308'696.08          |              |
| Trade receivables                     |                     |              |                     |              |
| From third parties                    | 46'917.37           |              | 86'389.05           |              |
| From associated companies             | 93'327.38           |              | 95'994.74           |              |
| Provision for doubtful accounts       | -2'070.00           |              | -9'592.64           |              |
| Other current receivables             |                     |              |                     |              |
| From third parties                    | 49'219.00           |              | 22'343.85           |              |
| From Shareholders                     | 0.00                |              | 20'207.55           |              |
| Inventories and non-invoiced services | 2'871'814.15        |              | 1'096'221.50        |              |
| Accrued income and prepaid expenses   | 373'592.49          |              | 1'069'019.80        |              |
| <b>Total Current assets</b>           | <b>7'093'366.54</b> | <b>86 %</b>  | <b>2'689'279.93</b> | <b>78 %</b>  |
| <b>Non-current assets</b>             |                     |              |                     |              |
| Financial assets                      |                     |              |                     |              |
| Longterm receivables                  |                     |              |                     |              |
| From associated companies             | 268'651.61          |              | 286'565.94          |              |
| Shareholdings                         | 458'632.31          |              | 58'830.72           |              |
| Tangible fixed assets                 |                     |              |                     |              |
| Property, plant and equipment         |                     |              |                     |              |
| Office equipment                      | 181'691.31          |              | 171'116.56          |              |
| Computer equipment                    | 54'637.65           |              | 65'818.57           |              |
| Vehicles                              | 11'628.71           |              | 4'800.00            |              |
| Intangible fixed assets               | 218'331.47          |              | 189'758.43          |              |
| <b>Total Non-current assets</b>       | <b>1'193'573.06</b> | <b>14 %</b>  | <b>776'890.22</b>   | <b>22 %</b>  |
| <b>Total Assets</b>                   | <b>8'286'939.60</b> | <b>100 %</b> | <b>3'466'170.15</b> | <b>100 %</b> |

|  | 2021                 | %            | 2020                | %            |
|--|----------------------|--------------|---------------------|--------------|
| <b>Liabilities and shareholders' equity</b>            |                      |              |                     |              |
| <b>Current liabilities</b>                             |                      |              |                     |              |
| Trade creditors  | 460'357.46           |              | 113'832.69          |              |
| To third parties                                       | 31'747.33            |              | 168'469.62          |              |
| To associated companies                                | 0.00                 |              | 32'582.10           |              |
| Deferred income and accrued expenses                   | 355'222.84           |              | 79'496.25           |              |
| <b>Total Current liabilities</b>                       | <b>847'327.63</b>    | <b>10 %</b>  | <b>394'380.66</b>   | <b>11 %</b>  |
| <b>Noncurrent liabilities</b>                          |                      |              |                     |              |
| Interest (Capital I) To third parties                  | 2'625'000.00         |              | 2'225'000.00        |              |
| Other noncurrent financial liabilities To Shareholders | 5'841'867.40         |              | 241'867.40          |              |
| <b>Total Noncurrent liabilities</b>                    | <b>8'466'867.40</b>  | <b>102 %</b> | <b>2'466'867.40</b> | <b>71 %</b>  |
| <b>Shareholders' equity</b>                            |                      |              |                     |              |
| Share capital  | 114'010.72           |              | 114'010.72          |              |
| Statutory capital reserves                             | 2'390'965.21         |              | 2'390'965.21        |              |
| Voluntary retained earnings                            |                      |              |                     |              |
| Balance to be carried forward                          |                      |              |                     |              |
| Brought forward from previous year                     | -1'900'053.84        |              | -1'227'106.37       |              |
| Annual loss  | -1'632'177.52        |              | -672'947.47         |              |
|  | -3'532'231.36        | -43 %        | -1'900'053.84       | -55 %        |
| <b>Total Shareholders' equity</b>                      | <b>-1'027'255.43</b> | <b>-12 %</b> | <b>604'922.09</b>   | <b>17 %</b>  |
| <b>Total Liabilities and shareholders' equity</b>      | <b>8'286'939.60</b>  | <b>100 %</b> | <b>3'466'170.15</b> | <b>100 %</b> |

## THE GO CORPORATION

### INCOME STATEMENT FOR THE YEAR ENDED 31. DECEMBER

(in Swiss francs)

|   | 2021                 | %            | 2020                 | %            |
|---|----------------------|--------------|----------------------|--------------|
| <b>Operating income</b>                                       |                      |              |                      |              |
| Net revenue from sales of goods and services                  | 3'065'239.07         |              | 4'151'815.23         |              |
| Other operating income  | 61'630.03            |              | 28'984.69            |              |
| Deductions and discounts                                      | -10'023.89           |              | -7'592.64            |              |
| <b>Total Operating income</b>                                 | <b>3'116'845.21</b>  | <b>100 %</b> | <b>4'173'207.28</b>  | <b>100 %</b> |
| <b>Direct Expense</b>   |                      |              |                      |              |
| Expense for materials goods and services                      | -1'440'351.09        |              | -2'218'568.38        |              |
| Expense services  | -1'379.69            |              | -18'776.75           |              |
| <b>Total Direct Expense</b>                                   | <b>-1'441'730.78</b> | <b>-46 %</b> | <b>-2'237'345.13</b> | <b>-54 %</b> |
| <b>Gross profit I</b>   | <b>1'675'114.43</b>  | <b>54 %</b>  | <b>1'935'862.15</b>  | <b>46 %</b>  |
| Employee expenses   |                      |              |                      |              |
| Personnel expenses  | -2'128'252.27        |              | -1'440'825.61        |              |
| Social security expenses                                      | -254'276.00          |              | -199'536.40          |              |
| Other personnel expenses                                      | -64'307.35           |              | -63'726.12           |              |
| <b>Total Employee expenses</b>                                | <b>-2'446'835.62</b> | <b>-79 %</b> | <b>-1'704'088.73</b> | <b>-41 %</b> |
| <b>Gross profit II</b>  | <b>-771'721.19</b>   | <b>-25 %</b> | <b>231'773.42</b>    | <b>6 %</b>   |
| <b>Other operating expense</b>                                |                      |              |                      |              |
| Rental expense  | -571'411.81          |              | -347'557.25          |              |
| Repairs, maintenance, leasing                                 | -100'237.56          |              | -71'142.05           |              |
| Vehicle expense   | -23'231.63           |              | -19'834.97           |              |
| Business Insurance  | -12'456.65           |              | -11'700.55           |              |
| Administrative  | -147'214.97          |              | -180'274.12          |              |
| Advertising expense   | -305'478.16          |              | -266'934.87          |              |
| Other operational expense                                     | -11'540.89           |              | -30'008.10           |              |
| <b>Total Other operating expense</b>                          | <b>-1'171'571.67</b> | <b>-38 %</b> | <b>-927'451.91</b>   | <b>-22 %</b> |
| <b>Earnings before interest, taxes, depreciation (EBITDA)</b> | <b>-1'943'292.86</b> | <b>-62 %</b> | <b>-695'678.49</b>   | <b>-17 %</b> |
| Depreciation on fixed asset items                             | -107'045.13          |              | -72'202.29           |              |
| <b>Earnings before interest, taxes (EBIT)</b>                 | <b>-2'050'337.99</b> | <b>-66 %</b> | <b>-767'880.78</b>   | <b>-18 %</b> |
| Financial expense   | -60'861.76           |              | -24'736.34           |              |
| Leasing expenses  | -33'621.40           |              | -27'924.86           |              |
| Financial income  | 1'357.83             |              | 5'813.61             |              |
| <b>Operating result</b>                                       | <b>-2'143'463.32</b> | <b>-69 %</b> | <b>-814'728.37</b>   | <b>-20 %</b> |
| Extraordinary expense   | 0.00                 |              | -22'966.05           |              |
| Extraordinary income  | 512'344.30           |              | 167'137.00           |              |
| <b>Profit before tax (EBT)</b>                                | <b>-1'631'119.02</b> | <b>-52 %</b> | <b>-670'557.42</b>   | <b>-16 %</b> |
| Direct taxes  | -1'058.50            |              | -2'390.05            |              |
| <b>Annual loss (EAT)</b>                                      | <b>-1'632'177.52</b> | <b>-52 %</b> | <b>-672'947.47</b>   | <b>-16 %</b> |

## Notes to the financial statements December 31, 2021 (in Swiss francs)

### 1. Accounting policies used in the preparation of the financial statements

These financial statements 2021 were prepared under the provisions of the Swiss accounting law in particular the articles of the Swiss Code of Obligations about commercial bookkeeping and accounting (Art. 957 to 962).

The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.

### 2. Details and additional information to the financial statements

#### 2.1 Inventories

|                     | 2021      | 2020      |
|---------------------|-----------|-----------|
| Inventorieschandise | 2'871'814 | 1'096'222 |

### 3. Further details required by law

#### 3.1 Net release of hidden reserve

|                                      | 2021 | 2020 |
|--------------------------------------|------|------|
| Total net release of hidden reserves | 0    | 0    |

#### 3.2 Number of employees

|  | 2021 | 2020 |
|--|------|------|
| Headcount in full-time equivalents on annual average | -    | -    |
| up to 10 full-time employees                         | -    | -    |
| not over 50 full-time employees                      | -    | -    |
| not over 250 full-time employees                     | -    | -    |
| over 250 full-time employees                         | -    | -    |

#### 3.3 Investments

|  | 2021   | 2020   |
|--|--------|--------|
| Business name, legal form, registered office |        |        |
| EGO Movement Stuttgart GmbH (in EURO)        |        |        |
| Sharecapital                                 | 25'000 | 25'000 |
| Paid in                                      | 100%   | 50%    |
| Capital share in %                           | 100%   | 100%   |
| Voting share in %                            | 100%   | 100%   |

#### 3.4 own shares

|                                     | 2021 | 2020 |
|-------------------------------------|------|------|
| Own shares at beginning of period   | 0    | 0    |
| Purchase of own shares              | 0    | 0    |
| Sale of own shares                  | 0    | 0    |
| Own shares at the end of the period | 0    | 0    |

### 3.5 Total balance payable from purchase agreement like leasing or other leasing- or rental liabilities, with a term of more than twelve months after the balance sheet date.

|  | 2021      | 2020      |
|--|-----------|-----------|
| Purchase like leasing with a term of more than 12 months after the balance sheet date. | 2'325'482 | 1'812'679 |

### 3.6 Liabilities towards pension funds

|   | 2021 | 2020 |
|---|------|------|
| Total liabilities towards pension funds | 214  | 31   |

### 3.7 Total amount pledged as security for own liabilities or for those of third parties

none

### 3.8 Contingent liabilities

|   | 2021   | 2020   |
|---|--------|--------|
| Rental guarantee Aargauische Kantonalbank | 68'930 | 68'930 |

### 3.9 Explanations about extraordinary, one-off items or items relating to other periods, in the income statement

|   | 2021    | 2020    |
|---|---------|---------|
| remaining items   | 0       | -22'966 |
| Total expenses  | 0       | -22'966 |
| hardship allowance and others   | 512'344 | 167'137 |
| Total income  | 512'344 | 167'137 |
| Total extraordinary, one-off items or items relating to other periods | 512'344 | 144'171 |

### 3.10 Significant events after the balance sheet date

No significant events occurred between the balance sheet date and the date of approval of the financial statements by the Board of Directors. There were no significant events between the balance sheet date and the date of approval of the financial statements by the Board of Directors which could the financial statements or which would have to be disclosed here.

The Company was also severely affected by the Corona pandemic in 2020 and 2021 and has therefore submitted an application for assistance from the Hardship Program in February 2021. The Financial Directorate of the Canton of Zurich approved the application on March 31, 2021 and made a payment of a non-refundable amount of CHF 660,827.00. In fiscal year 2020, an amount of CHF 167,137.00 was recognized as extraordinary income due to the closure from March to May. The remaining amount resulted in extraordinary income in fiscal year 2021.

### 3.11 Deviations from the going-concern assumption and their effect on the economic situation

The GO corporation has suffered a large loss in the past year. A capital increase of at least CHF 1'500'000 is planned to be performed in Q1 2022. The Board of Directors is therefore convinced that this will ensure the company's ability to continue as a going concern

|   | 2021                 |
|---|----------------------|
| Profit carried forward from previous year     | -1'900'053.84        |
| Net income (loss) for the period              | -1'632'177.52        |
| <b>Total at disposal of General Meeting</b>   | <b>-3'532'231.36</b> |
| <b>Carried forward to next financial year</b> | <b>-3'532'231.36</b> |

**RE-STATED ACCOUNTS OF  
THE GO CORPORATION**

## THE GO CORPORATION

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2022

|  | Notes | CHF in Mn. | Rupees in crores |
|--|-------|------------|------------------|
| <b>ASSETS</b>  |       |            |                  |
| <b>Non-current assets</b>                                |       |            |                  |
| Property, plant and equipment                            | 1     | 0.44       | 3.58             |
| Capital work-in-progress                                 |       |            |                  |
| Goodwill   |       |            |                  |
| Other Intangible assets                                  | 1     | 0.22       | 1.83             |
| Deferred tax Assets                                      |       |            |                  |
|  |       | 0.66       | 5.41             |
| <b>Current assets</b>                                    |       |            |                  |
| Inventories  | 2     | 4.42       | 36.26            |
| Financial assets   |       |            |                  |
| Trade receivables  | 3     | 0.55       | 4.45             |
| Cash and cash equivalents                                | 4     | 1.01       | 8.31             |
| Other current assets                                     | 5     | 1.15       | 9.45             |
|  |       | 7.13       | 58.47            |
| <b>Total Assets</b>                                      |       | 7.79       | 63.88            |
| <b>EQUITY AND LIABILITIES</b>                            |       |            |                  |
| <b>Equity</b>  |       |            |                  |
| Equity share capital                                     | 6     | 0.11       | 0.91             |
| Other equity   | 7     | (2.29)     | (18.74)          |
|  |       | (2.18)     | (17.83)          |
| <b>Liabilities</b>                                       |       |            |                  |
| <b>Non-Current liabilities</b>                           |       |            |                  |
| Financial liabilities                                    |       |            |                  |
| (i) Borrowing  | 8     | 8.17       | 66.99            |
|  |       | 8.17       | 66.99            |
| <b>Current liabilities</b>                               |       |            |                  |
| Financial liabilities                                    |       |            |                  |
| (i) Trade payables                                       | 9     |            |                  |
| a. Total outstanding dues of micro and small enterprises |       | -          | -                |
| b. Total outstanding dues of other than (i) (a) above    |       | 1.10       | 8.93             |
| Other current liabilities                                | 10    | 0.70       | 5.79             |
|  |       | 1.80       | 14.72            |
| <b>Total liabilities</b>                                 |       | 9.97       | 81.71            |
| <b>Total equity and liabilities</b>                      |       | 7.79       | 63.88            |

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

|  | Notes | CHF in Mn. | Rupees in crores |
|--|-------|------------|------------------|
| I Revenue from operations                                    | 11    | 2.02       | 16.41            |
| II Other income  | 12    | 0.02       | 0.15             |
| III Total Income (I + II)                                    |       | 2.04       | 16.56            |
| IV Expenses:   |       |            |                  |
| Purchases of stock-in-trade                                  |       | 5.26       | 43.08            |
| Changes in inventories of Stock-in-trade                     |       | (4.42)     | (36.26)          |
| Employee benefits expense                                    | 13    | 1.55       | 12.56            |
| Finance costs  | 14    | 0.06       | 0.51             |
| Depreciation and amortisation expense                        | 15    | 0.05       | 0.41             |
| Other expenses   | 16    | 0.82       | 6.61             |
|  |       | 3.32       | 26.91            |
| V Profit before exceptional items (III - IV)                 |       | (1.28)     | (10.35)          |
| VI Exceptional items   |       | -          | -                |
| VII Profit before tax (V+ VI)                                |       | (1.28)     | (10.35)          |
| VIII Tax expense   |       |            |                  |
| i) Current tax   |       | -          | -                |
| ii) Deferred tax   |       | -          | -                |
| IX Profit for the year (VII - VIII)                          |       | (1.28)     | (10.35)          |
| 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                     |       | (0.20)     | (1.86)           |
|  |       | (0.20)     | (1.86)           |
| XI Total Comprehensive Income (IX + X)                       |       | (1.48)     | (12.21)          |
| XII Earnings per equity share (Face value of CHF .01/- each) |       |            |                  |
| Basic & Diluted earnings per share (in CHF/ in rupees)       |       | (0.11)     | (9.08)           |



# THE GO CORPORATION

## Notes on Accounts

|  | CHF in Mn.          | Rupees in crores    |  | CHF in Mn.            | Rupees in crores      |
|--|---------------------|---------------------|--|-----------------------|-----------------------|
|  | As at<br>31-03-2022 | As at<br>31-03-2022 |  | As at<br>31-03-2022   | As at<br>31-03-2022   |
| <b>2 INVENTORIES</b>                                       |                     |                     | <b>10 OTHER CURRENT LIABILITIES</b>          |                       |                       |
| Stock in trade   | 4.42                | 36.26               | Statutory dues                               | 0.01                  | 0.10                  |
|  | <u>4.42</u>         | <u>36.26</u>        | Advance from customers                       | 0.63                  | 5.16                  |
|  |                     |                     | Employee related                             | 0.06                  | 0.53                  |
| <b>3 TRADE RECEIVABLES</b>                                 |                     |                     |  | <u>0.70</u>           | <u>5.79</u>           |
| Unsecured, considered good                                 | 0.55                | 4.47                |  |                       |                       |
| Less: Loss allowance                                       | -                   | 0.02                |  |                       |                       |
|  | <u>0.55</u>         | <u>4.45</u>         |  |                       |                       |
|  |                     |                     |  | CHF in Mn.            | Rupees in crores      |
| <b>4 CASH AND CASH EQUIVALENTS</b>                         |                     |                     |  | For the year<br>ended | For the year<br>ended |
| Balances with banks in current accounts                    | 1.01                | 8.31                |  | 31-03-2022            | 31-03-2022            |
|  | <u>1.01</u>         | <u>8.31</u>         | <b>11 REVENUE FROM OPERATIONS</b>            |                       |                       |
|  |                     |                     | Sale of Product                              | 1.71                  | 13.92                 |
| <b>5 OTHER CURRENT ASSETS</b>                              |                     |                     | Sale of service                              | 0.20                  | 1.64                  |
| GST/VAT/IT/Excise receivable                               | 0.16                | 1.33                | Other operating revenues                     | 0.11                  | 0.85                  |
| Vendor advance   | 0.75                | 6.14                |  | <u>2.02</u>           | <u>16.41</u>          |
| Prepaid expenses   | 0.13                | 1.05                |  |                       |                       |
| Trade deposits   | 0.10                | 0.82                | <b>12 OTHER INCOME</b>                       |                       |                       |
| Others   | 0.01                | 0.11                | Interest Income                              | 0.01                  | 0.07                  |
|  | <u>1.15</u>         | <u>9.45</u>         | Other non operating income                   | 0.01                  | 0.08                  |
|  |                     |                     |  | <u>0.02</u>           | <u>0.15</u>           |
| <b>6 EQUITY SHARE CAPITAL</b>                              |                     |                     |  |                       |                       |
| Issued, subscribed and fully paid up:                      |                     |                     | <b>13 EMPLOYEE BENEFITS EXPENSE</b>          |                       |                       |
| 1,14,01,072 Ordinary shares of CHF 0.01 each               | 0.11                | 0.91                | Salaries, wages and bonus                    | 1.33                  | 10.78                 |
|  | <u>0.11</u>         | <u>0.91</u>         | Contribution to provident and other funds    | 0.17                  | 1.37                  |
|  |                     |                     | Staff welfare expenses                       | 0.05                  | 0.41                  |
| <b>7 OTHER EQUITY</b>                                      |                     |                     |  | <u>1.55</u>           | <u>12.56</u>          |
| Retained earnings  | (4.48)              | (35.99)             |  |                       |                       |
| Capital reserve  | 2.39                | 19.11               | <b>14 FINANCE COST</b>                       |                       |                       |
| Foreign currency translation reserve                       | (0.20)              | (1.86)              | Interest                                     | 0.04                  | 0.31                  |
|  | <u>(2.29)</u>       | <u>(18.74)</u>      | Other borrowing cost                         | 0.02                  | 0.20                  |
|  |                     |                     |  | <u>0.06</u>           | <u>0.51</u>           |
| <b>8 FINANCIAL LIABILITIES - BORROWINGS ( NON CURRENT)</b> |                     |                     |  |                       |                       |
| Unsecured  |                     |                     | <b>15 DEPRECIATION</b>                       |                       |                       |
| Term Loan from :   |                     |                     | Depreciation on property plant and equipment | 0.03                  | 0.27                  |
| Bank   | 2.63                | 21.53               | Amortisation on intangible assets            | 0.02                  | 0.14                  |
| Others   | 5.54                | 45.46               |  | <u>0.05</u>           | <u>0.41</u>           |
|  | <u>8.17</u>         | <u>66.99</u>        |  |                       |                       |
| <b>9 TRADE PAYABLES</b>                                    |                     |                     | <b>16 OTHER EXPENSES</b>                     |                       |                       |
| Dues to Micro and Small Enterprises**                      | -                   | -                   | (a) Rent                                     | 0.39                  | 3.18                  |
| Dues to enterprises other than Micro and Small Enterprises | 1.10                | 8.93                | (b) Insurance                                | 0.01                  | 0.09                  |
|  | <u>1.10</u>         | <u>8.93</u>         | (c) Other marketing expenses                 | 0.23                  | 1.83                  |
|  |                     |                     | (d) Miscellaneous expenses                   | 0.19                  | 1.51                  |
|  |                     |                     |  | <u>0.82</u>           | <u>6.61</u>           |

\*\* 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 GO CORPORATION

## Notes on Accounts

### 1 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

CHF in Mn.

| Description                           | Property, Plant & Equipment |          |                    |                        |          |                  |       | Other Intangible |                    |                                |       |
|---------------------------------------|-----------------------------|----------|--------------------|------------------------|----------|------------------|-------|------------------|--------------------|--------------------------------|-------|
|                                       | Land                        | Building | Plant & equipments | Furniture and fixtures | Vehicles | Office equipment | Total | Software         | Design Development | Trade marks, patents, licences | Total |
| Cost of assets                        |                             |          |                    |                        |          |                  |       |                  |                    |                                |       |
| Gross carrying value as at 01-04-2021 | -                           | -        | -                  | -                      | -        | -                | -     | -                | -                  | -                              | -     |
| Acquired on Business Combination      | -                           | -        | 0.32               | 0.01                   | 0.01     | 0.06             | 0.40  | 0.16             | 0.01               | 0.05                           | 0.22  |
| Additions during the year             | -                           | -        | 0.07               | -                      | -        | -                | 0.07  | 0.01             | -                  | 0.01                           | 0.02  |
| Sub-total                             | -                           | -        | 0.39               | 0.01                   | 0.01     | 0.06             | 0.47  | 0.17             | 0.01               | 0.06                           | 0.24  |
| Sales / deletion                      | -                           | -        | -                  | -                      | -        | -                | -     | -                | -                  | -                              | -     |
| Total                                 | -                           | -        | 0.39               | 0.01                   | 0.01     | 0.06             | 0.47  | 0.17             | 0.01               | 0.06                           | 0.24  |
| Depreciation / Amortisation           |                             |          |                    |                        |          |                  |       |                  |                    |                                |       |
| Upto 31-03-2021                       | -                           | -        | -                  | -                      | -        | -                | -     | -                | -                  | -                              | -     |
| For the year                          | -                           | -        | 0.03               | -                      | -        | -                | 0.03  | 0.01             | -                  | 0.01                           | 0.02  |
| Sub-total                             | -                           | -        | 0.03               | -                      | -        | -                | 0.03  | 0.01             | -                  | 0.01                           | 0.02  |
| Withdrawn on assets sold / deleted    | -                           | -        | -                  | -                      | -        | -                | -     | -                | -                  | -                              | -     |
| Total                                 | -                           | -        | 0.03               | -                      | -        | -                | 0.03  | 0.01             | -                  | 0.01                           | 0.02  |
| Carrying value                        |                             |          |                    |                        |          |                  |       |                  |                    |                                |       |
| As at 31-03-2022                      | -                           | -        | 0.36               | 0.01                   | 0.01     | 0.06             | 0.44  | 0.16             | 0.01               | 0.05                           | 0.22  |

Rupees in crores

| Description                                     | Property, Plant & Equipment |          |                    |                        |          |                  |       | Other Intangible |                                |                    |       |
|---|-----------------------------|----------|--------------------|------------------------|----------|------------------|-------|------------------|--------------------------------|--------------------|-------|
|   | Land                        | Building | Plant & equipments | Furniture and fixtures | Vehicles | Office equipment | Total | Software         | Trade marks, patents, licences | Design Development | Total |
| Cost of assets                                  |                             |          |                    |                        |          |                  |       |                  |                                |                    |       |
| Gross carrying value as at 01-04-2021           |                             |          |                    |                        |          |                  | -     | -                |                                |                    | -     |
| Acquired on Business Combination                |                             |          | 2.65               | 0.04                   | 0.10     | 0.49             | 3.28  | 1.35             | 0.37                           | 0.11               | 1.83  |
| Foreign Currency translation reserve difference |                             |          | 0.55               | -                      | -        | 0.02             | 0.57  | 0.12             | 0.03                           |                    | 0.15  |
| Sub-total                                       | -                           | -        | 3.20               | 0.04                   | 0.10     | 0.51             | 3.85  | 1.47             | 0.40                           | 0.11               | 1.98  |
| Sales / deletion                                |                             |          |                    |                        |          |                  | -     |                  |                                |                    | -     |
| Total   | -                           | -        | 3.20               | 0.04                   | 0.10     | 0.51             | 3.85  | 1.47             | 0.40                           | 0.11               | 1.98  |
| Depreciation / Amortisation                     |                             |          |                    |                        |          |                  |       |                  |                                |                    |       |
| Upto 31-03-2021                                 | -                           |          |                    |                        |          |                  | -     | -                |                                |                    | -     |
| For the year                                    |                             |          | 0.21               | 0.01                   | 0.01     | 0.04             | 0.27  | 0.11             | 0.03                           | -                  | 0.14  |
| Foreign Currency translation reserve difference |                             |          | -                  | -                      | -        | -                | -     | 0.01             |                                |                    | 0.01  |
| Sub-total                                       | -                           | -        | 0.21               | 0.01                   | 0.01     | 0.04             | 0.27  | 0.12             | 0.03                           | -                  | 0.15  |
| Withdrawn on assets sold / deleted              | -                           | -        | -                  | -                      | -        | -                | -     | -                |                                |                    | -     |
| Total   | -                           | -        | 0.21               | 0.01                   | 0.01     | 0.04             | 0.27  | 0.12             | 0.03                           | -                  | 0.15  |
| Carrying value                                  |                             |          |                    |                        |          |                  |       |                  |                                |                    |       |
| As at 31-03-2022                                | -                           | -        | 2.99               | 0.03                   | 0.09     | 0.47             | 3.58  | 1.35             | 0.37                           | 0.11               | 1.83  |

# SWISS E-MOBILITY GROUP (HOLDING) AG

## CONSOLIDATED INCOME STATEMENT 2021 IN TCHF

|   | Notes | 2021          | 2020          |
|---|-------|---------------|---------------|
| Net sales from goods and services                     | 1     | 66'302        | 58'207        |
| Other income  | 2     | 817           | 7'736         |
| <b>Total income</b>                                   |       | <b>67'119</b> | <b>65'943</b> |
| Manufacturing costs / cost of goods                   |       | -42'160       | -36'637       |
| <b>Gross profit</b>                                   |       | <b>24'959</b> | <b>29'306</b> |
| Personnel expenses                                    | 3     | -13'103       | -11'908       |
| Rental expenses                                       |       | -2'817        | -2'748        |
| Logistics expenses                                    |       | -2'109        | -2'508        |
| Marketing expenses                                    |       | -1'483        | -2'651        |
| Other operating expenses                              | 4     | -2'653        | -2'395        |
| <b>EBITDA</b>   |       | <b>2'794</b>  | <b>7'096</b>  |
| Depreciation on tangible fixed assets                 | 10    | -550          | -427          |
| Amortization of intangible assets                     | 11    | -2'345        | -1'554        |
| Profit from disposal of property, plant and equipment |       | -10           | 3             |
| <b>EBIT</b>   |       | <b>-111</b>   | <b>5'118</b>  |
| Financial result                                      | 5     | -608          | -373          |
| <b>Ordinary result</b>                                |       | <b>-719</b>   | <b>4'745</b>  |
| Extraordinary result                                  |       | 0             | -31           |
| <b>EBT</b>  |       | <b>-719</b>   | <b>4'714</b>  |
| Income taxes  | 6     | 6'046         | 85            |
| <b>Net result</b>                                     |       | <b>5'327</b>  | <b>4'799</b>  |

## CONSOLIDATED BALANCE SHEET 2021 IN TCHF

|   | Notes | 31.12.2021    | 31.12.2020    |
|---|-------|---------------|---------------|
| <b>Assets</b>                               |       |               |               |
| Cash and cash equivalents                   | 7     | 1'377         | 3'103         |
| Trade receivables                           | 8     | 4'809         | 4'723         |
| Other current receivables                   | 9     | 463           | 807           |
| Prepayments to vendors                      |       | 6'230         | 3'500         |
| Inventories                                 | 10    | 18'272        | 15'271        |
| Accrued income and prepaid expenses         |       | 1'576         | 179           |
| <b>Current assets</b>                       |       | <b>32'727</b> | <b>27'583</b> |
| Property, plant and equipment               | 11    | 1'393         | 1'700         |
| Financial assets                            |       | 0             | 1             |
| Intangible assets                           | 12    | 15'351        | 10'992        |
| Deferred tax assets                         | 6     | 6'158         | 0             |
| <b>Non-current assets</b>                   |       | <b>22'902</b> | <b>12'693</b> |
| <b>Total assets</b>                         |       | <b>55'629</b> | <b>40'276</b> |
| <b>Liabilities and shareholder's equity</b> |       |               |               |
| Current financial liabilities               | 14    | 9'000         | 4'500         |
| Trade payables                              |       | 13'618        | 11'402        |
| Prepayments from clients                    |       | 3'466         | 2'852         |
| Other current liabilities                   | 13    | 2'668         | 732           |
| Accrued liabilities and deferred income     |       | 1'427         | 336           |
| Provisions - current                        | 15    | 0             | 0             |
| <b>Current liabilities</b>                  |       | <b>30'179</b> | <b>19'822</b> |
| Non-current financial liabilities           | 14    | 6'250         | 7'250         |
| Other liabilities                           |       | 8             | 138           |
| Provisions - non current                    | 15    | 0             | 0             |
| <b>Non-current liabilities</b>              |       | <b>6'258</b>  | <b>7'388</b>  |
| <b>Total Fremdkapital</b>                   |       | <b>36'437</b> | <b>27'210</b> |
| Share capital                               |       | 153           | 152           |
| Capital reserves                            |       | 10'238        | 9'848         |
| Treasury shares                             | 17    | 0             | -327          |
| Retained earnings, accumulated losses       |       | 8'801         | 3'393         |
| <b>Equity</b>                               |       | <b>19'192</b> | <b>13'066</b> |
| <b>Total liabilities and equity</b>         |       | <b>55'629</b> | <b>40'276</b> |

## CONSOLIDATED CASH FLOW STATEMENT 2021 IN TCHF

|   | Notes  | 2021          | 2020          |
|---|--------|---------------|---------------|
| <b>Net profit</b>   |        | <b>5'327</b>  | <b>4'799</b>  |
| Depreciation and amortization   | 11, 12 | 2'895         | 1'981         |
| Income tax expenses   | 6      | -6'046        | -85           |
| Change in provisions  | 15     | 0             | -7'730        |
| Other non-cash adjustments  |        | 153           | -17           |
| Profit from disposal of property, plant and equipment                 |        | 10            | -3            |
| <b>Cash flow before changes in net working capital and provisions</b> |        | <b>2'339</b>  | <b>-1'055</b> |
| Change in trade receivables   |        | -58           | -3'739        |
| Change in inventories   |        | -2'311        | -4'257        |
| Change in other current receivables, prepayments and accrued income   |        | -3'838        | -2'193        |
| Change current liabilities  |        | 4'681         | 6'257         |
| Change of other non-current liabilities                               |        | -124          | 99            |
| Paid income taxes (net)   |        | 324           | 0             |
| <b>Operating cash flow</b>  |        | <b>1'013</b>  | <b>-4'888</b> |
| Investment in property, plant and equipment                           | 11, 12 | -3'519        | -1'710        |
| Inflows from disposal of tangible and intangible assets               | 11, 12 | 8             | 7             |
| Investment in financial assets (net)                                  |        | 0             | 533           |
| Acquisitions  | 18     | -3'240        | 0             |
| <b>Cash flow from investing activities</b>                            |        | <b>-6'751</b> | <b>-1'170</b> |
| Capital increase  |        | 102           | 0             |
| (Purchase)/sale of treasury shares                                    | 17     | 416           | -327          |
| Issuance/repayment of short-term financial liabilities                |        | 4'500         | 3'500         |
| Issuance/repayment of long-term financial liabilities                 |        | -1'000        | -2'530        |
| <b>Cash flow from financing activities</b>                            |        | <b>4'018</b>  | <b>643</b>    |
| <b>Total cash flow</b>  |        | <b>-1'720</b> | <b>-5'415</b> |
| <b>Cash and cash equivalents at the beginning of the period</b>       |        | <b>3'103</b>  | <b>8'516</b>  |
| Total cash flow   |        | -1'720        | -5'415        |
| Currency translation effect on cash                                   |        | -6            | 2             |
| Cash and cash equivalents at the end of the period                    |        | 1'377         | 3'103         |
| Paid interest (included in cash flow from operating activities)       |        | -359          | -292          |
| Received interest (included in cash flow from operating activities)   |        | 0             | 0             |

## SWISS E-MOBILITY GROUP (HOLDING) AG

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN TCHF

|   | Share capital* | Capital reserves | Treasury shares | Retained earnings, accumulated losses |                                     |        | Equity |
|---|----------------|------------------|-----------------|---------------------------------------|-------------------------------------|--------|--------|
|   |                |                  |                 | Profit/losses carried forward         | Accumulated translation differences | Total  |        |
| 01.01.2020  | 152            | 9'848 0          | -               | -1'368                                | -27                                 | -1'395 | 8'605  |
| Net result  |                |                  |                 | 4'799                                 |                                     | 4'799  | 4'799  |
| Currency translation differences                    |                |                  |                 |                                       | -11                                 | -11    | -11    |
| Purchase/sale treasury shares                       |                |                  | -327            |                                       |                                     | -      | -327   |
| 31.12.2020  | 152            | 9'848            | -327            | 3'431                                 | -38                                 | 3'393  | 13'066 |
| Net result  |                |                  |                 | 5'327                                 |                                     | 5'327  | 5'327  |
| Currency translation differences                    |                |                  |                 |                                       | 81                                  | 81     | 81     |
| Capital increase                                    | 1              | 102              |                 |                                       |                                     | -      | 103    |
| Purchase/sale treasury shares                       |                | 288              | 327             |                                       |                                     | -      | 615    |
| 31.12.2021  | 153            | 10'238           | -               | 8'758                                 | 43                                  | 8'801  | 19'192 |
| Total non-distributable statutory or legal reserves |                |                  |                 |                                       |                                     |        | -      |

\* The share capital is divided into 152,875 (previous year: 152,243) registered shares of CHF 1,--.

# SWISS E-MOBILITY GROUP (HOLDING) AG

## CONSOLIDATED FINANCIAL STATEMENTS 2021

### Principles of consolidation

#### General information

Swiss E-Mobility Group (Holding) AG ("SEMG") is an investment of the CONSTELLATION V SCSp, SICAVRAIF (Lux) fund. The latter is advised by CONSTELLATION CAPITAL AG based in Freienbach at lake of Zurich. SEMG, as a comprehensive and market-leading provider of e-mobility solutions in the e-bike segment, maintains in Switzerland, in addition to a strong B2B business, more than 30 POS under the name m-way, which represent the B2C part of SEMG. In the e-commerce business, SEMG is represented by its German subsidiary Colag E-Mobility GmbH and thus acts as a comprehensive omni-channel provider for e-bike products in the market.

SEMG is a stock corporation incorporated and domiciled in Switzerland. The registered office is located in Freienbach.

#### Accounting principles

The consolidated financial statements are based on the financial statements of the SEMG and its subsidiaries as of December 31, 2021, prepared in accordance with uniform accounting principles.

The Group prepares its accounts in compliance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations) and the provisions of Swiss law.

Valuation is based on historical cost (acquisition cost or production cost) or actual value. The section "Principles of valuation" contains the valuation principles of specific balance sheet items. The income statement is presented using the classification of expenses based on their nature. The consolidated financial statements are based on economic values and present a true and fair view of the company's assets, financial position, and results of operations. They are prepared under the assumption of a going concern.

The consolidated financial statements are presented in Swiss francs (CHF). Except where stated otherwise, all amounts in the financial report are presented in thousands of Swiss francs.

#### Accounting estimates and judgements

The preparation of consolidated financial statements in conformity with Swiss GAAP FER requires the use of certain accounting estimates and judgments which have an impact on the assets and liabilities, income and expenses reported, as well as the disclosure of contingent liabilities. These estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations and assessments of future events that are assumed to be reasonable under the given circumstances. Real results may differ from these estimates.

Management continuously reviews and, if necessary, adapts the estimates and underlying assumptions. Any changes are recognised in the period in which the estimate is revised.

#### Scope of consolidation

The consolidated financial statements include the financial statements of the SEMG and the Group companies in which SEMG directly or indirectly holds more than 50% of the voting rights or exercises control by contractual agreement (control principle). The companies included in consolidation are listed in Note 24 to the consolidated financial statements.

#### Changes in scope of consolidation

##### ...in the year under review (2021)

On April 1, 2021, the activities and assets of Bike Evasion Sports SA in Saxon were acquired by means of an asset deal and integrated into Swiss E-Mobility Group (Switzerland) Ltd.

##### ...in the previous year (2020)

There were no changes in the scope of consolidation in the previous year.

#### Consolidation method

Capital consolidation is performed using the AngloSaxon purchase method. Assets and liabilities as well as income and expenses of the fully consolidated companies are recognized at 100%. Minority interests in the consolidated equity and in the results of operations are disclosed separately.

Companies and businesses acquired during the year are revalued as at the date of acquisition in accordance with uniform Group principles and consolidated as of this date. Any goodwill remaining after such revaluation (difference between the purchase price and the Group's share of the equity reported) is capitalized and amortized over the useful life of generally ten years. Badwill (negative goodwill) is reversed over a period depending on the economic reasons for its occurrence. Companies sold during the year are excluded from the consolidated financial statements from the date of sale.

#### Translation of foreign currencies

##### Foreign currency transactions in Group companies

The foreign currency transactions and items contained in the individual financial statements of the consolidated companies are translated as follows: foreign currency transactions are translated into the functional currency at the exchange rate valid on the transaction date (current rate). At year-end, monetary assets and liabilities in foreign currency are measured using the exchange rate valid at the balance sheet date, with any profit or loss from such valuation taken to the income statement. Foreign exchange gains and losses resulting from the measurement of intercompany loans that are part of the net investment in a subsidiary are recognised in equity.

Exchange differences resulting from the revaluation of shares in associates are recognised in equity.

#### Translation of financial statements to be consolidated

Group financial statements are presented in Swiss francs. Assets and liabilities of Group companies with a functional currency other than the Swiss franc are translated at year-end rates (rates on balance sheet date); equity is translated at historical rates, while the income statement and cash flow statement are translated using average rates for the year. Any resulting exchange differences are recognised in shareholders' equity.

Accumulated exchange differences of foreign companies recognised in equity resulting from the translation of annual statements and loans between Group companies that are part of the net investment in a subsidiary are derecognised upon sale of the company and repatriated in the income statement as part of the gain or loss resulting from the sale.

#### Year-end rates in CHF

|       | 31.12.21 | 31.12.20 |
|-------|----------|----------|
| 1 EUR | 1.0331   | 1.0802   |

#### Annual average rates in CHF

|       | 2021   | 2020   |
|-------|--------|--------|
| 1 EUR | 1.0811 | 1.0708 |

#### Debt consolidation, intercompany sales and intercompany profits

All intercompany transactions and transactions between consolidated companies are mutually offset and eliminated. Intercompany profits on intercompany transactions are eliminated.

#### Cash flow statement

Cash and cash equivalents form the basis for the presentation of the cash flow statement.

Cash flow from operating activities is calculated using the indirect method.

#### Principles of valuation

##### Income statement

The consolidated income statement of Swiss E-Mobility Group AG has been prepared using the nature of expense method. The revenues from sales and services are compared with the direct expenses.

##### Net sales and revenue recognition

Net sales represent amounts received and receivable for goods supplied and for services rendered. Revenue from the sale of goods is recognised in the income statement at the moment when the risks and rewards of ownership of the goods have been transferred to the buyer, generally upon shipment. Revenue from services is recognised in the period when the services were rendered. Net sales consist of the amounts invoiced for products and services less credits, deductions and sales tax.

All intercompany sales are eliminated.

##### Income taxes

Taxes on the current income of companies included in the consolidation are calculated on the basis of local tax rates.

##### Impairment

The value of non-current assets is assessed on the reporting date for indicators of impairment. If there is evidence of any lasting reduction in value, the recoverable amount is calculated (impairment test). If the book value exceeds the recoverable amount, the difference is recognised in the income statement as an impairment charge. Major goodwill items are tested for impairment annually, based on a value-in-use calculation. The value-in-use calculation is based on cash flows for usually the next five years and the extrapolated values thereafter. Since the goodwill is already offset against retained earnings at the date of acquisition, any impairment to goodwill does not lead to a charge to the income statement, but only to disclosure in the notes.

##### Balance sheet - assets

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, postal giro and bank accounts, and short-term time deposits with a remaining term of less than three months. They are valued at nominal value.

##### Trade receivables

This item includes short-term receivables with a remaining term of generally up to one month from ordinary business activities. Receivables are recognized at nominal values. Allowance has been made for any value adjustments required for business reasons.

##### Inventories

Inventories are valued at the lower of cost or net realizable value. Discounts received are treated as reductions in acquisition cost. Appropriate allowance has been made for any value adjustments required for business reasons. Cost includes all directly attributable material and production costs. Acquisition costs are determined using the weighted average cost method.

# SWISS E-MOBILITY GROUP (HOLDING) AG

## CONSOLIDATED FINANCIAL STATEMENTS 2021 (Continued)

### Property, plant and equipment

Property, plant and equipment are measured at cost less depreciation. Own work is only capitalized if it is clearly identifiable and the costs can be reliably determined, and if it provides the company with a measurable benefit over several years.

Depreciation is calculated on a straight-line basis over the useful life of the asset. This was determined as follows:

|                                |            |
|--------------------------------|------------|
| Machinery/technical equipment: | 5-10 years |
| Vehicles:                      | 3-5 years  |
| Furniture and fittings:        | 5 years    |
| IT hardware                    | 3-5 years  |

### Financial assets

In addition to non-consolidated participations, financial assets also include securities and long-term loans held with the intention of permanent investment. Listed and over-the-counter securities are valued at the lower of cost or market value at the balance sheet date. Securities without market value and loans are valued at acquisition cost less economically necessary value adjustments.

### Intangible assets

This item includes licences and IT software as well as goodwill from acquisitions. Intangible assets are capitalised if they are clearly identifiable and the costs can be reliably determined and if they provide the company with a measurable benefit over several years. Intangible assets are valued at acquisition cost less economically necessary depreciation.

Depreciation is calculated on a straight-line basis. The useful life of licences and IT software is between three and five years. Goodwill from acquisitions is amortised over ten years (also see consolidation principles). The expected useful life of other intangible assets is determined on a case-by-case basis.

### Liabilities

All liabilities in the Group are recorded at nominal value. Only liabilities that are due within one year are recognised in current liabilities.

### Provisions

Provisions are recognised when there is a reasonable probable obligation as a result of a past event, the amount and/or timing of which is uncertain but can be estimated. The measurement of the provision is based on an estimate of the cash outflow to settle the obligation.

### Badwill (negative Goodwill)

After the individual assets acquired have been adjusted and the necessary restructuring provisions have been created, badwill is deferred and reversed over time depending on the economic reasons for its occurrence. The costs incurred for the integration are taken into account in the reversal. The badwill is reported under provisions, depending on the planned reversal date under current or non-current.

### Deferred taxes

The accrual of deferred income taxes is based on a balance sheet-oriented view and basically considers all future income tax effects. The calculation of deferred income taxes to be accrued annually is based on the future tax rate applicable to the respective taxable entity as at the balance sheet date.

A deferred tax asset for tax loss carryforwards is only recognised to the extent that it is probable that future profits will be available against which the tax loss carryforwards can be utilised.

### Derivative financial instruments

Derivate financial instruments are used to hedge currency risks. They are recognised in the balance sheet

if they meet the definition of an asset or liability. Instruments used to hedge future cash flows are not recognised in the balance sheet. They are disclosed

in the notes.

### Employee benefit obligations

Employees and former employees receive various employee benefits and retirement pensions, which are paid in accordance with the legal provisions of the respective countries. At the Swiss Group companies, the obligations for employee benefits were covered by a collective foundation with full insurance until 31 December 2020. Shortfalls in cover were therefore excluded. Since 2021, a new insurance solution has been in place in which the investment risk is no longer insured. As of 31 December 2021, there is excess cover. Financing is provided by regular employer and employee contributions.

Regarding the application of Swiss GAAP FER 16 "Pension liabilities", please refer to note 16 in the notes to the consolidated financial statements.

### Leasing

A distinction is made between finance leases and operating leases. A finance lease exists when substantially all the risks and rewards incidental to ownership of an asset are transferred. Assets and liabilities from finance leases are recognised in the balance sheet. Currently, no contracts qualify as finance leases.

Lease obligations from operating leases that cannot be terminated within one year are disclosed in note 20 to the consolidated financial statements.

### Contingent liabilities

Contingent liabilities are valued on the balance sheet date. If an outflow of resources is probable without a usable inflow of resources, a provision is made.

# SWISS E-MOBILITY GROUP (HOLDING) AG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 1. Net sales from goods and services

|  | 2021          | 2020          |
|--|---------------|---------------|
| Trading income E-bikes & bicycles        | 63'639        | 55'665        |
| Other trading income                     | 437           | 868           |
| Service income                           | 2'320         | 2'134         |
| Reduction of income                      | -94           | -460          |
| <b>Net sales from goods and services</b> | <b>66'302</b> | <b>58'207</b> |

### 2. Other income

|  | 2021       | 2020         |
|--|------------|--------------|
| Income from release of badwill                     | -          | 7'691        |
| A-fonds-perdu contributions COVID hardship program | 750        | -            |
| Other income                                       | 67         | 45           |
| <b>Total</b>                                       | <b>817</b> | <b>7'736</b> |

Swiss E-Mobility Group (Schweiz) AG has received TCHF 750 as à-fonds-perdue contributions as part of the 2nd allocation round of the COVID-19 hardship program of the Canton of Zurich as well as a loan of TCHF 2,000 (see note 13). These amounts are subject to the restrictions under the COVID-19 Act as well as the Hardship Case Ordinance.

In connection with the acquisition of the participation m-way ag, a badwill of TCHF 11'537 resulted in total. This badwill was booked as provision. The amount includes a cash payment from the previous owner directly to m-way ag after the closing of TCHF 3,860 as compensation for the short-term acquisition, which did not allow to implement timely measures to reduce costs and improve margins. The badwill was released over a period of 12 months.

### 3. Personnel expenses

In the reporting period, short-time work compensation in the amount of TCHF 290 (full year 2020: TCHF 239) was recognised as a reduction in personnel expenses.

### 4. Other operative expenses

|                              | 2021          | 2020          |
|------------------------------|---------------|---------------|
| Maintenance and repair       | -182          | -207          |
| Duties, fees, permits, taxes | -83           | -77           |
| Administration expenses      | -1'377        | -1'283        |
| IT expenses                  | -692          | -518          |
| Research and development     | -159          | -148          |
| Energy and consumables       | -113          | -92           |
| Exchange differences         | 191           | 14            |
| Other                        | -238          | -84           |
| <b>Total</b>                 | <b>-2'653</b> | <b>-2'395</b> |

### 5. Financial result

|                                 | 2021        | 2020        |
|---------------------------------|-------------|-------------|
| Financial income                | 0           | 0           |
| <b>Total financial income</b>   | <b>0</b>    | <b>0</b>    |
| Interest expenses               | -359        | -292        |
| Other financial expenses        | -249        | -81         |
| <b>Total financial expenses</b> | <b>-608</b> | <b>-373</b> |
| <b>Net financial result</b>     | <b>-608</b> | <b>-373</b> |

### 6. Income taxes

|  | 2021              | 2020              |
|--|-------------------|-------------------|
| Current income tax expenses  | -111              | 85                |
| Deferred tax income/(expenses)   | 6'157             | -                 |
| <b>Total</b>   | <b>6'046</b>      | <b>85</b>         |
| Mathematically weighted average tax rate   | 840.9%            | -1.8%             |
| <b>Deferred tax assets / deferred tax liabilities</b>                                      | <b>31.12.2021</b> | <b>31.12.2020</b> |
| Deferred income tax asset for unused loss carryforwards                                    | 6'158             | -                 |
| Deferred tax liabilities on valuation differences  | -                 | -                 |
| <b>Net deferred tax assets</b>   | <b>6'158</b>      | <b>-</b>          |
| Tax rate   | 19.7%             | -                 |
| Eligible loss carryforwards expire after 7 years.  |                   |                   |
| In addition, there are the following non-capitalized tax advantages on loss carryforwards: |                   |                   |
| Loss carryforwards as per 31.12.   | -                 | 37'575            |
| <b>Theoretical tax asset (not capitalized)</b>   | <b>-</b>          | <b>7'515</b>      |
| (average tax rate)   | -                 | 20.0%             |

### 7. Cash and cash equivalents

As at 31 December 2021, a WIR credit balance of TCHF 462 is included as a component of cash and cash equivalents because it is accepted in the same amount for the final payment according to the purchase agreement on the asset deal with Bike Evasion and Sports SA.

### 8. Trade receivables

|                                 | 31.12.2021   | 31.12.2020   |
|---------------------------------|--------------|--------------|
| Trade receivables, nominal      | 4'814        | 4'725        |
| Allowance for doubtful accounts | -5           | -2           |
| <b>Trade receivables, net</b>   | <b>4'809</b> | <b>4'723</b> |

### 9. Other current receivables

|                                    | 31.12.2021 | 31.12.2020 |
|------------------------------------|------------|------------|
| Claims against government agencies | 315        | 165        |
| Employee benefit assets            | 0          | 0          |
| Transfer account                   | 10         | -6         |
| Other current receivables          | 138        | 648        |
| <b>Total</b>                       | <b>463</b> | <b>807</b> |

### 10. Inventories

As at 31 December 2021, the Group has inventories worth CHF 18.3m (CHF 15.3m as at 31 December 2020). CHF 16.9m or almost 90% of the total inventory is located in Switzerland (as at 31 December 2020: CHF 15.3m, also around 90%). The remaining inventory is held by the German company Colag E-Mobility GmbH. Roughly 80% of all inventories are e-bikes that were delivered for the season 2022.

In the course of the merger and SAP harmonisation, it was possible for the first time in 2021 to make exact accruals of ancillary costs (freight, customs, assembling, quality control and homologation costs), which had previously been recorded in the company's expenses and led to inaccuracies in profitability. The corresponding value capitalised on the inventory amounts to TCHF 396, on which costs were incurred in the corresponding period.

# SWISS E-MOBILITY GROUP (HOLDING) AG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 11. Property, Plant & Equipment

|                                      | Leasehold improvements | Machinery and technical equipment | IT hardware | Assets under construction | Furniture and fittings | Vehicles   | Total         |
|--------------------------------------|------------------------|-----------------------------------|-------------|---------------------------|------------------------|------------|---------------|
| <b>Historical cost, 31.12.19</b>     | <b>16</b>              | <b>3'611</b>                      | <b>216</b>  | <b>0</b>                  | <b>4'025</b>           | <b>20</b>  | <b>7'888</b>  |
| Additions                            | 0                      | 157                               | 1           | 984                       | 133                    | 189        | 1'464         |
| Disposals                            | 0                      | 0                                 | 0           | 0                         | -1                     | 0          | -1            |
| Reclassifications                    | 0                      | 216                               | -10         | -216                      | 0                      | 0          | -10           |
| Currency translation differences     | 0                      | 1                                 | 0           | -1                        | 2                      | 1          | 2             |
| <b>Historical cost, 31.12.20</b>     | <b>16</b>              | <b>3'985</b>                      | <b>207</b>  | <b>767</b>                | <b>4'159</b>           | <b>210</b> | <b>9'343</b>  |
| Additions                            | 0                      | 162                               | 0           | 2'434                     | 23                     | 0          | 2'619         |
| Disposals                            | 0                      | 0                                 | 0           | 0                         | 5                      | -36        | -42           |
| Reclassifications                    | 0                      | 874                               | -147        | -3'185                    | 0                      | 0          | -2'457        |
| Currency translation differences     | 0                      | -1                                | 0           | 0                         | -6                     | -2         | -9            |
| <b>Historical cost, 31.12.21</b>     | <b>16</b>              | <b>5'020</b>                      | <b>60</b>   | <b>16</b>                 | <b>4'171</b>           | <b>172</b> | <b>9'454</b>  |
| <b>Accum. depreciation, 31.12.19</b> | <b>-16</b>             | <b>-3'168</b>                     | <b>-131</b> | <b>0</b>                  | <b>-3'880</b>          | <b>-20</b> | <b>-7'215</b> |
| Depreciations                        | 0                      | -246                              | -1          | 0                         | -154                   | -26        | -426          |
| Currency translation differences     | 0                      | 0                                 | 0           | 0                         | -1                     | 0          | -2            |
| <b>Accum. depreciation, 31.12.20</b> | <b>-16</b>             | <b>-3'414</b>                     | <b>-132</b> | <b>0</b>                  | <b>-4'035</b>          | <b>-46</b> | <b>-7'643</b> |
| Depreciations                        | 0                      | 460                               | 0           | 0                         | -34                    | -57        | -550          |
| Disposals                            | 0                      | 0                                 | 0           | 0                         | 4                      | 23         | 27            |
| Reclassifications                    | 0                      | 30                                | 72          | 0                         | 0                      | 0          | 101           |
| Currency translation differences     | 0                      | 0                                 | 0           | 0                         | 4                      | 0          | 3             |
| <b>Accum. Depreciation, 31.12.21</b> | <b>-16</b>             | <b>-3'844</b>                     | <b>-60</b>  | <b>0</b>                  | <b>-4'061</b>          | <b>-80</b> | <b>-8'062</b> |
| Net book value, 31.12.2019           | 0                      | 443                               | 85          | 0                         | 145                    | 0          | 673           |
| Net book value, 31.12.2020           | 0                      | 571                               | 75          | 767                       | 124                    | 164        | 1'700         |
| <b>Net book value, 31.12.2021</b>    | <b>0</b>               | <b>1'176</b>                      | <b>0</b>    | <b>16</b>                 | <b>110</b>             | <b>92</b>  | <b>1'393</b>  |

### 12. Intangible assets

|   | Software      | Trade marks, patents, licences | Development costs | Goodwill      | Total         |
|---|---------------|--------------------------------|-------------------|---------------|---------------|
| <b>Historical cost, 31.12.19</b>        | <b>1'689</b>  | <b>749</b>                     | <b>149</b>        | <b>13'648</b> | <b>16'235</b> |
| Additions                               | 91            | 50                             | 105               | 0             | 246           |
| Disposals                               | -6            | 0                              | 0                 | 0             | -6            |
| Reclassifications                       | 10            | -51                            | 51                | 0             | 10            |
| Currency translation differences        | 0             | 0                              | 2                 | 0             | 2             |
| <b>Historical cost, 31.12.20</b>        | <b>1'784</b>  | <b>748</b>                     | <b>307</b>        | <b>13'648</b> | <b>16'487</b> |
| Addition in scope of consolidation      | 0             | 0                              | 0                 | 3'450         | 3'450         |
| Additions                               | 900           | 0                              | 0                 | 0             | 900           |
| Disposals                               | 0             | 0                              | -7                | 0             | -7            |
| Reclassifications                       | 2'356         | 112                            | 0                 | 0             | 2'468         |
| Currency translation differences        | 0             | 1                              | -6                | 1             | -4            |
| <b>Historical cost, 31.12.21</b>        | <b>5'040</b>  | <b>861</b>                     | <b>294</b>        | <b>17'099</b> | <b>23'294</b> |
| Accum. amortisations, 31.12.2019        | -1'514        | -616                           | -103              | -1'706        | -3'939        |
| Amortisations                           | -98           | -34                            | -58               | -1'365        | -1'555        |
| Currency translation differences        | 0             | 0                              | -1                | 0             | -1            |
| <b>Accum. amortisations, 31.12.2020</b> | <b>-1'612</b> | <b>-650</b>                    | <b>-162</b>       | <b>-3'071</b> | <b>-5'495</b> |
| Amortisations                           | -611          | -41                            | -69               | -1'624        | -2'345        |
| Disposals                               | 0             | 0                              | 3                 | 0             | 3             |
| Reclassifications                       | 0             | -112                           | 0                 | 0             | -112          |
| Currency translation differences        | 1             | 0                              | 4                 | 1             | 6             |
| <b>Accum. amortisations, 31.12.2021</b> | <b>-2'222</b> | <b>-803</b>                    | <b>-224</b>       | <b>-4'694</b> | <b>-7'943</b> |
| Net book value, 31.12.2019              | 175           | 133                            | 46                | 11'942        | 12'296        |
| Net book value, 31.12.2020              | 172           | 98                             | 145               | 10'577        | 10'992        |
| <b>Net book value, 31.12.2021</b>       | <b>2'818</b>  | <b>58</b>                      | <b>70</b>         | <b>12'405</b> | <b>15'351</b> |



# SWISS E-MOBILITY GROUP (HOLDING) AG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 13. Other current liabilities

|  | 31.12.2021   | 31.12.2020 |
|--|--------------|------------|
| Tax liabilities                          | 434          | 1          |
| Other liabilities to government agencies | 624          | 12         |
| Liabilities from employee benefits       | 1'609        | 722        |
| Other current liabilities third parties  | 1            | -3         |
| <b>Total</b>                             | <b>2'668</b> | <b>732</b> |

### 14. Financial liabilities

31.12.2021

|  | Residual<br>terms up to<br>1 year | Residual<br>terms<br>1 to 5 years | Residual<br>terms over<br>5 years | Total         |
|--|-----------------------------------|-----------------------------------|-----------------------------------|---------------|
| Bank loans <sup>1)</sup>                 | 8'800                             | 4'450                             | 0                                 | 13'250        |
| Covid19-loans <sup>2)</sup>              | 200                               | 1'800                             |                                   | 2'000         |
| Vendor loan (transaction m-way)          | 0                                 | 0                                 | 0                                 | 0             |
| <b>Total</b>                             | <b>9'000</b>                      | <b>6'250</b>                      | <b>0</b>                          | <b>15'250</b> |
| <b>Current financial liabilities</b>     | <b>9'000</b>                      |                                   |                                   |               |
| <b>Non-current financial liabilities</b> |                                   |                                   | <b>6'250</b>                      |               |

31.12.2021

|  | Residual<br>terms up to<br>1 year | Residual<br>terms<br>1 to 5 years | Residual<br>terms over 5<br>years | Total         |
|--|-----------------------------------|-----------------------------------|-----------------------------------|---------------|
| Bank loans <sup>1)</sup>                 | 3'500                             | 7'250                             | 0                                 | 10'750        |
| Vendor loan (transaction m-way)          | 1'000                             | 0                                 | 0                                 | 1'000         |
| <b>Total</b>                             | <b>4'500</b>                      | <b>7'250</b>                      | <b>0</b>                          | <b>11'750</b> |
| <b>Current financial liabilities</b>     | <b>4'500</b>                      |                                   |                                   |               |
| <b>Non-current financial liabilities</b> |                                   |                                   | <b>7'250</b>                      |               |

1) The registered shares of Swiss E-Mobility Group (Schweiz) AG are pledged as collateral for the financial liabilities to Crédit Suisse. The conditions of the credit agreement were complied with.

2) Swiss E-Mobility Group (Schweiz) AG received TCHF 750 as Covid-19 A-Fonds-perdu contributions (see note 2) and a loan of TCHF 2,000 as part of the 2nd allocation round of the COVID-19 hardship programme of the Canton of Zurich. These amounts are subject to the restrictions under the COVID-19 Act and the Hardship Case Ordinance.

### 15. Provisions

|                                    | Badwill      | Other current<br>provisions | Total provisions |
|------------------------------------|--------------|-----------------------------|------------------|
| <b>As at 31.12.2019</b>            | <b>7'691</b> | <b>36</b>                   | <b>7'730</b>     |
| Addition in scope of consolidation | 0            | 0                           | 0                |
| Additions                          | 0            | 6                           | 6                |
| Release (income statement)         | 0            | -15                         | -18              |
| Utilisation                        | -7'691       | -27                         | -7'718           |
| Currency translation differences   | 0            | 0                           | 0                |
| <b>As at 31.12.2020</b>            | <b>0</b>     | <b>0</b>                    | <b>0</b>         |
| thereof current provisions         | 0            | 0                           | 0                |
| thereof non-current provisions     | 0            | 0                           | 0                |
| <b>As at 31.12.2020</b>            | <b>0</b>     | <b>0</b>                    | <b>0</b>         |
| Addition in scope of consolidation | 0            | 0                           | 0                |
| Additions                          | 0            | 0                           | 0                |
| Release (income statement)         | 0            | 0                           | 0                |
| Utilisation                        | 0            | 0                           | 0                |
| Currency translation differences   | 0            | 0                           | 0                |
| <b>As at 31.12.2021</b>            | <b>0</b>     | <b>0</b>                    | <b>0</b>         |
| Thereof current provisions         | 0            | 0                           | 0                |
| Thereof non-current provision      | 0            | 0                           | 0                |

### 16. Employee benefit schemes

| According to Swiss GAAP FER 16, the accumulated pension liabilities are as follows: |  |   |          |   |                                     |  |
|---|--|---|----------|---|-------------------------------------|--|
| Economic benefit/economic obligation and pension expenses                           | Excess/insufficient cover as per Swiss GAAP FER 26 | Economic benefit/obligation for the company |          | Change vs. previous year or taken to the income statement in the FY | Contributions limited to the period | Pension expenses in personnel expenses |
|   | 31.12.21   | 31.12.21                                    | 31.12.20 |   |                                     | 2021 2020                              |
| Pension schemes with excess cover   | -  | -   | -        | -   | -464                                | -464 -537                              |
| <b>Total</b>  | <b>-</b>   | <b>-</b>                                    | <b>-</b> | <b>-</b>  | <b>-464</b>                         | <b>-464 -537</b>                       |

There were no employer contribution reserves either on 31 December 2021 or on 31 December 2020.

The surpluses in the corresponding pension plans are not intended for economic use by the Group.

# SWISS E-MOBILITY GROUP (HOLDING) AG

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Treasury shares

| Number of shares       | 2021   | 2020  |
|------------------------|--------|-------|
| Balance at 1 January   | 3'732  | 0     |
| Acquisitions           | 0      | 3'732 |
| Disposals              | -3'732 | 0     |
| Balance at 31 December | 0      | 3'732 |

During the reporting period, the entire portfolio of treasury shares was sold at a price of CHF 165 per share. In 2020, 3'732 registered shares (at a nominal value of CHF 1.00) were purchased. The average transaction price per share was CHF 87.69. There are no repurchase or other contingent liabilities in connection with treasury shares.

Neither in the year under review nor in the previous year were treasury shares issued in connection with sharebased payments.

### 18. Acquisitions

|  | 2021         | 2020     |
|--|--------------|----------|
| Inventories  | 754          | 0        |
| Prepayments from clients                                     | -38          | 0        |
| <b>Total net assets acquired</b>                             | <b>716</b>   | <b>0</b> |
| Goodwill   | 3'450        | 0        |
| Settlement of purchase price obligation with treasury shares | -200         | 0        |
| Remaining purchase price liability                           | -726         | 0        |
| <b>Net cash outflow for acquisitions made</b>                | <b>3'240</b> | <b>0</b> |

On 1 April 2021, the activities and assets of Bike Evasion Sports SA in Saxon were acquired by means of an asset deal and integrated into Swiss E-Mobility Group (Switzerland) Ltd.

In the context of the acquisition of m-way, a negative purchase price difference (badwill) in the amount of TCHF 11,537 arose. The amount includes a liquidity subsidy in the amount of TCHF 3,860 from the previous owner directly to m-way ag as compensation for the short-term acquisition, which did not allow the new owner to implement measures to reduce costs and improve margins in a timely manner. The badwill was recognized as a provision and released over 12 months. In 2020, this had resulted in income of TCHF 7,691.

### 19. Contingent liabilities / contingent assets

|   | 31.12.2021 | 31.12.2020 |
|---|------------|------------|
| <b>Pledge of assets to secure own obligations</b> |            |            |
| Cash and cash equivalents                         | 0          | 979        |

There were no other material contingent liabilities or assets as at the balance sheet date.

### 20. Derivative financial instruments

Forward exchange transactions are used to hedge purchases of goods in foreign currencies. As at 31 December 2021, there were no open forward transactions. As at 31 December 2020, there were open EUR forward exchange contracts with a contract volume of EUR 4,200,000 and USD forward exchange contracts with a contract volume of USD 3,400,000. As at 31 December 2020, the negative replacement values totalled CHF 54,000. As these forward exchange contracts are used to hedge future cash flows, they are not recognised in the balance sheet.

### 21. Off-balance sheet leasing/rental obligations

|              | 31.12.2021    | 31.12.2020   |
|--------------|---------------|--------------|
| up to 1 year | 2'658         | 2'303        |
| 1 to 5 years | 7'625         | 5'351        |
| > 5 years    | 533           | 363          |
| <b>Total</b> | <b>10'816</b> | <b>8'017</b> |

### 22. Transactions with related parties

Business transactions with related parties are based on customary contractual forms and conditions. All transactions are included in the consolidated financial statements. Business transactions with related parties are based on arm's length conditions. All transactions are reported in the consolidated financial statements.

|                                       | 31.12.2021 | 31.12.2020 |
|---------------------------------------|------------|------------|
| <b>Transactions with shareholders</b> |            |            |
| Trade receivables                     | 58         | 58         |

### 23. Subsequent events

From the balance sheet date until the consolidated financial statements were approved by the Board of Directors on 6 April 2022, no other major events occurred which could have adversely affected the validity of the consolidated financial statements for 2021 or which would have to be disclosed.

### 24. Summary of consolidated companies

| Company  | Head office           | Business activity | Capital    |                | Capital share (=voting share) |          |
|--|-----------------------|-------------------|------------|----------------|-------------------------------|----------|
|  |                       |                   | Currency   | Amount         | 31.12.21                      | 31.12.20 |
| <b>Swiss E-Mobility Group (Holding) AG</b>               | <b>Freienbach, CH</b> | <b>Holding</b>    | <b>CHF</b> | <b>152'875</b> |                               |          |
| Swiss E-Mobility Group (Schweiz) AG (formerly: m-way ag) | Zürich, CH            | Trading           | CHF        | 1'000'000      | 100%                          | 100%     |
| Colag E-Mobility GmbH                                    | Nürnberg, D           | Trading           | EUR        | 25'000         | 100%                          | 100%     |

## REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE GENERAL MEETING OF SHAREHOLDERS

### Swiss E-Mobility Group (Holding) AG, Freienbach

As statutory auditor, we have audited the accompanying consolidated financial statements of Swiss E-Mobility Group (Holding) AG, which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated statement of income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

### Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### 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 Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 the internal control system relevant to the entity's preparation of the consolidated 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 system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, 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 for the year ended December 31, 2021 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

OSTSCHWEIZERISCHE TREUHAND ZÜRICH AG

|                          |                       |
|--------------------------|-----------------------|
| L. Vonarburg             | R. Schmidhauser       |
| Licensed Audit Expert    | Licensed Audit Expert |
| <i>Auditor in charge</i> |                       |

Zurich, April 6, 2022

### Appendix:

- Consolidated Financial Statements (Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows and Notes)

**RE-STATED ACCOUNTS OF  
SEMG**

# SWISS E-MOBILITY GROUP (HOLDING) AG

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2022

|  | Notes | CHF in Mn.   | Rupees in crores |
|--|-------|--------------|------------------|
| <b>ASSETS</b>  |       |              |                  |
| <b>Non-current assets</b>                                |       |              |                  |
| Property, plant and equipment                            | 1     | 8.47         | 69.53            |
| Capital work-in-progress                                 |       | 0.02         | 0.13             |
| Goodwill   |       | 12.27        | 100.57           |
| Other Intangible assets                                  | 1     | 2.70         | 22.14            |
| Deferred tax Assets                                      |       | 6.16         | 50.51            |
|  |       | <u>29.62</u> | <u>242.88</u>    |
| <b>Current assets</b>                                    |       |              |                  |
| Inventories  | 2     | 21.45        | 175.91           |
| Financial assets   |       |              |                  |
| Trade receivables  | 3     | 3.42         | 28.16            |
| Cash and cash equivalents                                | 4     | 1.74         | 14.22            |
| Other financial assets                                   | 5     | 1.09         | 8.90             |
| Other current assets                                     | 6     | 6.73         | 55.32            |
|  |       | <u>34.43</u> | <u>282.51</u>    |
| Total Assets   |       | <u>64.05</u> | <u>525.39</u>    |
| <b>EQUITY AND LIABILITIES</b>                            |       |              |                  |
| <b>Equity</b>  |       |              |                  |
| Equity share capital                                     | 7     | 0.15         | 1.23             |
| Other equity   | 8     | 17.44        | 143.07           |
|  |       | <u>17.59</u> | <u>144.30</u>    |
| <b>Liabilities</b>                                       |       |              |                  |
| <b>Non-Current liabilities</b>                           |       |              |                  |
| Financial liabilities                                    |       |              |                  |
| (i) Borrowing  | 9     | 9.05         | 74.24            |
| (ii) Lease liability                                     |       | 5.38         | 44.12            |
| Provisions   | 10    | 0.01         | 0.10             |
|  |       | <u>14.44</u> | <u>118.46</u>    |
| <b>Current liabilities</b>                               |       |              |                  |
| Financial liabilities                                    |       |              |                  |
| (i) Borrowing  | 11    | 16.05        | 131.66           |
| (ii) Lease liability                                     |       | 1.82         | 14.96            |
| (iii) Trade payables                                     | 12    |              |                  |
| a. Total outstanding dues of micro and small enterprises |       | -            | -                |
| b. Total outstanding dues of other than (iii) (a) above  |       | 9.54         | 78.20            |
| Other current liabilities                                | 13    | 4.61         | 37.81            |
|  |       | <u>32.02</u> | <u>262.63</u>    |
| Total liabilities  |       | <u>46.46</u> | <u>381.09</u>    |
| Total equity and liabilities                             |       | <u>64.05</u> | <u>525.39</u>    |

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

|  | Notes | CHF in Mn.    | Rupees in crores |
|--|-------|---------------|------------------|
| I Revenue from operations                                  | 14    | 12.11         | 98.46            |
| II Other income  | 15    | 0.04          | 0.31             |
| III Total Income (I + II)                                  |       | <u>12.15</u>  | <u>98.77</u>     |
| IV Expenses:   |       |               |                  |
| Purchases of stock-in-trade                                |       | 29.51         | 241.38           |
| Changes in inventories of Stock-in-trade                   |       | (21.45)       | (175.91)         |
| Employee benefits expense                                  | 16    | 2.11          | 17.14            |
| Finance costs  | 17    | 0.24          | 1.96             |
| Depreciation and amortisation expense                      | 18    | 0.83          | 6.76             |
| Other expenses   | 19    | 1.48          | 12.12            |
|  |       | <u>12.72</u>  | <u>103.45</u>    |
| V Profit before exceptional items (III - IV)               |       | (0.57)        | (4.68)           |
| VI Exceptional items                                       |       | -             | -                |
| VII Profit before tax (V+ VI)                              |       | <u>(0.57)</u> | <u>(4.68)</u>    |
| VIII Tax expense   |       |               |                  |
| i) Current tax   |       | -             | -                |
| ii) Deferred tax   |       | -             | -                |
| IX Profit for the year (VII - VIII)                        |       | <u>(0.57)</u> | <u>(4.68)</u>    |
| 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                   |       | 0.02          | 3.71             |
|  |       | <u>0.02</u>   | <u>3.71</u>      |
| XI Total Comprehensive Income (IX + X)                     |       | <u>(0.55)</u> | <u>(0.97)</u>    |
| XII Earnings per equity share (Face value of CHF 1/- each) |       |               |                  |
| Basic & Diluted earnings per share (in CHF/ in rupees)     |       | (3.73)        | (306.13)         |

## SWISS E-MOBILITY GROUP (HOLDING) AG

### Notes on accounts - (continued)

|   | CHF in Mn. | Rupees in crores |   | CHF in Mn. | Rupees in crores |
|---|------------|------------------|---|------------|------------------|
|   | As at      | As at            |   | As at      | As at            |
|   | 31-03-2022 | 31-03-2022       |   | 31-03-2022 | 31-03-2022       |
| 2 INVENTORIES                           |            |                  | 9 FINANCIAL LIABILITIES - BORROWINGS (NON CURRENT)  |            |                  |
| Stock in trade                          | 21.45      | 175.91           | Unsecured   |            |                  |
|   | 21.45      | 175.91           | Term Loan from :  |            |                  |
|   |            |                  | Bank  | 1.80       | 14.77            |
| 3 TRADE RECEIVABLES                     |            |                  | Others  | 7.25       | 59.47            |
| Unsecured, considered good              | 3.42       | 28.16            |   | 9.05       | 74.24            |
|   | 3.42       | 28.16            |   |            |                  |
| 4 CASH AND CASH EQUIVALENTS             |            |                  | 10 PROVISIONS   |            |                  |
| Balances with banks in current accounts | 1.59       | 13.02            | Provision for employee benefits:  |            |                  |
| Cash on hand                            | 0.15       | 1.20             | (a) Pension   | 0.01       | 0.10             |
|   | 1.74       | 14.22            |   | 0.01       | 0.10             |
| 5 FINANCIAL ASSETS - OTHERS (CURRENT)   |            |                  | 11 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)   |            |                  |
| Unsecured, considered good :            |            |                  | Unsecured   |            |                  |
| Claims receivable                       | 1.09       | 8.90             | Borrowings repayable on demand from banks:  | 15.35      | 125.92           |
|   | 1.09       | 8.90             | Current Maturities of long term borrowings:   | 0.70       | 5.74             |
| 6 OTHER CURRENT ASSETS                  |            |                  |   | 16.05      | 131.66           |
| GST/VAT/IT/Excise receivable            | 0.05       | 0.41             |   |            |                  |
| Vendor advance                          | 5.91       | 48.46            | 12 TRADE PAYABLES   |            |                  |
| Prepaid expenses                        | 0.31       | 2.56             | Dues to Micro and Small Enterprises**   | -          | -                |
| Others                                  | 0.46       | 3.89             | Dues to enterprises other than Micro and Small Enterprises  | 9.54       | 78.20            |
|   | 6.73       | 55.32            |   | 9.54       | 78.20            |
| 7 EQUITY SHARE CAPITAL                  |            |                  |   |            |                  |
| Issued, subscribed and fully paid up:   |            |                  | ** 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. |            |                  |
| 1,52,875 Ordinary shares of CHF 1 each  | 0.15       | 1.23             | 13 OTHER CURRENT LIABILITIES  |            |                  |
|   | 0.15       | 1.23             | Statutory dues  | 0.09       | 0.74             |
| 8 OTHER EQUITY                          |            |                  | Advance from customers  | 3.28       | 26.90            |
| Retained earnings                       | 7.18       | 57.38            | Employee related  | 1.24       | 10.17            |
| Capital reserve                         | 10.24      | 81.98            |   | 4.61       | 37.81            |
| Foreign currency translation reserve    | 0.02       | 3.71             |   |            |                  |
|   | 17.44      | 143.07           |   |            |                  |

## SWISS E-MOBILITY GROUP (HOLDING) AG

### Notes on accounts - (continued)

|   | 'CHF in Mn.<br>For the Year<br>ended 31-03-2022 | Rupees in crores<br>For the Year<br>ended 31-03-2022 |   | 'CHF in Mn.<br>For the Year<br>ended 31-03-2022 | Rupees in crores<br>For the Year<br>ended 31-03-2022 |
|---|---|--|---|---|--|
| 14 REVENUE FROM OPERATIONS                |   |  | 17 FINANCE COST                                 |   |  |
| Sale of Product                           | 11.70   | 95.09  | Interest  | 0.13  | 1.08   |
| Sale of service                           | 0.38  | 3.10   | Interest on lease liabilities                   | 0.05  | 0.39   |
| Other operating revenues                  | 0.03  | 0.27   | Other borrowing cost                            | 0.06  | 0.49   |
|   | <u>12.11</u>                                    | <u>98.46</u>   |   | <u>0.24</u>                                     | <u>1.96</u>  |
| 15 OTHER INCOME                           |   |  | 18 DEPRECIATION                                 |   |  |
| Other non operating income                | 0.04  | 0.31   | Depreciation on property plant and equipment    | 0.13  | 1.04   |
|   | <u>0.04</u>                                     | <u>0.31</u>  | Amortisation on right of use asset              | 0.35  | 2.84   |
| 16 EMPLOYEE BENEFITS EXPENSE              |   |  | Amortisation on intangible assets               | 0.35  | 2.88   |
| Salaries, wages and bonus                 | 1.77  | 14.39  |   | <u>0.83</u>                                     | <u>6.76</u>  |
| Contribution to provident and other funds | 0.27  | 2.19   | 19 OTHER EXPENSES                               |   |  |
| Staff welfare expenses                    | 0.07  | 0.56   | (a) Power and fuel                              | 0.02  | 0.14   |
|   | <u>2.11</u>                                     | <u>17.14</u>   | (b) Rent  | 0.12  | 1.00   |
|   |   |  | (c) Repairs - plant and equipment               | 0.02  | 0.16   |
|   |   |  | (d) Rates and taxes (excluding taxes on income) | 0.02  | 0.15   |
|   |   |  | (e) Other marketing expenses                    | 0.49  | 3.99   |
|   |   |  | (f) Miscellaneous expenses                      | 0.81  | 6.68   |
|   |   |  |   | <u>1.48</u>                                     | <u>12.12</u>   |

# SUNDARAM HOLDING USA INC.

## Independent Auditor's Report

Board of Directors

Sundaram Holding USA, Inc. and subsidiaries

### Opinion

We have audited the accompanying consolidated financial statements of Sundaram Holding USA, Inc., and subsidiaries ("the Company"), which comprise the consolidated balance sheets as of March 31, 2022, and March 31, 2021, and the related consolidated statements of loss, changes in stockholders' equity and cash flows for the years then ended and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of the Company as of March 31, 2022, and March 31, 2021, and the consolidated 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 of America.

### Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of Sundaram Holding USA, Inc. and subsidiaries, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit..

Kn timer P.A.  
Atlanta, Georgia  
May 04, 2022

## CONSOLIDATED BALANCE SHEET

(All amounts in United States Dollars, unless otherwise stated)

|   | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|---|-------------------------|-------------------------|
| <b>ASSETS</b>                               |                         |                         |
| <b>Current assets</b>                       |                         |                         |
| Cash and cash equivalents                   | 4,901,762               | 2,115,451               |
| Inventories                                 | 3,010,843               | 633,798                 |
| Accounts receivable, net of allowances      | 3,687,799               | 1,876                   |
| Other current assets                        | 53,514                  | 12,685                  |
| <b>Total current assets</b>                 | <b>11,653,918</b>       | <b>2,763,810</b>        |
| Property, plant and equipment, net          | 69,728,080              | 64,327,942              |
| Capital work-in-progress                    | 7,318,969               | 14,068,928              |
| Capital advances                            | 1,929,200               | 478,655                 |
| <b>Total assets</b>                         | <b>90,630,167</b>       | <b>81,639,335</b>       |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |                         |                         |
| <b>Current liabilities</b>                  |                         |                         |
| Accounts payable                            | 1,605,441               | 600,547                 |
| Payable to related parties (Refer note N)   | 3,665,768               | 37,212                  |
| Current maturities of long-term debt        | 8,000,000               | 7,200,000               |
| Current obligations under capital leases    | 250,908                 | 278,259                 |
| Other current liabilities                   | 1,708,517               | 1,413,796               |
| <b>Total current liabilities</b>            | <b>15,230,634</b>       | <b>9,529,814</b>        |

|  | As at<br>March 31, 2022 | As at<br>March 31, 2021 |
|--|-------------------------|-------------------------|
| Other liabilities  | 1,300,000               | 1,300,000               |
| Long term capital lease obligation   | 397,071                 | 541,059                 |
| Long term borrowings   | 21,137,618              | 29,092,225              |
| <b>Total liabilities</b>   | <b>38,065,323</b>       | <b>40,463,098</b>       |
| <b>Stockholders' equity</b>  |                         |                         |
| Common stock, \$1 par, authorized - 75,000,000 shares (previous year 75,000,000 shares); issued and outstanding - 93,350,000 shares (previous year 69,400,000 shares) (Refer note Q) | 93,350,000              | 69,400,000              |
| Accumulated deficit  | (40,785,156)            | (28,223,763)            |
| <b>Total stockholders' equity</b>  | <b>52,564,844</b>       | <b>41,176,237</b>       |
| <b>Total liabilities and stockholders' equity</b>  | <b>90,630,167</b>       | <b>81,639,335</b>       |

(The accompanying notes are an integral part of these consolidated financial statements)



(All amounts in United States Dollars, unless otherwise stated)

(The accompanying notes are an integral part of these consolidated financial statements)

**For the year ended March 31, 2022 and March 31, 2021 (All amounts in United States Dollars, except number of shares)**

*(The accompanying notes are an integral part of these consolidated financial statements)*

(All amounts in United States Dollars, unless otherwise stated)

The accompanying notes are an integral part of these consolidated financial statements)

# SUNDARAM HOLDING USA INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in United States Dollars unless otherwise stated)

### NOTE A – NATURE OF OPERATIONS

Sundaram Holding USA Inc. (or 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 in the process of commencing regular supplies and revenue generating activities.

Sundaram Holdings USA Inc (“SHUI”) along-with its subsidiaries Green Hills Land Holding LLC (“GHLH”), Component Equipment Leasing LLC (“CEL”), Sundaram Clayton USA LLC (“SCUSA”) and Premier Land Holding LLC (“PLHL”) are hereinafter referred to as the “Company”.

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The significant accounting policies are detailed below.

#### 1. Basis of presentation

- The accompanying consolidated 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 of America (“US GAAP”) to reflect the financial position, results of operations, stockholders’ equity, and cash flows. All amounts are stated in United States Dollars, except as otherwise specified.
- The consolidated financial statements are presented for the years ended March 31, 2022, and March 31, 2021.
- Certain reclassifications, regroupings and reworking have been made in the consolidated financial statements of prior year to confirm to the classifications used in the current year. This has no impact on the consolidated statement of loss.

#### 2. Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated 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, inventory valuation and estimation relating to unsettled transactions and events at the consolidated balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the consolidated 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 April 01, 2019. Results for the year ended March 31, 2022, are presented under Topic 606, while earlier periods are presented under previous guidance. Please refer Note L “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. Revenue from warehousing service is recognized when services are completed in accordance with the contracts entered with the customers.

#### 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 estimated useful life used to determine depreciation is:

| Particulars                    | Useful life |
|--------------------------------|-------------|
| Building                       | 45 years    |
| Machinery and equipment        | 10-25 years |
| Equipment under lease          | 8 years     |
| Furniture and fixtures         | 10 years    |
| Production tools and dies      | 4-8 years   |
| Vehicles                       | 6 years     |
| Computers and office equipment | 3 years     |

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each consolidated 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 consolidated 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 noncash transactions is not presented as a separate asset or liability from the note that gives rise to it but is reported in the consolidated 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 carryforwards. 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 assets will not be realized.

### 13. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the consolidated 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 consolidated financial statements.

### 15. Liquidity

As on March 31, 2022, the Company has positive net worth of \$ 52,564,844, pursuant to additional equity funding received from the stockholders during the year amounting to \$ 23,950,000. The stockholders plan

to provide additional funding as and when required to meet the Company's current anticipated cash needs for at least the next twelve months, including working capital needs and various contractual obligations. The Parent Company also provides support to the Company by financing trade payables.

### 16. 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 consolidated 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, 2022. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

### NOTE C - INVENTORIES

Inventories comprise of:

|                   | As at            |                |
|-------------------|------------------|----------------|
|                   | March 31, 2022   | March 31, 2021 |
| Raw material      | 1,706,724        | 597,723        |
| Work-in-progress  | 386,260          | -              |
| Stores and spares | 138,068          | 19,122         |
| Finished goods    | 779,791          | 16,953         |
| <b>Total</b>      | <b>3,010,843</b> | <b>633,798</b> |

### NOTE D - OTHER CURRENT ASSETS

Other current assets comprise of:

|                   | As at          |                |
|-------------------|----------------|----------------|
|                   | March 31, 2022 | March 31, 2021 |
| Prepaid expenses  | 46,904         | 6,185          |
| Security deposits | 6,610          | 6,500          |
| <b>Total</b>      | <b>53,514</b>  | <b>12,685</b>  |

## SUNDARAM HOLDING USA INC.

### NOTE E - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant, and equipment of the Company comprise of:

|                                | As at             |                   |
|--------------------------------|-------------------|-------------------|
|                                | March 31, 2022    | March 31, 2021    |
| Land                           | 2,934,860         | 2,934,860         |
| Building                       | 39,752,168        | 39,737,888        |
| Equipment under lease          | 1,017,473         | 1,017,473         |
| Machinery and equipment        | 27,914,610        | 20,369,315        |
| Vehicles                       | 542,970           | 539,892           |
| Electrical equipment           | 9,819             | 9,819             |
| Laboratory equipment           | 1,509,333         | 1,487,370         |
| Furniture and fixtures         | 470,684           | 434,547           |
| Computers and office equipment | 1,606,273         | 1,592,247         |
| Production tools and dies      | 1,251,208         | 957,241           |
| Less: accumulated depreciation | (7,281,318)       | (4,752,710)       |
| <b>Total</b>                   | <b>69,728,080</b> | <b>64,327,942</b> |

Depreciation for the year ended March 31, 2022, was \$ 2,536,695 (March 31, 2021, was \$ 2,469,367). The amount of interest capitalized as construction in progress during the year ended March 31, 2022, is \$ NIL (March 31, 2021, was \$ NIL). Depreciation includes expense for equipment taken under capital lease.

Land and building, machinery and equipment have been hypothecated against the loans obtained from the bank (Refer Note H)

### NOTE F - CAPITAL WORK-IN-PROGRESS

The capital work in progress amounted to \$ 7,318,969 as of March 31, 2022 (March 31, 2021, was \$ 14,068,928). The balance as on March 31, 2022, and March 31, 2021, represents capital projects under construction which were yet to be installed.

During the year ended March 31, 2022, the capital work in progress transferred to property, plant and equipment amounted to \$ 6,949,676. (March 31, 2021: NIL)

### NOTE G - CAPITAL ADVANCES

Capital advance of \$ 1,929,200 (March 31, 2021, was \$ 478,655) has been provided towards the purchase of machinery, and other fixed assets to be acquired in the following financial year.

### NOTE H - LONG-TERM BORROWING

Long term borrowing comprise of:

|                                      | As at             |                   |
|--------------------------------------|-------------------|-------------------|
|                                      | March 31, 2022    | March 31, 2021    |
| Loan from bank                       | 29,200,000        | 36,400,000        |
| Less: current maturities             | (8,000,000)       | (7,200,000)       |
| Less: Unamortized debt issuance cost | (62,382)          | (107,775)         |
| <b>Total</b>                         | <b>21,137,618</b> | <b>29,092,225</b> |

The Company obtained loan from a bank of \$ 40,000,000 in the year 2019 for funding the acquisition of capital assets and for repayment of short-term borrowing. The amount of loan outstanding as of March 31, 2022, was \$ 21,137,618 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 bank are capitalized. The debt issuance cost on the new loan is \$ 216,000 of which \$ 62,382 (March 2021 \$ 107,775) remains outstanding as at the consolidated balance sheet date. The Company has obtained deferral of certain financial covenants for a period of one year till March 31, 2023.

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, 2023     | 8,000,000         |
| March 31, 2024     | 10,600,000        |
| March 31, 2025     | 10,600,000        |
| <b>Total</b>       | <b>29,200,000</b> |

The effective interest rate ("EIR") on the loan post the transaction costs is 1.95% for the year ended March 31, 2022 (March 31, 2021: 3.75%). The interest expense accrued for the year ended March 31, 2022, is \$ 383,895 (March 31, 2021, is \$ 1,363,726) and the interest paid during the year ended March 31, 2022, \$ 707,117 (March 31, 2021, is \$ 1,443,551). The loan is secured by land, building and plant and machinery.

### NOTE I - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

|                               | As at            |                  |
|-------------------------------|------------------|------------------|
|                               | March 31, 2022   | March 31, 2021   |
| Employee related liability    | 373,356          | 86,995           |
| Accrued state franchise taxes | 93,365           | 69,415           |
| Accrued property taxes        | 160,327          | 160,933          |
| Interest payable              | 327,246          | 650,468          |
| Advances from customers       | 687,250          | 214,143          |
| Accrued expenses              | 66,973           | 231,842          |
| <b>Total</b>                  | <b>1,708,517</b> | <b>1,413,796</b> |

### NOTE J - OTHER LIABILITIES

The Company received an incentive of \$ 1,100,000 as of 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 million will be in real property (land and building) and \$26 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, 2022   | March 31, 2021   |
| Grant from county | 1,300,000        | 1,300,000        |
| <b>Total</b>      | <b>1,300,000</b> | <b>1,300,000</b> |

### NOTE K - LONG TERM CAPITAL LEASE OBLIGATION:

Long term capital lease obligation is calculated as follows:

|  | As at          |                |
|--|----------------|----------------|
|  | March 31, 2022 | March 31, 2021 |
| Total capital lease obligation             | 647,979        | 819,318        |
| Less: Current portion                      | (250,908)      | (278,259)      |
| <b>Long term capital lease obligations</b> | <b>397,071</b> | <b>541,059</b> |

## SUNDARAM HOLDING USA INC.

### NOTE L - REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

|  | For the year ended |                |
|--|--------------------|----------------|
|  | March 31, 2022     | March 31, 2021 |
| <b>Type of goods or services</b>           |                    |                |
| Sale of manufactured products              | 6,902,508          | 342,241        |
| Warehousing service                        | 175,312            | 120,288        |
| <b>Total</b>                               | <b>7,077,820</b>   | <b>462,529</b> |
| <b>Timing of revenue recognition</b>       |                    |                |
| Services transferred over a period of time | 175,312            | 120,288        |
| Goods transferred at a point of time       | 6,902,508          | 342,241        |
| <b>Total</b>                               | <b>7,077,820</b>   | <b>462,529</b> |

### NOTE M - INCOME TAXES

The Company files federal and state tax returns as per regulations applicable to Chapter C corporations in the United States of America.

The following is the summary of items giving rise to deferred tax assets and liabilities:

|   | As at              |                    |
|---|--------------------|--------------------|
|   | March 31, 2022     | March 31, 2021     |
| <b>Non-current deferred tax assets</b>          |                    |                    |
| Organization cost                               | 2,943,644          | 3,173,019          |
| Net operating losses                            | 11,091,792         | 6,459,726          |
| State credit                                    | 145,000            | -                  |
| Donations                                       | 99                 | 99                 |
| Accrued expense                                 | 107,886            | 3,890              |
| <b>Total non-current deferred tax asset</b>     | <b>14,288,420</b>  | <b>9,636,734</b>   |
| <b>Non-current deferred tax liability</b>       |                    |                    |
| Property, plant, and equipment                  | (3,548,464)        | (2,356,377)        |
| <b>Total non-current deferred tax liability</b> | <b>(3,548,464)</b> | <b>(2,356,377)</b> |
| <b>Total deferred tax asset, net</b>            | <b>10,739,956</b>  | <b>7,280,357</b>   |
| Valuation allowance                             | (10,739,956)       | (7,280,357)        |
| <b>Deferred tax asset, net</b>                  | <b>-</b>           | <b>-</b>           |

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 \$ 10,739,956 and \$ 7,280,357 as of March 31, 2022 and March 31, 2021 respectively.

The Company has federal net operating losses (NOLs) of \$ 42,717,961 and \$ 24,391,026 as at March 31, 2022 and March 31, 2021. 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 (NOLs) carryforwards of approximately \$ 42,420,400 and \$ 24,186,830 as of March 31, 2022, and March 31, 2021, 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-

likelythan-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 of March 31, 2022, and March 31, 2021.

The tax year 2018 to 2020 remain subject to examination by the taxing authorities..

### NOTE N - RELATED PARTY TRANSACTIONS

The Company had accounts receivable amounting to \$ 175,312 from Sundaram Clayton Limited ("shareholder") on account of warehousing income charged from the parent as of March 31, 2022 (March 31, 2021: \$ 124,593).

The payables for expenses incurred for tools & dies and casting samples amounted to \$ 3,841,080 as of March 31, 2022 (March 31, 2021: \$ 161,805).

The net payable to the Parent as of March 31, 2022, amounted to \$ 3,665,768 and March 31, 2021, amounted to \$ 37,212.

### NOTE O - 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 consolidated 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 P - COMMITMENTS AND CONTINGENCIES

#### Capital commitments

As of March 31, 2022, the Company has committed to spend \$ 7,845,286 (as of March 31, 2021, amounting to \$ 1,849,176) 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 1368 Wild Goose Trail

Rented for the period commencing from February 26, 2021, up to February 26, 2022, for rent amounting to \$ 1,900 per month.

##### Premises B, Summerville, SC 29483

Rented for the period commencing from February 27, 2022, up to February 27, 2023, for rent amounting to \$ 1,975 per month.

##### Premises C, 701 Redbud Ln

Rented for the period commencing from March 1, 2022, up to May 31, 2023, for rent amounting to \$ 2,130 per month.

##### Premises D, 5150 Trump Street

Rented for the period commencing from July 1, 2020, up to June 30, 2021, for rent amounting to \$ 1,550 per month.

##### Premises E, North Charleston 29420

Rented for the period commencing from July 1, 2021, up to June 30, 2022, for rent amounting to \$ 1,605 per month.

##### Premises F, 8800 Dorchester Road

Rented for the period commencing from April 1, 2021, up to March 31, 2022, for rent amounting to \$ 1,750 per month.

Rental expense under all operating leases was \$ 62,675 and \$ 50,211 for the years ended March 31, 2022, and March 31, 2021, respectively.

## SUNDARAM HOLDING USA INC.

As of March 31, 2022, future rental commitments for the non-cancelable leases are as follows:

| <u>For the year ending</u> | <u>Premises</u> |
|----------------------------|-----------------|
| March 31, 2023             | 56,360          |

### Capital leases

The Company has obtained fifteen forklifts under capital lease. The minimum future lease payments under capital lease as of March 31, 2022, are as follows:

| <u>For the year ending</u> | <u>Forklifts</u> |
|----------------------------|------------------|
| March 31, 2023             | 213,841          |
| March 31, 2024             | 209,622          |
| March 31, 2025             | 141,470          |
| March 31, 2026             | 31,556           |
| <b>Total</b>               | <b>596,489</b>   |

### NOTE Q - STOCKHOLDERS' EQUITY

#### Authorized common stock

The authorized common stock is 75,000,000 shares with a par value of \$ 1 as of March 31, 2022 (March 31, 2021 – 75,000,000 shares with a par value of \$ 1)

#### Common stock issued

Common stock issued and outstanding as of March 31, 2022, was 93,350,000 shares at \$ 1 par value each. (March 31, 2021 – 69,400,000 shares at \$ 1 par value each.)

The Company issued the following shares, \$ 1 par value each, as below–

|                                      | <u>Year ended</u>     |                       |
|--------------------------------------|-----------------------|-----------------------|
|                                      | <u>March 31, 2022</u> | <u>March 31, 2021</u> |
| Sundaram Auto Components Limited     | 47,000,000            | 47,000,000            |
| Sundaram Clayton Limited             | 46,350,000            | 22,400,000            |
| <b>Total number of shares issued</b> | <b>93,350,000</b>     | <b>69,400,000</b>     |

During the year ended March 31, 2022, the Company issued 23,950,000 shares at \$1 par value, which 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 R - 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 \$ 66,803 for the year ended March 31, 2022 (March 31, 2021, \$ 9,661).

### NOTE S - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2022, through May 4, 2022, the date the financial statements are available to be issued. Based on the evaluation, the Company is not aware of any subsequent events or transactions, that would require recognition or disclosure in the financial statements.

**RE-STATED ACCOUNTS OF  
SUNDARAM HOLDING USA INC.**

# SUNDARAM HOLDING USA INC.

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2022

|  | Notes | USD in Mn.    | Rupees in crores |
|--|-------|---------------|------------------|
| <b>ASSETS</b>  |       |               |                  |
| Non-current assets                                       |       |               |                  |
| Property, plant and equipment                            | 1     | 96.33         | 730.12           |
| Capital work in progress                                 | 1     | 7.32          | 55.47            |
| Other non current assets                                 | 2     | 1.93          | 14.62            |
|  |       | <u>105.58</u> | <u>800.21</u>    |
| Current assets   |       |               |                  |
| Financial assets   |       |               |                  |
| Inventories  | 3     | 3.01          | 22.82            |
| Cash and cash equivalents                                | 4     | 4.90          | 37.15            |
| Trade receivables  | 5     | 3.69          | 27.95            |
| Other current assets                                     | 6     | 0.06          | 0.41             |
|  |       | <u>11.66</u>  | <u>88.33</u>     |
| <b>Total Assets</b>                                      |       | <u>117.24</u> | <u>888.54</u>    |
| <b>EQUITY AND LIABILITIES</b>                            |       |               |                  |
| Equity   |       |               |                  |
| Equity share capital                                     | 7     | 93.35         | 650.74           |
| Other equity   | 8     | (14.23)       | (51.06)          |
|  |       | <u>79.12</u>  | <u>599.68</u>    |
| Liabilities  |       |               |                  |
| Non-Current liabilities                                  |       |               |                  |
| Financial liabilities                                    |       |               |                  |
| (i) Borrowings   | 9     | 21.14         | 160.21           |
| (ii) Lease liability                                     |       | 0.47          | 3.56             |
| (iii) Other financial liabilities                        |       | 1.30          | 9.85             |
|  |       | <u>22.91</u>  | <u>173.62</u>    |
| Current liabilities                                      |       |               |                  |
| Financial liabilities                                    |       |               |                  |
| (i) Borrowings   | 10    | 8.00          | 60.63            |
| (ii) Lease liability                                     |       | 0.32          | 2.42             |
| (iii) Trade payables                                     | 11    | -             | -                |
| a. Total outstanding dues of micro and small enterprises |       | -             | -                |
| b. Total outstanding dues of other than (iii) (a) above  |       | 5.52          | 41.82            |
| (iv) Other financial liabilities                         | 12    | 0.33          | 2.48             |
| Other current liabilities                                | 13    | 1.04          | 7.89             |
|  |       | <u>15.21</u>  | <u>115.24</u>    |
| <b>Total Liabilities</b>                                 |       | <u>38.12</u>  | <u>288.86</u>    |
| <b>Total Equity and Liabilities</b>                      |       | <u>117.24</u> | <u>888.54</u>    |

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2022

|   | Notes | USD in Mn.     | Rupees in crores |
|---|-------|----------------|------------------|
| I Revenue from operations   | 14    | 7.08           | 52.73            |
| II Other income   | 15    | 0.01           | 0.06             |
| III Total Income (I + II)   |       | <u>7.09</u>    | <u>52.79</u>     |
| IV Expenses:  |       |                |                  |
| Cost of material consumed   |       | 7.75           | 57.89            |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress |       | (1.16)         | (8.82)           |
| Employee benefits expense   | 16    | 3.82           | 28.48            |
| Finance costs   | 17    | 0.25           | 1.85             |
| Depreciation and amortisation expense   | 18    | 4.24           | 31.56            |
| Other expenses  | 19    | 3.33           | 24.87            |
|   |       | <u>18.23</u>   | <u>135.83</u>    |
| V Profit before exceptional items (III - IV)                                  |       | (11.14)        | (83.04)          |
| VI Exceptional items  |       | -              | -                |
| VII Profit before tax (V+ VI)   |       | <u>(11.14)</u> | <u>(83.04)</u>   |
| VIII Tax expense  |       |                |                  |
| i) Current tax  |       | -              | -                |
| ii) Deferred tax  |       | -              | -                |
| IX Profit for the year (VII - VIII)   |       | <u>(11.14)</u> | <u>(83.04)</u>   |
| 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                                      |       | -              | 19.12            |
|   |       | <u>-</u>       | <u>19.12</u>     |
| XI Total Comprehensive Income (IX + X)  |       | <u>(11.14)</u> | <u>(63.92)</u>   |
| XII Earnings per equity share (Face value of USD 1/- each)                    |       |                |                  |
| Basic & Diluted earnings per share (in USD / in rupees)                       |       | (0.12)         | (8.90)           |



# SUNDARAM HOLDING USA INC.

## Notes on accounts

### 1 Property, Plant & Equipment

USD in Millions

| Description                           | Property, Plant & Equipment |          |                   |          |           |                   |                    | Total  |
|---------------------------------------|-----------------------------|----------|-------------------|----------|-----------|-------------------|--------------------|--------|
|                                       | Land                        | Building | Plant & Machinery | Vehicles | Furniture | Office Equipments | Right of use asset |        |
|                                       | 1.00                        | 2.00     | 3.00              | 4.00     | 5.00      | 6.00              | 7.00               | 8.00   |
| Cost of assets                        |                             |          |                   |          |           |                   |                    |        |
| Gross carrying value as at 01-04-2021 | 2.93                        |          |                   | 0.38     | 0.43      | 1.60              | 0.32               | 5.66   |
| Additions                             | -                           | 39.75    | 56.08             | 0.16     | 0.04      | 0.01              | -                  | 96.04  |
| Sub-total                             | 2.93                        | 39.75    | 56.08             | 0.54     | 0.47      | 1.61              | 0.32               | 101.70 |
| Sales / deletion                      | -                           | -        | -                 | -        | -         | -                 | -                  | -      |
| Total                                 | 2.93                        | 39.75    | 56.08             | 0.54     | 0.47      | 1.61              | 0.32               | 101.70 |
| Depreciation / Amortisation           |                             |          |                   |          |           |                   |                    |        |
| Upto 31-03-2021                       | -                           |          |                   | 0.05     | 0.10      | 0.84              | 0.14               | 1.13   |
| For the year                          | -                           | 0.79     | 2.82              | 0.06     | 0.04      | 0.48              | 0.05               | 4.24   |
| Sub-total                             | -                           | 0.79     | 2.82              | 0.11     | 0.14      | 1.32              | 0.19               | 5.37   |
| Withdrawn on assets sold / deleted    | -                           |          |                   |          | -         | -                 | -                  | -      |
| Total                                 | -                           | 0.79     | 2.82              | 0.11     | 0.14      | 1.32              | 0.19               | 5.37   |
| Carrying value                        |                             |          |                   |          |           |                   |                    |        |
| As at 31-03-2022                      | 2.93                        | 38.96    | 53.26             | 0.43     | 0.33      | 0.29              | 0.13               | 96.33  |

Capital work-in-progress (at cost) as at 31-03-2022

(a) Plant & equipment

7.32

Total

7.32

Rupees in crores

| Description                                      | Property, Plant & Equipment |          |                   |          |           |                   |                    | Total  |
|--|-----------------------------|----------|-------------------|----------|-----------|-------------------|--------------------|--------|
|  | Land                        | Building | Plant & Machinery | Vehicles | Furniture | Office Equipments | Right of use asset |        |
|  | 1.00                        | 2.00     | 3.00              | 4.00     | 5.00      | 6.00              | 7.00               | 8.00   |
| Cost of assets                                   |                             |          |                   |          |           |                   |                    |        |
| Gross carrying value as at 01-04-2021            | 21.46                       |          |                   | 2.70     | 3.18      | 11.69             | 2.34               | 41.37  |
| Additions  |                             | 301.29   | 425.03            | 1.31     | 0.27      | 0.05              |                    | 727.95 |
| Foreign exchange translation reserve adjustments | 0.78                        |          |                   | 0.11     | 0.12      | 0.43              | 0.01               | 1.45   |
| Sub-total  | 22.24                       | 301.29   | 425.03            | 4.12     | 3.57      | 12.17             | 2.35               | 770.77 |
| Sales / deletion                                 | -                           |          |                   |          | -         | -                 | -                  | -      |
| Total  | 22.24                       | 301.29   | 425.03            | 4.12     | 3.57      | 12.17             | 2.35               | 770.77 |
| Depreciation / Amortisation                      |                             |          |                   |          |           |                   |                    |        |
| Upto 31-03-2021                                  | -                           |          |                   | 0.27     | 0.76      | 6.22              | 1.00               | 8.25   |
| For the year                                     | -                           | 5.90     | 20.99             | 0.43     | 0.32      | 3.58              | 0.34               | 31.56  |
| Foreign exchange translation reserve adjustments | -                           | 0.11     | 0.36              | 0.03     | 0.03      | 0.29              | 0.02               | 0.84   |
| Sub-total  | -                           | 6.01     | 21.35             | 0.73     | 1.11      | 10.09             | 1.36               | 40.65  |
| Withdrawn on assets sold / deleted               | -                           |          |                   |          | -         | -                 | -                  | -      |
| Total  | -                           | 6.01     | 21.35             | 0.73     | 1.11      | 10.09             | 1.36               | 40.65  |
| Carrying value                                   |                             |          |                   |          |           |                   |                    |        |
| As at 31-03-2022                                 | 22.24                       | 295.28   | 403.68            | 3.39     | 2.46      | 2.08              | 0.99               | 730.12 |

Capital work-in-progress (at cost) as at 31-03-2022

(a) Plant & equipment

55.47

Total

55.47

## SUNDARAM HOLDING USA INC.

### Notes on accounts - (Continued)

|   | USD in Mn.<br>As at<br>31-03-2022 | Rupees in crores<br>As at<br>31-03-2022 |   | USD in Mn.<br>As at<br>31-03-2022 | Rupees in crores<br>As at<br>31-03-2022 |
|---|-----------------------------------|---|---|-----------------------------------|---|
| 2 OTHER NON CURRENT ASSETS  |                                   |   | 12 OTHER FINANCIAL LIABILITIES  |                                   |   |
| Capital advances  | 1.93                              | 14.62                                   | Interest accrued but not due  | 0.33                              | 2.48                                    |
|   | 1.93                              | 14.62                                   |   | 0.33                              | 2.48                                    |
| 3 INVENTORIES   |                                   |   | 13 OTHER CURRENT LIABILITIES  |                                   |   |
| Raw materials and components  | 1.71                              | 12.95                                   | Statutory dues  |                                   |   |
| Work-in-progress  | 0.38                              | 2.91                                    | Employee related liability  | 0.36                              | 2.68                                    |
| Finished goods  | 0.78                              | 5.91                                    | Advance received from customers   | 0.68                              | 5.21                                    |
| Stores and spares   | 0.14                              | 1.05                                    |   | 1.04                              | 7.89                                    |
|   | 3.01                              | 22.82                                   |   |                                   |   |
| 4 CASH AND CASH EQUIVALENTS   |                                   |   |   |                                   |   |
| Balances with banks   | 4.90                              | 37.13                                   |   |                                   |   |
| Cash on hand  | -                                 | 0.02                                    |   |                                   |   |
|   | 4.90                              | 37.15                                   |   |                                   |   |
| 5 TRADE RECEIVABLE  |                                   |   |   | USD in Mn.                        | Rupees in crores                        |
| Trade receivable  | 3.69                              | 27.95                                   |   | For the year ended                | For the year ended                      |
|   | 3.69                              | 27.95                                   |   | 31-03-2022                        | 31-03-2022                              |
| 6 OTHER CURRENT ASSETS  |                                   |   | 14 REVENUE FROM OPERATIONS  |                                   |   |
| Prepaid expense   | 0.05                              | 0.36                                    | Sale of Product   | 7.08                              | 52.73                                   |
| Trade deposits  | 0.01                              | 0.05                                    |   | 7.08                              | 52.73                                   |
|   | 0.06                              | 0.41                                    |   |                                   |   |
| 7 EQUITY SHARE CAPITAL  |                                   |   | 15 OTHER INCOME   |                                   |   |
| Authorised, issued, subscribed and fully paid up:   |                                   |   | Other non operating income  | 0.01                              | 0.06                                    |
|   |                                   |   |   | 0.01                              | 0.06                                    |
| Authorised:   |                                   |   | 16 EMPLOYEE BENEFITS EXPENSE  |                                   |   |
| 9,33,50,000 Ordinary shares of USD 1/- each   | 93.35                             | 650.74                                  | Salaries, wages and bonus   | 3.12                              | 23.24                                   |
|   |                                   |   | Contribution to provident and other funds   | 0.25                              | 1.83                                    |
| Issued, subscribed and fully paid up:   |                                   |   | Staff welfare expenses  | 0.45                              | 3.41                                    |
| 9,33,50,000 Ordinary shares of USD 1/- each   | 93.35                             | 650.74                                  |   | 3.82                              | 28.48                                   |
|   | 93.35                             | 650.74                                  |   |                                   |   |
| 8 OTHER EQUITY  |                                   |   | 17 FINANCE COSTS  |                                   |   |
| Retained earnings   | (14.23)                           | (104.26)                                | Interest  | 0.22                              | 1.62                                    |
| Foreign currency translation reserve  | -                                 | 53.20                                   | Interest on lease liabilities   | 0.01                              | 0.07                                    |
|   | (14.23)                           | (51.06)                                 | Other borrowing cost  | 0.02                              | 0.16                                    |
|   |                                   |   |   | 0.25                              | 1.85                                    |
| 9 FINANCIAL LIABILITIES - BORROWINGS (NON-CURRENT)  |                                   |   | 18 DEPRECIATION AND AMORTISATION EXPENSE  |                                   |   |
| From Banks (Secured)  | 29.14                             | 220.84                                  | Depreciation on property plant and equipment  | 4.19                              | 31.22                                   |
|   |                                   |   | Amortisation on right of use asset  | 0.05                              | 0.34                                    |
| Total non current borrowings  | 29.14                             | 220.84                                  |   | 4.24                              | 31.56                                   |
| Less: Current maturities of non current borrowings  | 8.00                              | 60.63                                   |   |                                   |   |
| Total non current financial liabilities (borrowings)  | 21.14                             | 160.21                                  |   |                                   |   |
| 10 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)   |                                   |   | 19 OTHER EXPENSES   |                                   |   |
| Current Maturities of long term borrowings  | 8.00                              | 60.63                                   | (a) Consumption of stores, spares and tools   | 0.68                              | 5.05                                    |
|   | 8.00                              | 60.63                                   | (b) Power and fuel  | 0.69                              | 5.15                                    |
|   |                                   |   | (c) Repairs - buildings   | 0.06                              | 0.47                                    |
| 11 TRADE PAYABLES   |                                   |   | (d) Repairs - plant and equipment   | 0.37                              | 2.78                                    |
| Current   |                                   |   | (e) Insurance   | 0.10                              | 0.74                                    |
| Dues to Micro and Small Enterprises**   | -                                 | -                                       | (f) Rates and taxes (excluding taxes on income)   | 0.45                              | 3.32                                    |
| Dues to enterprises other than Micro and Small Enterprises  | 5.52                              | 41.82                                   | (g) Audit fees  | 0.01                              | 0.11                                    |
|   | 5.52                              | 41.82                                   | (h) Packing and freight charges   | 0.06                              | 0.42                                    |
|   |                                   |   | (i) 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) | 0.91                              | 6.83                                    |
| ** 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. |                                   |   |   | 3.33                              | 24.87                                   |

# SUNDARAM-CLAYTON (USA) LIMITED

## Independent Auditor's Report

Board of Directors  
Sundaram-Clayton (USA) Limited

### Opinion

We have audited the accompanying financial statements of Sundaram-Clayton (USA) Limited ("the Company"), which comprises the balance sheets as of March 31, 2022, and March 31, 2021, and the related statements of income, stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sundaram-Clayton (USA) Limited as of March 31, 2022, and March 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identified during the audit.

KNAB P.A.  
Atlanta, Georgia

April 28, 2022

## BALANCE SHEETS

(All amounts in United States Dollars, unless otherwise stated)

|  | As on          |                |
|--|----------------|----------------|
|  | March 31, 2022 | March 31, 2021 |
| <b>ASSETS</b>  |                |                |
| <b>Current assets</b>                                  |                |                |
| Cash and cash equivalents                              | 15,035         | 16,863         |
| <b>Total assets</b>                                    | <b>15,035</b>  | <b>16,863</b>  |
| <b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>            |                |                |
| <b>Current liabilities</b>                             |                |                |
| Other current liabilities                              | 12,099         | 14,181         |
| <b>Total current liabilities</b>                       | <b>12,099</b>  | <b>14,181</b>  |
| <b>Stockholder's equity</b>                            |                |                |
| Common stock,  |                |                |
| \$1 par, 100 shares authorized, issued and outstanding | 100            | 100            |
| Accumulated surplus                                    | 2,836          | 2,582          |
| <b>Total stockholder's equity</b>                      | <b>2,936</b>   | <b>2,682</b>   |
| <b>Total liabilities and stockholder's equity</b>      | <b>15,035</b>  | <b>16,863</b>  |

(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, 2022     | March 31, 2021 |
| <b>REVENUES</b>                     |                    |                |
| Service fees                        | 6,594              | 6,632          |
| <b>Total revenues</b>               | <b>6,594</b>       | <b>6,632</b>   |
| <b>Costs and expenses</b>           |                    |                |
| General and administrative expenses | 6,236              | 6,266          |
| <b>Total costs and expenses</b>     | <b>6,236</b>       | <b>6,266</b>   |
| <b>Income before tax</b>            | <b>359</b>         | <b>366</b>     |
| Current tax expense                 | 105                | 111            |
| <b>Net income</b>                   | <b>254</b>         | <b>255</b>     |

(The accompanying notes are an integral part of these financial statements)

## SUNDARAM-CLAYTON (USA) LIMITED

### STATEMENTS OF STOCKHOLDER'S EQUITY

For the years April 01, 2020, to March 31, 2021, and April 01, 2021, to March 31, 2022

(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 of April 01, 2020 | 100   | 100   | 2,327               | 2,427                      |
| Net income for the year      | -   | -     | 255                 | 255                        |
| Balance as of March 31, 2021 | 100   | 100   | 2,582               | 2,682                      |
| Balance as of April 01, 2021 | 100   | 100   | 2,582               | 2,682                      |
| Net income for the year      | -   | -     | 254                 | 254                        |
| Balance as of March 31, 2022 | 100   | 100   | 2,836               | 2,936                      |

(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, 2022     | March 31, 2021 |
| <b>Cash flow from operating activities</b>   |                    |                |
| Net income   | 254                | 255            |
| <b>Adjustments to reconcile net income to net cash (used in) provided by operating activities:</b> |                    |                |
| <b>Changes in assets and liabilities</b>   |                    |                |
| Other current liabilities  | (2,082)            | 4,014          |
| <b>Net cash (used in) provided by operating activities</b>   | <b>(1,828)</b>     | <b>4,269</b>   |
| <b>Net (decrease) increase in cash and cash equivalents</b>  | <b>(1,828)</b>     | <b>4,269</b>   |
| Cash and cash equivalents at the beginning of the year   | 16,863             | 12,594         |
| <b>Cash and cash equivalents at the end of the year</b>  | <b>15,035</b>      | <b>16,863</b>  |
| <b>Supplemental cash flow information</b>  |                    |                |
| Income taxes paid  | 105                | 111            |

(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 Sundaram Clayton Limited - USA branch office ("Branch of parent company") located in Illinois, 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 of America. The significant accounting policies are detailed below:

##### 1. Basis of presentation

- 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 of America ("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.

- The financial statements are presented for the years ended March 31, 2022, and March 31, 2021.

##### 2. Use of estimates

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 assets 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:

## SUNDARAM-CLAYTON (USA) LIMITED

- 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.

### NOTE C - OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

|   | As at             |                   |
|---|-------------------|-------------------|
|   | March 31,<br>2022 | March 31,<br>2021 |
| Advance from related party (Refer note E) | 11,995            | 14,076            |
| Provision for tax                         | 104               | 105               |
| <b>Total</b>                              | <b>12,099</b>     | <b>14,181</b>     |

### 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,<br>2022  | March 31,<br>2021 |
| Current tax  | 105                | 111               |
| <b>Total</b> | <b>105</b>         | <b>111</b>        |

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.

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 of March 31, 2022, and March 31, 2021.

The tax years of 2019 through 2020 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. The PEO service charges during the year ended March 31, 2022, amounted to \$ 6,594 (March 31, 2021, is \$ 6,632). The advance payable to Branch of parent company as of March 31, 2022, is \$ 11,995 (March 31, 2021, \$ 14,076).

### 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 Branch of parent company. 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 of March 31, 2022 (March 31, 2021: \$ Nil). The advance payable to the Branch of parent company as of March 31, 2022, is \$ 11,995 (March 31, 2021, is \$ 14,076).

### NOTE G - COMMON STOCK

#### Common stock

The Company's common stock authorized, issued and outstanding as of March 31, 2022, was 100 shares at \$ 1 par value each. (March 31, 2021: 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 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

The Company evaluated all events and transactions that occurred after March 31, 2022, through April 27, 2022, the date the financial statements are available to be issued. Based on the evaluation, the Company is not aware of any subsequent events or transactions, that would require recognition or disclosure in the financial statements.

**RE-STATED ACCOUNTS OF  
SUNDARAM-CLAYTON (USA) LIMITED**

## SUNDARAM-CLAYTON (USA) LIMITED

### Balance Sheet as at 31<sup>st</sup> March 2022

|                               | Notes | USD in Mn.       | Rupees in crores |
|-------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                 |       |                  |                  |
| <b>Non-current assets</b>     |       |                  |                  |
| Property, plant and equipment |       | -                | -                |
| Non-Current tax assets (Net)  |       | -                | -                |
|                               |       | <u>-</u>         | <u>-</u>         |
| <b>Current assets</b>         |       |                  |                  |
| Financial assets              |       |                  |                  |
| Cash and cash equivalents     | 1     | 15,035.00        | 0.11             |
|                               |       | <u>15,035.00</u> | <u>0.11</u>      |
| Total Assets                  |       | <u>15,035.00</u> | <u>0.11</u>      |
| <b>EQUITY AND LIABILITIES</b> |       |                  |                  |
| <b>Equity</b>                 |       |                  |                  |
| Equity share capital          | 2     | 100.00           | -                |
| Other equity                  | 3     | 2,836.00         | 0.02             |
|                               |       | <u>2,936.00</u>  | <u>0.02</u>      |
| <b>Liabilities</b>            |       |                  |                  |
| <b>Current liabilities</b>    |       |                  |                  |
| Other current liabilities     | 4     | 12,099.00        | 0.09             |
|                               |       | <u>12,099.00</u> | <u>0.09</u>      |
| Total equity and liabilities  |       | <u>15,035.00</u> | <u>0.11</u>      |

### Statement of Profit and loss for the year ended 31<sup>st</sup> March 2022

|  | Notes | USD in Mn.      | Rupees in crores |
|--|-------|-----------------|------------------|
| I Revenue from operations                                  | 5     | 6,594.00        | 0.05             |
| II Other income  |       | -               | -                |
| III Total Income (I +II)                                   |       | <u>6,594.00</u> | <u>0.05</u>      |
| IV Expenses:   |       |                 |                  |
| Other expenses   | 6     | 6,236.00        | 0.05             |
|  |       | <u>6,236.00</u> | <u>0.05</u>      |
| V Profit before exceptional items,(III - IV)               |       | 359.00          | -                |
| VI Exceptional items                                       |       | -               | -                |
| VII Profit before tax (V+ VI)                              |       | <u>359.00</u>   | <u>-</u>         |
| VIII Tax expense   |       |                 |                  |
| i) Current tax   |       | 105.00          | -                |
| ii) Deferred tax   |       | -               | -                |
| IX Profit for the year (VII - VIII)                        |       | <u>254.00</u>   | <u>-</u>         |
| 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                   |       | -               | -                |
|  |       | <u>-</u>        | <u>-</u>         |
| XI Total Comprehensive Income (IX + X)                     |       | <u>254.00</u>   | <u>-</u>         |
| XII Earnings per equity share (Face value of USD 1/- each) |       |                 |                  |
| Basic & Diluted earnings per share (in USD / in rupees)    |       | 2.54            | -                |

## SUNDARAM-CLAYTON (USA) LIMITED

### Notes on Accounts - (Continued)

|   | USD in Mn.       | Rupees in crores |                                     | USD in Mn.      | Rupees in crores |
|---|------------------|------------------|-------------------------------------|-----------------|------------------|
| 1 CASH AND CASH EQUIVALENTS                       |                  |                  | 5 REVENUE FROM OPERATIONS           |                 |                  |
| Balance with banks                                | 15,035.00        | 0.11             | Service fee                         | 6,594.00        | 0.05             |
|   | <u>15,035.00</u> | <u>0.11</u>      |                                     | <u>6,594.00</u> | <u>0.05</u>      |
| 2 EQUITY SHARE CAPITAL                            |                  |                  | 6 OTHER EXPENSES                    |                 |                  |
| Authorised, issued, subscribed and fully paid up: |                  |                  | General and administrative expenses | 6,236.00        | 0.05             |
| Authorised:                                       |                  |                  |                                     | <u>6,236.00</u> | <u>0.05</u>      |
| 100 Ordinary shares of USD 1 each                 | <u>100.00</u>    | <u>-</u>         |                                     |                 |                  |
| Issued, subscribed and fully paid up:             |                  |                  |                                     |                 |                  |
| 100 Ordinary shares of USD 1 each                 | <u>100.00</u>    | <u>-</u>         |                                     |                 |                  |
|   | <u>100.00</u>    | <u>-</u>         |                                     |                 |                  |
| 3 OTHER EQUITY                                    |                  |                  |                                     |                 |                  |
| General reserve                                   | -                | -                |                                     |                 |                  |
| Retained earnings                                 | 2,836.00         | 0.02             |                                     |                 |                  |
| Foreign currency translation reserve              | -                | -                |                                     |                 |                  |
|   | <u>2,836.00</u>  | <u>0.02</u>      |                                     |                 |                  |
| 4 OTHER CURRENT LIABILITIES                       |                  |                  |                                     |                 |                  |
| Advance from related party                        | 11,995.00        | 0.09             |                                     |                 |                  |
| Provision for tax                                 | 104.00           | -                |                                     |                 |                  |
|   | <u>12,099.00</u> | <u>0.09</u>      |                                     |                 |                  |