SUNDARAM-CLAYTON LIMITED

Annual Report of Subsidiary Companies for the year 2018-2019

CONTENTS

Board of Directors

VENU SRINIVASAN
Chairman & Managing Director
SUDARSHAN VENU
Joint Managing Director
K.N. RADHAKRISHNAN
Director & CEO (w.e.f. 23.10.2018)
H. LAKSHMANAN
T. KANNAN
C. R. DUA
R. RAMAKRISHNAN
Dr. LAKSHMI VENU
PRINCE ASIRVATHAM
HEMANT KRISHAN SINGH
RAJESH NARASIMHAN
LALITA D GUPTE (w.e.f. 23.10.2018)
R. GOPALAN (w.e.f. 30.04.2019)

Audit Committee

T. KANNAN, *Chairman*
C.R. DUA
R. RAMAKRISHNAN
PRINCE ASIRVATHAM

Risk Management Committee

T. KANNAN, *Chairman*
R. RAMAKRISHNAN
SUDARSHAN VENU
K.N. RADHAKRISHNAN
HEMANT KRISHAN SINGH
LALITA D GUPTE
K. GOPALA DESIKAN

Stakeholders' Relationship Committee

R. RAMAKRISHNAN, *Chairman*
VENU SRINIVASAN
SUDARSHAN VENU

Nomination and Remuneration Committee

T. KANNAN, *Chairman*
C.R. DUA
H. LAKSHMANAN

Corporate Social Responsibility Committee

VENU SRINIVASAN, *Chairman*
H. LAKSHMANAN
PRINCE ASIRVATHAM

Chief Financial Officer

K. GOPALA DESIKAN

Company Secretary

K.S. SRINIVASAN

Statutory Auditors

V. SANKAR AIYAR & Co.,
Chartered Accountants,
2-C, Court Chambers,
35 New Marine Lines,
Mumbai - 400 020.
Tel. : 022-22004465
E-mail :mumbai@vsa.co.in

Cost Auditor

A.N. RAMAN
Cost Accountant,
No. 10 P, Muthukumaraswami Salai,
Off. Baby Nagar 1st Main Road,
Velachery, Chennai - 600 042.
Tel. 044-22433462
E-mail : anraman@gmail.com

Secretarial Auditors

S. KRISHNAMURTHY & CO.,
Company Secretaries,
No. 16, Pattammal Street,
Mandaveli, Chennai - 600 028.
Tel. : 044-42074012
E-mail : skco.cs@gmail.com

Shares listed with

BSE Ltd., Mumbai.
National Stock Exchange of India Ltd., Mumbai.

Bankers

STATE BANK OF INDIA
Corporate Accounts Group Branch, Chennai.

Registered Office

"Jayalakshmi Estates", 29, Haddows Road,
Chennai - 600 006, Tamil Nadu, India.
Tel : 044 - 2827 2233; Fax : 044 - 2825 7121
CIN No. L35921TN1992PLC022845
E-mail: contactus@tvsmotor.com
Website: www.tvsmotor.com

Share Transfer Agent

Sundaram-Clayton Limited,
"Jayalakshmi Estates", 1st Floor, 29, Haddows Road,
Chennai - 600 006, Tamil Nadu, India.
Tel : 044 - 2828 4959; Fax : 044 - 2825 7121
Email: investorscomplaintssta@scl.co.in; raman@scl.co.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

TVS Credit Services Limited

PT. TVS Motor Company Indonesia, Jakarta

TVS Motor Company (Europe) B.V., Amsterdam

TVS Motor (Singapore) Pte. Limited, Singapore

Sundaram Holding USA Inc., Delaware, USA

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the twenty-seventh Annual Report and the audited accounts of the Company for the year ended 31st March 2019.

1. COMPANY PERFORMANCE

The Company continued to grow ahead of the industry registering sales of 37.6 lakh units of two-wheelers in 2018-19, growing by 11.6% over last year. Sale of motorcycles grew by 15% and scooters by 14.6%. Three-wheeler sales grew by 57.6% in 2018-19 mainly on account of buoyant international markets. Sale of spare parts grew by 13.8%.

The Company continues to lead in customer satisfaction and has been top ranked in JD Power Two-wheeler Customer Service Index (2WCSI) since its inaugural study in 2016. The Company continues to delight its existing and new customers with product refreshes and new products. Recent new product launches like TVS NTORQ125, TVS Apache 1604V, TVS Radeon, TVS XL100 HD i-Touchstart continue to be well accepted by the customers.

Total revenue of the Company including other income increased from ₹15,274.44 Cr in the previous year to ₹ 18,217.46 Cr in the current year. Profit before tax (PBT) increased from ₹ 878.64 Cr in the previous year to ₹ 960.96 Cr in the current year. Similarly, Profit after tax (PAT) increased from ₹ 662.59 Cr in the previous year to ₹ 670.14 Cr in 2018-19.

2. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2019	Year ended 31-03-2018
SALES		
Quantitative	(Numbers in lakhs)	
Motorcycles	15.59	13.55
Mopeds	8.97	8.77
Scooters	13.01	11.35
Three Wheelers	1.56	0.99
Total vehicles sold	**39.13**	**34.66**
Financials	(Rupees in crores)	
Revenue from operations	17912.51	14,966.78
Other Operating Income	297.41	208.63
Other Income	7.54	99.03
Revenue excluding excise duty	18,217.46	15,274.44
Excise Duty	–	#343.22
Revenue including excise duty	18,217.46	15617.66
EBITDA	1440.79	1273.99
Less:		
Finance Charges & Interest (Gross)	80.56	56.62
Depreciation	399.27	338.73
Profit before tax	960.96	878.64
Provision for tax	290.82	216.05
Profit after tax	670.14	662.59

includes excise duty upto June 2017

3. DIVIDEND

The Board of Directors of the Company (the Board) at their meeting held on 23rd October 2018, declared a first interim dividend of ₹ 2.10 per share (210%) for the year 2018-19 absorbing a sum of ₹ 120.28 Cr including dividend distribution tax. The same was paid on 3rd November 2018.

The Board at its meeting held on 11th March 2019 declared a second interim dividend of ₹ 1.40 per share (140%) for the year 2018-19 absorbing a sum of ₹ 79.70 Cr including dividend distribution tax. The same was paid on 22nd March 2019.

Thus, the total amount of both dividends for the year ended 31st March 2019 aggregated to ₹ 3.50 per share (350%) on 47,50,87,114 equity shares of ₹ 1/- each absorbing ₹ 199.98 Cr including dividend distribution tax.

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

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

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Two-wheeler

In the domestic market, two-wheeler industry sales grew from 202 lakh units in 2017-18 to 212 lakh units in 2018-19, registering a growth of 5% over last year. High uncertainty continues to prevail in industry. The first half of the year saw a growth of 10% in two-wheeler industry, led by growth in economy motorcycle segment. On the other hand, second half saw a decline of 0.8% led by slowdown in retail demand on account of increased insurance costs, retail finance crunch and fuel price escalation.

Scooter as a category, lost share for the first time since 2007-08. Scooters registered a marginal decline of 0.3% over 2017-18 leading to category share reduction from 33% in 2017-18 to 31.6% in the year 2018-19.

The motorcycle category grew at 8% (136 lakh units) over the last year. Within motorcycles, the premium segment grew by 13% from 18.9 lakh units in 2017-18 to 21.3 lakh units in

2018-19. Commuting segment also grew 7% from 97 lakh units in 2017-18 to 104 lakh units in 2018-19.

In the international market, two-wheeler industry had a growth of 17% over last year. Crude oil prices remained above \$65/ bbl for most of 2018-19 touching \$80/ bbl in October 2018. Consistent higher crude prices during the year drove economic growth in many international markets. Improved foreign exchange availability in Africa further aided the growth of export industry over last year. Latin America, Africa and few countries in Asia are some of the markets where demand improvement was witnessed.

Three-wheeler

Overall three-wheeler small passenger industry (3 plus 1 segment) grew by 30% in 2018-19 (from 6.4 lakh units in 2017-18 to 8.4 lakh units in 2018-19). Domestic industry grew by 3% and exports grew by 51% over 2017-18. Export market growth was a result of market recovery in Africa.

BUSINESS OUTLOOK AND OVERVIEW

Indian economic activity is expected to be at the same level of last year. Recent Government actions on improving income for farmers and lower middle class can support improved consumption.

Higher year-end inventory across trade and higher product costs due to escalated commodity prices of last year and advanced safety regulation implementation from April 2019 can impact the industry growth in the initial part of the year.

Majorly, industry will undertake a significant change in migrating from BSIV to BSVI emission norms commencing from April 1, 2020. Hence, in second half of 2019-20, BSVI transition will pose some challenges and the Company is gearing itself to meet the same.

Changing trade policies of USA, Brexit and unforeseen challenges in Chinese economy can lead to escalation of uncertainty in global economic growth. Crude prices are expected to remain at the increased level of Q4 2018-19 during 2019-20 and may lead to higher costs for customers and OEMs.

The trend of increased crude prices and improved exchange to local currency is expected to aid export market growth especially in oil dependent economies.

Consequently, the growth in two-wheeler industry during 2019-20 is expected to be around 6-8% over 2018-19.

New Product Launches and Initiatives

Strategic partnership with BMW Motorrad

The Company has a strategic partnership with BMW Motorrad to develop and manufacture sub-500cc bikes both for domestic and global markets. In December 2018, the Company also achieved a milestone of rolling out the 50,000 unit of the BMW 310cc motorcycle.

TVS NTORQ 125:

Launched in February 2018, designed for Gen-Z, TVS NTORQ 125 provides a revolutionary riding experience with cutting edge style, 125cc performance and technology. The first ever Bluetooth connected scooter made TVS NTORQ a one of its kind product in this segment.

TVS NTORQ125 became one of the fastest growing scooters crossing 1 lakh sales within 6 months of launch. The product continues to delight the customers and has garnered several accolades during the year 2018-19.

TVS Apache:

TVS Apache series crossed 3-million-global-customers milestone in September 2018. Through the years, TVS Apache has stood for providing an unrivalled experience backed by its rich racing pedigree, technological firsts and stylish design. The brand has, over a decade, developed a host of premium offerings, ranging from 160cc to 310cc, creating aspiration along every step of evolution.

TVS Apache RTR160 4V, the latest addition to the Apache portfolio launched in March 2018, also crossed 1 lakh sales within 6 months of launch. The motorcycle continues to resonate with enthusiasts across the country, thus exponentially increasing the loyal Apache tribe.

During the year 2018-19, the following new products and variants were launched.

TVS Jupiter Grande:

Launched in 2013, TVS Jupiter has now reached the 3 million+ mark. TVS Jupiter Grande is the perfect mix of style & substance. It brings in modern & contemporary style with a host of new features such as LED headlight with position lamp, digital-analogue speedometer, an exclusive Starlight Blue colour, and a luxurious cross-stitched maroon seat. It also comes with machined alloy wheels, disc brakes and adjustable shocks to elevate the riding experience. The appealing chrome side panels and body coloured pillion handle further accentuates the style quotient.

All this and more makes the Jupiter Grande edition a true example of brand Jupiter's philosophy, 'Zyada ka Fayda', offering functionality & delight to the Indian commuter.

TVS Radeon:

Designed specifically for the new crop of progressive and discerning millennial commuters residing in the middle India, TVS Radeon offers a unique combination of sturdy metal build, robust style and plush comfort. The very attractive TVS Radeon boasts of multiple first-in-class features and superior handling while not compromising on strength and reliability.

TVS Radeon stands for the ambitions of a confident self-made Indian man. Within 7 months of its launch, the motorcycle has witnessed good customer acceptance from the target audience across the country as well as received critical acclaim and multiple awards.

TVS XL100 HD i-Touchstart:

XL100 has been a very successful brand since its inception in 2015. XL100 portfolio is now very robust with XL100 Comfort, XL100 HD & recently launched XL100HD iTS. The vehicle aims to partner customers in their success by providing more utility and now more convenience through i-touch start feature, mobile charging option, "Duragrip" tyre and heavy duty wheel assembly. It is also available in a unique "Mineral Purple" colour in addition to the regular colours.

TVS King Duramax 225 LC:

TVS King Duramax 225 LC is a pioneering three-wheeler development from the Company, offering a strong value proposition for the cost conscious customer through the adoption of advanced Liquid Cooled technology. Apart from delivering higher power, torque and double engine life, Duramax offers superior features like brightest headlamps, attractive soft top, USB charger, dual lockable water proof utility box and elevates the style quotient with beige dashboard, premium dual tone seats and OE fitted wheel caps.

Domestic Sales

The Company achieved sales of 31.4 lakh units of two-wheelers in the domestic market. With these sales, the Company registered a growth of 9% in 2018-19 over last year.

In domestic motorcycles, the Company achieved sales of 10.1 lakh units and registered a growth of 10.7% over 2017-18. TVS Apache continued the trend with 16% growth over last year. TVS Radeon was well received in the market and has significantly contributed to increased sales in commuter motorcycles. The brand crossed sales of 1 lakh units within 7 months of launch.

In domestic scooters, the Company achieved sales of 12.4 lakh units and registered a growth of 12.9% over 2017-18. The growth was largely supported by TVS NTORQ125 which has not only been well received by customers but has also won several accolades during the year.

The Company has strong distribution network of authorized dealers across India and continuously seeks to increase its reach.

Exports sales - two-wheeler and three-wheeler

The Company's two-wheeler exports in 2018-19 were at 6.22 lakh units and witnessed an improvement with a growth of 26.4% over 2017-18.

The Company's three-wheeler exports in 2018-19 were at 1.4 lakh units and recorded a 70.3% growth over 2017-18.

Opportunities and Threats

India's growing middle class with rising disposable incomes supported by low inflation in past few years sets a growth potential for two-wheeler industry. Increasing need for commuting will continue to push the two wheeler penetration levels higher.

Aspirational lifestyle and availability of vehicle financing options are propelling demand for premium two-wheelers. It has been a consistent trend over past few years.

In recent times, competitive pressures including pricing discounts have become prevalent. The competitive pressures are expected to heighten until BSVI changeover on April 1, 2020. The Company will be well prepared through competitive products and actions that create sustained value.

The Company is also continuously evaluating and capturing opportunities in international markets. Company's revenues from international sales have been on consistent growth on the back of successful product launches, robust partners and entry into new international markets.

Green mobility and target to become energy independent are the major factors for recent policy push in India. The Company is committed to support this initiative by developing suitable technology, products and business solutions.

Strong presence of the Company in all segments of two-wheeler industry, planned new launches and expanded network of dealers will help the Company to consolidate its gain further and grow ahead of the Industry in the coming years.

RISKS AND CONCERNS

Good monsoon aids growth in domestic two-wheeler demand due to a significant share from rural markets. Any negative deviation from normal monsoon is a cause of concern.

Effect of price increase due to safety norms implemented from April 1, 2019 in domestic two-wheelers above 125cc will be seen only in first half of 2019-20.

Uncertainty of demand due to upcoming emission regulation will be high in second half of 2019-20. In order to leapfrog from BSIV to BSVI emission norms in domestic market from April 1, 2020, product readiness, supply chain readiness and dealership readiness will be crucial.

International factors such as geo-political scenarios and rising crude oil prices are being continuously monitored for both risks and opportunities.

The Company recognizes these risks and has developed action plans to mitigate the risks suitably.

RISK MANAGEMENT POLICY

The Board has established a robust 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, strategy, severity and probability of occurrence.

The risk function is looked after by a team reporting to the CEO of the Company. Process owners are identified for each risk and metrics are developed for continuous monitoring and minimization of risk.

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

OPERATIONS REVIEW

Total Quality Management (TQM)

TQM continues to be the backbone of the Company's approach for sustainable growth through customer satisfaction. Continuous monitoring of performance measures and immediate actions to address such identified gaps have strengthened the process across the Company.

TVS way permeation has been a key focus area last year for the long term sustainability of the Company's business results. Various actions were implemented towards improving the management process quality across organization. More than 100 managers have been trained to deliver consistent business results in their area through rigorous application of "daily work management". This was coupled with the Company's continued focus on problem solving through certification in lean six sigma methodologies. The workmen have participated in various theme based suggestion schemes, i.e., Quality, Safety and waste elimination. The Company has also witnessed improvement in the quality level of suggestions. This has greatly contributed towards achievement of set objectives on Quality Cost Delivery (QCD).

Migration to IATF16949

The Company was awarded IATF16949 certification by Bureau Veritas in July 2018. IATF16949 certification promotes inculcation of risk based thinking and proactive approach across all functions and at all levels.

Cost Management

The Company continues to focus on all elements of cost. Raw materials, components and conversion cost constitute major element of material cost. Focus on employee productivity and effectiveness of communication helps to reduce fixed cost of the Company.

Process improvement, waste elimination and productivity improvements across the supply chain will continue to receive greater attention. The Company will also pursue process innovation, value engineering, alternate sourcing and local sourcing to reduce material costs. In addition, continued efforts to enhance product mix are also planned.

Research and Development

The Research and Development (R&D) team continues to focus on excellence in engineering and relevant technology development. As a result of the team's in-depth customer understanding and design innovations, TVS Radeon, a highly appealing new product has been launched and received well in the market. The team has developed in-house technologies for advanced brake systems as well as collaborated with world class suppliers to deliver the entire product range with such advanced brake systems.

Technology development for achieving lower emissions in the entire range of products towards compliance with the forthcoming BSVI emission norms has reached advanced stage and the team is working towards timely readiness of complete product portfolio in production. The team is continuously working on many advanced engine technologies for further improvements in fuel efficiency, performance and to meet future emission norms for international and domestic markets. Work on electric powertrains is being continued with a strong focus for the future requirements.

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

TVS Racing continued its high performance and winning streak during the year, with 96% podium positions and 14 championship wins out of 15 participations. The racing related development and experience has enabled many of the technology and product development projects that R&D has undertaken.

Information Technology

The Company continues to implement several projects to improve its efficiency, transparency and process control across supply chain from supplier to dealer. Major focus areas are improvement of inventory turns and vehicle telematics. Various initiatives on industry 4.0 are being adopted for improving quality, productivity, traceability and waste elimination. The Company is in the process of adopting various machine learning tools for improving quality of its products and processes.

As part of continuous improvement and technology benchmarking, the Company's IT systems were audited by external experts and recommendations were implemented. To enhance information security, various new IT security tools were implemented, and periodic audits are conducted by external experts and necessary control measures are taken.

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

The Company has also leveraged the digital technology to improve the quality and quantum of customer reach. Using social listening, the Company is improving its customer engagement in a more effective and efficient way.

INTERNAL CONTROL AND THEIR ADEQUACY

The 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. Information provided to management is reliable and timely. Company ensures adherence to all statutes.

RETURN ON NET WORTH

Particulars	Standalone		Consolidated	
	2017-18	2018-19	2017-18	2018-19
Return on Net worth (%)	25.06	21.52	25.67	22.46

The return on Net worth of 2018-19 is not strictly comparable with previous year, since 2017-18 includes notional fair valuation gain of ₹58.70 Cr on investments held by the Company and a one-time gain on sale of investments to the tune of ₹18.97 Cr, which after adjusting the above notional / one-time gain works out to 22.12 % as against 21.52 % of 2018-19.

Consolidated Return on Net worth is not comparable due to inclusion of subsidiaries in the middle of previous financial year.

INTERNAL FINANCIAL CONTROL

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

Occupational Health & Safety (OHS)

The Company bagged two prestigious awards namely the Corporate Social Responsibility Award and Corporate Excellence Award at the CII - ITC Sustainability Awards 2018 held in Delhi. CII-ITC Sustainability Awards recognize and reward excellence in businesses that are seeking ways to be more sustainable and inclusive in their activities.

The Company has also bagged two International Achievement Awards for Quality & Business Excellence and Green Era Award for Sustainability. The event was held in Lisbon, Portugal in February 2019. These International Achievement Awards recognizes Company's firm commitment to Quality and its true global sustainability.

Towards IT & IOT initiatives, fence-line monitoring of ambient air quality was introduced for 8 parameters in Hosur Plant. The forms and returns under applicable Environmental Acts and Rules were made online.

Towards increasing the share of renewable energy over the years, the Company has invested in group captive mode to the tune of 35 MW wind power. Also, roof top solar power of 5.0 MW, solar water heating of 400 KW & solar air heating of 46 KW were implemented. With this Clean Development Mechanism (CDM), the renewable power contributes to 60% in overall share of power. These initiatives of renewable energy resulted in CO_2 emissions reduction of about 50,000 tons during 2018-19.

In process design, efforts have been taken to minimize the generation of waste by introduction of clean technologies viz., water based Cathod Electro Deposition (CED) process; powder coating, etc. The new paint plant has been incorporated with a dry booth to overcome the usage of water. Two-wheeler paint plants in Hosur and Mysuru have Volatile Organic Compounds (VOC) abatement in paint baking oven through Regenerative Thermal Oxidizer (RTO). The waste heat from RTO is recovered and used back in the process.

The automation and advanced treatment processes have been implemented in Effluent treatment, Evaporator and Sewage treatment facilities. The waste water recycling capacity has been increased by about 450 Kilo litres daily. The chemical sludge from waste water treatment plants and paint sludge generated during paint application are used for co-processing in cement industry.

The Company's manufacturing plants are certified under ISO 14001: 2015 standards. The Company is also promoting the certification for key stakeholders, suppliers, dealers and contractors. The certification is tracked and monitored at regular intervals through enterprise resource planning software. The online system triggers are sent to suppliers on re-certification.

The Company has successfully completed 4th surveillance audit (Second year) in 4th recertification audit process of Occupational Health & Safety system through implementation of BS OHSAS18001:2007 standard in Hosur & Mysuru plants. This year, Nalagarh plant was successfully added for OHSAS-18001 certification after implementing the system.

During this year, as a part of continual improvement in safety, around 663 proactive hazard control measures have been implemented across Hosur, Mysuru and Nalagarh Plants. The Plant Safety Rating System (PSRS) score improved from 211 to 237. The Company has achieved a reduction of 35% in frequency rate of accidents. Around 10 lakh man-hours have been completed with "zero injury" during civil construction activities at Hosur site last year.

Towards building a sustainable safety culture, periodical safety trainings have been organized and 10,098 employees were covered. For promoting safety, the entire month of March 2019 was celebrated as 'Safety Month' with various competitions. Around 600 employees including contractors have actively participated and won several prizes. On the National Safety day celebration on 4th March 2019, many of the Company's suppliers/service providers were awarded for excellence in safety last year. Also as a part of "Buckle up & Strap up" - Road Safety campaign, various promotional activities were conducted last year.

HUMAN RESOURCE DEVELOPMENT (HRD)

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

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

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31st March 2019, the Company had 5,121 employees on its rolls.

CAUTIONARY STATEMENT

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

5. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the 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 31st March 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures, if any;

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

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

iv. that the Directors had prepared the annual accounts for the financial year ended 31st March 2019 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 23 years of service, SST has played a pivotal role in changing lives of people in rural India by creating self-reliant communities that are models of sustainable development.

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

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

Based on the recommendation of the CSR Committee, the Board has approved the projects / programmes carried out as CSR activities by the following non-profitable organizations having an established track record for more than the prescribed years in undertaking similar programmes / projects, constituting more than 2% of the average net profits of the Company, made during the three immediately preceding financial years, towards CSR spending for the financial year 2018-19 amounting to ₹ 13.25 Cr:

S.No.	Name of the Institution	Amount spent (₹ in Cr)
1.	Srinivasan Services Trust (SST)	9.76
2.	Sri Sathya Sai Central Trust	2.60
3.	National Institute of Mental Health & Neuro Sciences (NIMHANS)	0.64
4.	Voluntary Health Services (VHS)	0.25
	Total	13.25

Presently, SST is working in 5,000 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering a population of about 31 lakhs and 7 lakh families. SST has focussed on the areas of economic development, health care, education, environment and infrastructure in around 3000 villages so far. SST will focus in the other 2000 villages also, so that all the areas are covered in the next 3 years.

As required under Section 135 of the Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the annual Report on CSR, containing the particulars of the projects / programmes approved and recommended by CSR Committee and approved by the Board for the financial year 2018-19 are given by way of Annexure IV attached to this Report.

7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATES

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

Subsidiaries

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

Associates

- Emerald Haven Realty Limited, Chennai and its subsidiaries.
- Ultraviolette Automotive Private Limited, Bengaluru

SUBSIDIARIES / ASSOCIATES

Sundaram Auto Components Limited (SACL)

Total revenue of SACL for the year 2018-19 was ₹601.16 Cr as against ₹1,143.37 Cr in the previous year. The decrease was mainly due to substantial reduction of business in automobile trading division post introduction of GST, effective 1st July 2017.

SACL earned a Profit before tax of ₹17.37 Cr during the year 2018-19 as against ₹24.10 Cr in the previous year.

SACL declared an interim dividend of ₹ 0.65 per share (6.50%) for the year ended 31st March 2019, absorbing a sum of ₹2.82 Cr including dividend distribution tax and paid to the Company.

National Company Law Tribunal (NCLT), Chennai approved the Scheme of Arrangement for Demerger of Automobile Trading Division (the Scheme) between Sundaram Auto Components Limited (SACL) and TVS Motor Services Limited (TVS MS). TVS MS acquired automobile trading division along with its relative assets and liabilities from SACL, as on 1st April 2018. The Scheme was filed with the Registrar of Companies on 20th February 2019 and became effective from that date.

As per the Scheme, TVS MS allotted 36,33,814 equity shares of ₹10/- each to the Company, as consideration for the transfer of automobile trading division by SACL, on 27th February 2019. Since both TVS MS and SACL are the wholly owned subsidiaries of the Company, further allotment of shares by TVS MS to the Company has not affected their wholly owned subsidiary status.

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

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

EHRL has till date completed construction of 1.3 Mn Sq ft of residential development and the total area under development as on date is 5.0 Mn Sq ft.

During the year, EHRL launched new projects at Salamangalam, Radial Road, Porur and Kolapakkam in Chennai.

During the year, EHRL through its subsidiaries has acquired lands in Radial Road, Karapakkam and Manapakkam, and has also been appointed as a manager for residential development at Vengaivasal, Chennai and further geographically expanded to Bengaluru through a joint development.

During the year, EHRL earned a Profit before tax of ₹ 7.97 Cr as against ₹ 6.56 Cr in the previous year on a consolidated basis.

PT.TVS Motor Company Indonesia (PT TVSM)

The Indonesian two-wheeler Industry grew by 14% over 2017-18. Bebek and Skubek segment grew by 9% and 17% respectively, whereas motorcycle segment suffered negative growth of 12%.

For PT TVSM, the total two-wheeler sales increased from 37,096 vehicles in 2017-18 to 40,759 vehicles in 2018-19. Total 3W sales increased from 649 units in 2017-18 to 2,699 units in 2018-19. Export of 3W commenced during Q3 of 2018-19.

EBITDA loss for the year 2018-19 was USD 3 Mn. as against USD 3.72 Mn. in 2017-18.

TVS Motor Company (Europe) B.V & TVS Motor (Singapore) Pte. Ltd

TVSM had earlier incorporated both these entities with a view to serve as special purpose vehicles for making and protecting the investments made in overseas operations of PT TVSM.

TVS Motor Services Limited (TVS MS)

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

National Company Law Tribunal, Chennai (NCLT), has approved a Scheme of Arrangement (Scheme) on 16th April 2019 for the redemption of Non-cumulative Redeemable Preference Shares (NCRPS) issued by TVS MS. As per the Scheme, TVS MS will be transferring its investment in TVS CS equity shares to the NCRPS holders towards redemption. After transfer of TVS CS equity shares, the Company will hold 86% of equity shares in TVS CS.

TVS Credit Services Limited (TVS CS)

TVS CS is the retail finance arm of the Company for financing of two-wheelers. In line with its long term vision of being preferred financier with diversified and profitable portfolio, TVS CS added MSME finance portfolio during the year 2018-19.

During the year 2018-19, TVS CS's overall disbursements registered a growth of 44% at ₹7,067 Cr as compared to ₹4,899 Cr in the previous year. The assets under management stood at ₹8,335 Cr as against ₹6,152 Cr during the previous year thereby registering a growth of 35%. Total income during the year 2018-19 increased to ₹1,635 Cr from ₹1,279 Cr during the financial year, an increase of 28% over the previous year.

The Profit before tax for the year has also improved and stood at ₹216 Cr as against ₹206 Cr during the previous year.

The following companies are the subsidiaries of TVS CS.

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

Sundaram Holding USA Inc. (SHUI) and its subsidiaries

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

SHUI's wholly owned subsidiaries are:

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

Commercial production would commence during 2019-20.

Ultraviolette Automotive Private Limited (UV)

The Company has invested a sum of ₹ 11 Cr in the equity shares of UV and holds 25.33% of the total capital of UV as on 31st March 2019. UV is a start-up company engaged in developing electric mobility solutions.

8. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company are prepared in accordance with the provisions of Section 129 of the Act, 2013 read with the Companies (Accounts) Rules, 2014 and Regulation 33 of 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 as mentioned in the Notice of AGM.

The consolidated Profit before tax of the Company and its subsidiaries & associates amounted to ₹1083 Cr for the financial year 2018-19 as compared to ₹931 Cr in the previous year.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Directors appointment / re-appointment

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board at its meeting held on 23rd October 2018 has appointed Mrs Lalita D Gupte, as an Additional Director to comply with the requirement of having Independent Woman Director on the Board of the Company in terms of the Listing Regulations.

On the same date, Mr K N Radhakrishnan, President & CEO was appointed as an Additional Director and also as Director & CEO in the rank of Whole-time Director for a period of five years, effective 23rd October 2018, based on the recommendation of the NRC. His terms of appointment and remuneration were approved by the shareholders through Postal Ballot on 5th March 2019.

The Board at its meeting held on 30th April 2019 appointed Mr R Gopalan, as an Additional and Non-executive Independent Director of the Company, based on the recommendation of the NRC, effective 30th April 2019.

The Company is seeking approval of the shareholders for the appointment of Mrs Lalita D Gupte and Mr R Gopalan, as Independent Directors and Mr K N Radhakrishnan, as Director, at the ensuing AGM.

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 which, one-third is liable to retire by rotation at every AGM. Mr Sudarshan Venu, Joint Managing Director and Mr Rajesh Narasimhan, Director, who have been the longest in office, are liable to retire by rotation at the ensuing AGM, and being eligible, offer themselves for re-appointment.

The Directors have recommended their appointment / re-appointment for the approval of Shareholders. The brief profile of the Directors are furnished in the Notice convening the AGM of the Company.

Independent Directors (IDs)

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

At the AGM held on 14th July 2014, M/s T Kannan, R Ramakrishnan, C R Dua, Prince Asirvatham and Hemant Krishan Singh were appointed as IDs for the first term of five consecutive years from the conclusion of the twenty second Annual General Meeting and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the Board and / or Committees and profit related commission in terms of applicable provisions of the Act, 2013 as determined by the Board from time to time.

Based on the performance evaluation by both the NRC and Board, all the aforesaid IDs were re-appointed by the shareholders through Postal Ballot on 5th March 2019 for the second term of five consecutive years from 14th July 2019 as IDs of the Company in terms of Section 149 of the Act, 2013 on the same terms of appointment and remuneration by way of fees and profit related commission, if any.

The terms 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.

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link http://www.tvsmotor.com/pdf/Terms-of-Appointment-Independent-Directors.pdf.

Separate meeting of Independent Directors

During the year under review, a separate meeting of IDs was held on 11th March 2019 and all the IDs were present at the Meeting.

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

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

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

b) Chairman

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

IDs also placed on record, their appreciation of Chairman's visionary leadership and appreciated him as a driving force for sustaining high ethical standard and transparency in boardroom discussions and actions, and has a great ability to listen to all members and stimulate discussions to benefit the businesses and to remain contemporary and futuristic both in the Company's operations and its processes.

They also recorded the growth story of the Company under the leadership of Chairman and significant increase in turnover & Profit and its effect on increased share price.

c) Board

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

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

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

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

IDs have also ensued that the skills / expertise / competence of the Board of Directors are in line with the Company's business requirement to enable it function effectively.

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.

Key Managerial Personnel (KMP)

Director & CEO

During the year under review, Mr K N Radhakrishnan, President & CEO was appointed as Director & CEO in the rank of Whole Time Director for a period of five years effective 23rd October 2018 and the Shareholders have approved the same through Postal Ballot on 5th March 2019.

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

Nomination and Remuneration Policy

NRC reviews the composition of the Board to ensure an appropriate mix of abilities, experience and diversity to serve the interests of all Shareholders of the Company.

Nomination and Remuneration Policy was approved by the Board at its meeting held on 23rd September 2014 and amended from time-to-time in terms of Section 178 of the Act, 2013. The objective of such policy shall be to attract, retain and motivate executive management and devise remuneration structure to link to Company's strategic long term goals, appropriateness, relevance and risk appetite.

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

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

Remuneration payable to Non-executive Independent Directors

The Shareholders at the 25th AGM of the Company held on 11th August 2017, have renewed the payment of remuneration, by way of commission not exceeding 1% of the Net profits, in aggregate, payable to the Non-Executive

Independent Directors of the Company (NE-IDs) every year from 1st April 2018.

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

Evaluation of Directors and Committees

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 all Directors (excluding the Director being evaluated) 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 i.e., through a set of questionnaires.

Directors

The performance of all Directors 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 Directors have understood the opportunities and risks to the Company's strategy and are supportive to 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 / KMPs / SMPs;
- Stakeholders' Relationship Committee for redressing investors grievances; and
- Corporate Social Responsibility Committee for overseeing CSR initiatives and inclusive growth.

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

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

Recommendations from each Committee were considered and approved by the Board prior to its implementation, wherever necessary and there were no items where the board had not accepted any recommendation of any committee of the board in the relevant financial year.

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

Number of Board meetings held:

The number of Board meetings held during the financial year 2018-19 is provided as part of Corporate Governance Report prepared in terms of the Listing Regulations.

10. AUDITORS

Statutory Auditor

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

The Statutory Auditors will continue to hold office for the 2nd 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 2019-20.

The Auditors' Report for the financial year 2018-19 does not contain any qualification, reservation or adverse remark and the same is attached with the annual financial statements.

Secretarial Auditors

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

The Secretarial Audit Report for the year 2018-19, 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 30th April 2019 has re-appointed M/s. S Krishnamurthy & Co., Practising Company Secretaries, Chennai having Registration No.2215 allotted by the Institute of Company Secretaries of India as Secretarial Auditors for the financial year 2019-20.

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 2019-20.

The Company has also received necessary certificate under Section 141 of the Act, 2013 from him conveying his eligibility to act as a Cost Auditor. A sum of ₹ 6 lakhs has been fixed by the Board as remuneration in addition to reimbursement of applicable taxes, travelling and out-of-pocket expenses payable to him, 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 for 2017-18 on 5th September 2018 in XBRL format with Registrar of Companies.

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 form part of this Annual Report.

The Director & Chief Executive Officer and the Chief Financial Officer 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 31st March 2019.

12. BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of the Listing Regulations, the Business Responsibility Report for the year 2018-19 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 viz., https://www.tvsmotor.com/pdf/BUSINESS-RESPONSIBILITY-REPORT-2019.pdf.

13.POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of Act, 2013 and Regulation 22 of 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 Board at its meeting held on 30th April 2019 made certain amendments to the Whistle Blower Policy for reporting any allegations of material nature on any leakage of Unpublished Price Sensitive Information.

The Policy is disclosed on the Company's website in the following link https://www.tvsmotor.com/pdf/Whistle-Blower-Policy-2019.pdf.

14.PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act, 2013, for the year ended 31st March 2019.

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:

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:

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

The same is available on the company's website in the following link https://www.tvsmotor.com/pdf/Annual-Return-2019.pdf.

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 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 Report.

Details of material related party transactions:

There are 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 2018-19 are given as Annexure-VI to this Report. On loans granted to the Employees, the Company has charged interest as per its remuneration policy.

Please refer note No. 3 to Notes on accounts for the financial year 2018-19, 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.

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

The Company has Internal Complaints Committees 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. 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
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - I to Directors' Report to the shareholders

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

A. CONSERVATION OF ENERGY

1. Measures taken in the year 2018-19:

(i) Optimal utilization of plant and equipment.

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

(iii) Additional installation of 780 KW roof top solar power plants.

(iv) Reduction of compressor power consumption through optimization of system pressure.

(v) Implementation of planned energy saving projects.

(vi) Fuel conversion from High Speed Diesel (HSD) to Propane for paint plant process application.

The above measures have resulted in an annual saving of approximately ₹9 Cr.

2. Proposed measures during the year 2019-20:

(i) Optimal utilization of plant and equipment.

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

(iii) Additional installation of 1 MW roof top solar power plant.

(iv) Implementation of other planned energy efficient projects.

The above measures are expected to yield an annual saving of approximately ₹5 Cr.

3. Steps taken for utilizing alternate sources of energy for the year 2018-19:

The Company has utilized renewable energy to an extent of 626 lakh units out of 1109 lakh units of annual consumption during FY 2018-19.

The overall Company's renewable power share was 56% during 2018-19 as against the planned target of 50% by the year 2019-20.

Towards its continual commitment of utilizing renewable energy, the Company has installed 780KW roof-top solar plant during 2018-19, with an estimated annual generation of 12 lakh units / annum.

The Company has invested in 'Group Captive Mode' of wind power purchase for drawal of 100 Lakh units/ annum.

4. Capital investment in energy conservation equipment:

During 2018-19, the Company had invested ₹8.79 Cr towards optimization of compressor, fuel conversion from HSD to Propane for paint process application and in implementation of various energy saving projects for energy efficiency as well as for reduction of carbon foot print.

The Company is planning to invest around ₹6 Cr during 2019-20 to enhance solar, wind power under 'Group Captive Mode' and for implementing other planned energy efficient measures.

B. TECHNOLOGY ABSORPTION FOR THE YEAR 2018-19

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

i. Designed, developed and launched new 4 stroke motorcycle with solid and bold style for commuter segment.

ii. Designed, developed and productionisation of a motorcycle exclusively for African rural road application.

iii. Designed, developed and productionisation of motorcycle with unique features like mobile charger and fuel gauge for African market.

iv. Designed, developed and launched scooters for export markets.

v. Best-in-class fit and finish quality achieved in all new products developed.

vi. Designed, developed and productionized Advanced Brake System technologies for all products.

vii. Developed engine technologies for lower emissions.

Future plan of action:

i. Meeting BSVI regulatory norms in the year 2020.

ii. Development of new technologies for reduction of emission and reduction of CO_2 to meet future emission norms.

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

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

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

vi. Development of technologies including alternative materials, weight reduction, cost reduction and improvement of fuel economy.

vii. Development of new technologies in the areas of Hybrid / Electric power trains.

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 - ₹307.48 Cr.

D. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO

1. Export activities:

During the year, export of two-wheeler was 6.2 lakh units and three-wheeler was 1.4 lakh units. The Company continued export of components and sub-assemblies to its subsidiary in Indonesia.

2. Total foreign exchange earned and used:

	(₹ in Cr)
Foreign exchange used	2,791
Foreign exchange earned	4,141

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - II to Directors' Report to the shareholders

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	:	L35921TN1992PLC022845
ii)	Registration Date	:	10.06.1992
iii)	Name of the Company	:	TVS Motor Company Limited
iv)	Category / Sub-Category of the Company	:	Public Company limited by shares
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2827 2233
vi)	Whether listed company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, 29, Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Motorcycles, Scooters, Mopeds	30911	81.07%
2	Three-wheeler	30912	7.66%
3	Parts & Accessories	30913	8.43%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Sections of the Companies Act, 2013
Holding Company					
1	Sundaram-Clayton Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	L35999TN1962PLC004792	57.40% in the Company	2(46)
Subsidiary Companies					
2	Sundaram Auto Components Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	U29249TN1992PLC051417	100%	2(87)
3	TVS Housing Limited	1st Floor, Greenways Towers, No. 119, St. Mary's Road, Abhiramapuram, Chennai 600 018.	U70101TN2010PLC075027	100%	2(87)
4	TVS Motor Services Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	U50404TN2009PLC071075	100%	2(87)
5	TVS Credit Services Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	U65920TN2008PLC069758	75.61% held by S. No. 4, 1.22% held by S. No.1 and 10.29% held by the Company	2(87)

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

S.No.	Name of the Company	Address of the Company	CIN / GLN	% of shares held	Applicable Sections of the Companies Act, 2013
Subsidiary Companies - *(continued)*					
6	TVS Two Wheeler Mail Private Limited	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006	U65923TN2017PTC118211	100% held by S.No.5	(2(87)
7	TVS Micro Finance Private Limited		U65929TN2017PTC118238	100% held by S.No.5	(2(87)
8	Harita ARC Private Limited		U65999TN2017PTC118296	100% held by S.No.5	(2(87)
9	Harita Collection Services Private Limited		U65100TN2017PTC118290	100% held by S.No.5	(2(87)
10	TVS Commodity Financial Solutions Private Limited		U65929TN2017PTC118316	100% held by S.No.5	(2(87)
11	TVS Housing Finance Private Limited		U65999TN2017PTC118512	100% held by S.No.5	(2(87)
12	TVS Motor Company (Europe) B.V.	Hoogoorddreef 15, 1101 BA Amsterdam, Netherlands	NA	100%	2(87)
13	TVS Motor (Singapore) Pte. Limited	17, Phillip Street, # 05-01, Grand Buidling, Singapore - 048 695	NA	100%	2(87)
14	PT. TVS Motor Company Indonesia	Gedung Wirausaha 3rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920 Indonesia	NA	46.01% by the Company; 19.14% held by S. No. 12 and 34.85% held by S. No. 13	(2(87)
15	Sundaram Holding USA Inc.,	2711, Centerville Road, # 400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	75% held by S. No.2 and 25% held by S. No. 1	2(87)
16	Green Hills Land Holding LLC	1703, Laurel Street, Columbia, South Carolina - 29201, USA	NA	100% held by S.No.15	2(87)
17	Component Equipment Leasing LLC		NA		
18	Sundaram-Clayton (USA) LLC		NA		
19	Premier Land Holding LLC	120, Casting Way, Ridgeville, South Carolina - 29472, USA	NA		
Associate Companies					
20	Emerald Haven Realty Limited	1st Floor, Greenways Towers, No. 119, St. Mary's Road, Abhiramapuram, Chennai 600 018.	U45200TN2010PLC075953	48.80%	2(6)
21	Ultraviolette Automotive Private Limited	529-530 Amarjyoti Layout Intermediate Ring Road, Domlur, Bengaluru, Karnataka 560 071	U34102KA2015PTC084804	25.33%	2(6)

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2018)				No. of Shares held at the end of the year (as on 31st March 2019)				Change in % of shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corporate	27,26,82,786	–	27,26,82,786	57.40	27,26,82,786	–	27,26,82,786	57.40	–
Total Shareholding of Promoter (A)	27,26,82,786	–	27,26,82,786	57.40	27,26,82,786	–	27,26,82,786	57.40	–
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3,87,01,879	–	3,87,01,879	8.15	5,84,22,329	–	5,84,22,329	12.30	4.15
b) Banks / Financial Institutions	11,03,805	63,360	11,67,165	0.24	13,41,825	51,000	13,92,825	0.29	0.05
c) Insurance Companies	1,04,65,734	–	1,04,65,734	2.20	1,54,21,219	–	1,54,21,219	3.25	1.05
d) Foreign Port-folio Investors	9,58,66,052	–	9,58,66,052	20.18	7,56,22,772	–	7,56,22,772	15.92	(4.26)
Sub-total (B)(1)	14,61,37,470	63,360	14,62,00,830	30.77	15,08,08,145	51,000	15,08,59,145	31.76	0.99
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	70,34,742	61,860	70,96,602	1.49	38,61,906	32,060	38,93,966	0.82	(0.67)
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,38,97,374	47,51,283	3,86,48,657	8.14	3,35,79,121	34,98,315	3,70,77,436	7.80	(0.34)
ii) Individual shareholders holding nominal share capital in excess of Rs. ₹ 1 lakh	47,77,012	-	47,77,012	1.00	40,09,018		40,09,018	0.85	(0.15)
c) Directors and their relatives	28,45,966	5,000	28,50,966	0.60	28,45,966	5,000	28,50,966	0.60	–
d) Others	28,03,251	27,010	28,30,261	0.60	36,86,787	27,010	37,13,797	0.77	0.17
Sub-total (B)(2)	5,13,58,345	48,45,153	5,62,03,498	11.83	4,79,82,798	35,62,385	5,15,45,183	10.84	(0.99)
Total Public Shareholding (B) = (B)(1) + (B)(2)	**19,74,95,815**	**49,08,513**	**20,24,04,328**	**42.60**	**19,87,90,943**	**36,13,385**	**20,24,04,328**	**42.60**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**47,01,78,601**	**49,08,513**	**47,50,87,114**	**100.00**	**47,14,73,729**	**36,13,385**	**47,50,87,114**	**100.00**	**–**

ii) Shareholding of Promoters and Promoters' group

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

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

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

Opening Balance (01.04-2018) (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance (31.03.2019)	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
ICICI PRUDENTIAL MUTUAL FUND								
1,30,24,321	01-04-2018	Opening Balance						
(2.74)	06-04-2018	Transfer / Purchase	82,515	0.02	1,31,06,836	2.76		
	13-04-2018	Transfer / Purchase	5,49,164	0.12	1,36,56,000	2.87		
	20-04-2018	Transfer / Purchase	18,757	0.00	1,36,74,757	2.88		
	27-04-2018	Transfer / Purchase	352	0.00	1,36,75,109	2.88		
	04-05-2018	Transfer / Purchase	5,65,996	0.12	1,42,41,105	3.00		
	11-05-2018	Transfer / Purchase	1,80,904	0.04	1,44,22,009	3.04		
	18-05-2018	Transfer / Purchase	8,03,223	0.17	1,52,25,232	3.20		
	25-05-2018	Transfer / Sale	104	0.00	1,52,25,128	3.20		
	25-05-2018	Transfer / Purchase	17,82,767	0.38	1,70,07,895	3.58		
	01-06-2018	Transfer / Sale	74,836	0.02	1,69,33,059	3.56		
	01-06-2018	Transfer / Purchase	1,23,293	0.03	1,70,56,352	3.59		
	08-06-2018	Transfer / Purchase	8,85,374	0.19	1,79,41,726	3.78		
	15-06-2018	Transfer / Purchase	3,03,054	0.06	1,82,44,780	3.84		
	22-06-2018	Transfer / Purchase	7,25,343	0.15	1,89,70,123	3.99		
	29-06-2018	Transfer / Purchase	176	0.00	1,89,70,299	3.99		
	03-07-2018	Transfer / Purchase	4,02,501	0.08	1,93,72,800	4.08		
	06-07-2018	Transfer / Purchase	2,67,041	0.06	1,96,39,841	4.13		
	13-07-2018	Transfer / Purchase	4,74,307	0.10	2,01,14,148	4.23		
	20-07-2018	Transfer / Purchase	20,43,956	0.43	2,21,58,104	4.66		
	20-07-2018	Transfer / Sale	30,000	0.01	2,21,28,104	4.66		
	27-07-2018	Transfer / Purchase	20,25,960	0.43	2,41,54,064	5.08		
	27-07-2018	Transfer / Sale	104	0.00	2,41,53,960	5.08		
	31-07-2018	Transfer / Sale	28,000	0.01	2,41,25,960	5.08		
	31-07-2018	Transfer / Purchase	1,39,875	0.03	2,42,65,835	5.11		
	03-08-2018	Transfer / Sale	28,000	0.01	2,42,37,835	5.10		
	03-08-2018	Transfer / Purchase	11,61,662	0.24	2,53,99,497	5.35		
	10-08-2018	Transfer / Sale	1,338	0.00	2,53,98,159	5.35		
	17-08-2018	Transfer / Purchase	70,000	0.01	2,54,68,159	5.36		
	17-08-2018	Transfer / Sale	2,148	0.00	2,54,66,011	5.36		
	24-08-2018	Transfer / Purchase	5,66,741	0.12	2,60,32,752	5.48		
	31-08-2018	Transfer / Sale	4,62,700	0.10	2,55,70,052	5.38		
	31-08-2018	Transfer / Purchase	50,915	0.01	2,56,20,967	5.39		
	07-09-2018	Transfer / Purchase	23,17,565	0.49	2,79,38,532	5.88		
	07-09-2018	Transfer / Sale	1,46,300	0.03	2,77,92,232	5.85		
	14-09-2018	Transfer / Sale	2,08,405	0.04	2,75,83,827	5.81		
	14-09-2018	Transfer / Purchase	73,890	0.02	2,76,57,717	5.82		
	21-09-2018	Transfer / Sale	4,31,231	0.09	2,72,26,486	5.73		
	21-09-2018	Transfer / Purchase	16,738	0.00	2,72,43,224	5.73		

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	28-09-2018	Transfer / Sale	8,77,511	0.18	2,63,65,713	5.55		
	28-09-2018	Transfer / Purchase	44,925	0.01	2,64,10,638	5.56		
	05-10-2018	Transfer / Sale	6,03,986	0.13	2,58,06,652	5.43		
	05-10-2018	Transfer / Purchase	2,18,129	0.05	2,60,24,781	5.48		
	12-10-2018	Transfer / Sale	2,54,966	0.05	2,57,69,815	5.42		
	19-10-2018	Transfer / Purchase	5,10,060	0.11	2,62,79,875	5.53		
	19-10-2018	Transfer / Sale	1,07,000	0.02	2,61,72,875	5.51		
	26-10-2018	Transfer / Sale	9,48,762	0.20	2,52,24,113	5.31		
	26-10-2018	Transfer / Purchase	2,95,981	0.06	2,55,20,094	5.37		
	31-10-2018	Transfer / Purchase	549	0.00	2,55,20,643	5.37		
	02-11-2018	Transfer / Purchase	546	0.00	2,55,21,189	5.37		
	16-11-2018	Transfer / Purchase	49,928	0.01	2,55,71,117	5.38		
	23-11-2018	Transfer / Purchase	40,765	0.01	2,56,11,882	5.39		
	23-11-2018	Transfer / Sale	546	0.00	2,56,11,336	5.39		
	07-12-2018	Transfer / Purchase	182	0.00	2,56,11,518	5.39		
	14-12-2018	Transfer / Purchase	59,013	0.01	2,56,70,531	5.40		
	14-12-2018	Transfer / Sale	43,820	0.01	2,56,26,711	5.39		
	21-12-2018	Transfer / Purchase	364	0.00	2,56,27,075	5.39		
	28-12-2018	Transfer / Sale	64,419	0.01	2,55,62,656	5.38		
	28-12-2018	Transfer / Purchase	14,42,182	0.30	2,70,04,838	5.68		
	31-12-2018	Transfer / Purchase	15,55,000	0.33	2,85,59,838	6.01		
	31-12-2018	Transfer / Sale	3,910	0.00	2,85,55,928	6.01		
	04-01-2019	Transfer / Purchase	1,36,685	0.03	2,86,92,613	6.04		
	11-01-2019	Transfer / Purchase	40,041	0.01	2,87,32,654	6.05		
	18-01-2019	Transfer / Purchase	60,840	0.01	2,87,93,494	6.06		
	25-01-2019	Transfer / Purchase	7,30,996	0.15	2,95,24,490	6.21		
	25-01-2019	Transfer / Sale	2,06,899	0.04	2,93,17,591	6.17		
	01-02-2019	Transfer / Purchase	2,94,700	0.06	2,96,12,291	6.23		
	08-02-2019	Transfer / Sale	81,729	0.02	2,95,30,562	6.22		
	08-02-2019	Transfer / Purchase	5,34,056	0.11	3,00,64,618	6.33		
	15-02-2019	Transfer / Purchase	75,769	0.02	3,01,40,387	6.34		
	22-02-2019	Transfer / Sale	84,509	0.02	3,00,55,878	6.33		
	22-02-2019	Transfer / Purchase	34,853	0.01	3,00,90,731	6.33		
	01-03-2019	Transfer / Purchase	12,415	0.00	3,01,03,146	6.34		
	08-03-2019	Transfer / Purchase	8,79,722	0.19	3,09,82,868	6.52		
	15-03-2019	Transfer / Purchase	183	0.00	3,09,83,051	6.52		
	19-03-2019	Transfer / Sale	8,372	0.00	3,09,74,679	6.52		
	22-03-2019	Transfer / Purchase	46,202	0.01	3,10,20,881	6.53		
	29-03-2019	Transfer / Sale	10,926	0.00	3,10,09,955	6.53		
	29-03-2019	Transfer / Purchase	1,34,147	0.03	3,11,44,102	6.56		
	31-03-2019	Closing Balance					3,11,44,102	6.56

JWALAMUKHI INVESTMENT HOLDINGS

2,07,25,563	01-04-2018	Opening Balance						
(4.36)	07-09-2018	Transfer / Purchase	16,95,619	0.36	2,24,21,182	4.72		
	14-09-2018	Transfer / Purchase	12,39,474	0.26	2,36,60,656	4.98		
	01-03-2019	Transfer / Sale	1,70,714	0.04	2,34,89,942	4.94		
	31-03-2019	Closing Balance					2,34,89,942	4.94

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
CARTICA CAPITAL LTD								
2,01,80,051	01-04-2018	Opening Balance						
(4.25)	31-08-2018	Transfer / Purchase	14,22,000	0.30	2,16,02,051	4.55		
	05-10-2018	Transfer / Purchase	5,82,874	0.12	2,21,84,925	4.67		
	09-11-2018	Transfer / Purchase	3,11,730	0.07	2,24,96,655	4.74		
	22-02-2019	Transfer / Sale	2,04,768	0.04	2,22,91,887	4.69		
	31-03-2019	Closing Balance					2,22,91,887	4.69
RELIANCE CAPITAL TRUSTEE CO. LTD.								
1,80,18,002	01-04-2018	Opening Balance						
(3.79)	06-04-2018	Transfer / Sale	36	0.00	1,80,17,966	3.79		
	06-04-2018	Transfer / Purchase	7,000	0.00	1,80,24,966	3.79		
	13-04-2018	Transfer / Purchase	1,49,253	0.03	1,81,74,219	3.83		
	27-04-2018	Transfer /Sale	10,71,640	0.23	1,71,02,579	3.60		
	04-05-2018	Transfer / Sale	1,66,301	0.04	1,69,36,278	3.56		
	11-05-2018	Transfer / Sale	60,000	0.01	1,68,76,278	3.55		
	18-05-2018	Transfer / Purchase	1,80,000	0.04	1,70,56,278	3.59		
	25-05-2018	Transfer / Purchase	3,60,000	0.08	1,74,16,278	3.67		
	01-06-2018	Transfer / Purchase	178	0.00	1,74,16,456	3.67		
	08-06-2018	Transfer / Sale	4,27,059	0.09	1,69,89,397	3.58		
	29-06-2018	Transfer / Sale	2,51,800	0.05	1,67,37,597	3.52		
	03-07-2018	Transfer / Sale	42	0.00	1,67,37,555	3.52		
	13-07-2018	Transfer / Sale	3,69,072	0.08	1,63,68,483	3.45		
	20-07-2018	Transfer / Purchase	72	0.00	1,63,68,555	3.45		
	20-07-2018	Transfer / Sale	15,75,000	0.33	1,47,93,555	3.11		
	27-07-2018	Transfer / Sale	9,09,170	0.19	1,38,84,385	2.92		
	03-08-2018	Transfer / Purchase	2,00,000	0.04	1,40,84,385	2.96		
	17-08-2018	Transfer / Purchase	4,59,170	0.10	1,45,43,555	3.06		
	24-08-2018	Transfer / Purchase	9,00,000	0.19	1,54,43,555	3.25		
	07-09-2018	Transfer / Purchase	15	0.00	1,54,43,570	3.25		
	14-09-2018	Transfer / Sale	1,00,752	0.02	1,53,42,818	3.23		
	21-09-2018	Transfer / Purchase	1,60,790	0.03	1,55,03,608	3.26		
	28-09-2018	Transfer / Sale	804	0.00	1,55,02,804	3.26		
	28-09-2018	Transfer / Purchase	1,20,000	0.03	1,56,22,804	3.29		
	05-10-2018	Transfer / Purchase	4,50,000	0.09	1,60,72,804	3.38		
	12-10-2018	Transfer / Purchase	4,05,669	0.09	1,64,78,473	3.47		
	12-10-2018	Transfer / Sale	53,220	0.01	1,64,25,253	3.46		
	19-10-2018	Transfer / Purchase	3,59,798	0.08	1,67,85,051	3.53		
	26-10-2018	Transfer / Purchase	1,44,563	0.03	1,69,29,614	3.56		
	31-10-2018	Transfer / Purchase	56,085	0.01	1,69,85,699	3.58		
	02-11-2018	Transfer / Purchase	6,472	0.00	1,69,92,171	3.58		
	09-11-2018	Transfer / Purchase	71,000	0.01	1,70,63,171	3.59		
	23-11-2018	Transfer / Purchase	6	0.00	1,70,63,177	3.59		

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	30-11-2018	Transfer / Sale	71,000	0.01	1,69,92,177	3.58		
	30-11-2018	Transfer / Purchase	90,000	0.02	1,70,82,177	3.60		
	07-12-2018	Transfer / Purchase	9,13,000	0.19	1,79,95,177	3.79		
	14-12-2018	Transfer / Purchase	9,64,072	0.20	1,89,59,249	3.99		
	28-12-2018	Transfer / Sale	4,60,331	0.10	1,84,98,918	3.89		
	04-01-2019	Transfer / Purchase	2,00,000	0.04	1,86,98,918	3.94		
	04-01-2019	Transfer / Sale	2,35,968	0.05	1,84,62,950	3.89		
	25-01-2019	Transfer / Purchase	1,00,000	0.02	1,85,62,950	3.91		
	01-02-2019	Transfer / Purchase	53,341	0.01	1,86,16,291	3.92		
	08-02-2019	Transfer / Purchase	41	0.00	1,86,16,332	3.92		
	08-02-2019	Transfer / Sale	9,92,602	0.21	1,76,23,730	3.71		
	15-02-2019	Transfer / Sale	15,444	0.00	1,76,08,286	3.71		
	01-03-2019	Transfer / Purchase	50	0.00	1,76,08,336	3.71		
	01-03-2019	Transfer / Sale	4,79,306	0.10	1,71,29,030	3.61		
	08-03-2019	Transfer / Purchase	1,15,948	0.02	1,72,44,978	3.63		
	15-03-2019	Transfer / Purchase	1,662	0.00	1,72,46,640	3.63		
	15-03-2019	Transfer / Sale	53,000	0.01	1,71,93,640	3.62		
	19-03-2019	Transfer / Purchase	450	0.00	1,71,94,090	3.62		
	22-03-2019	Transfer / Purchase	50	0.00	1,71,94,140	3.62		
	29-03-2019	Transfer / Sale	139	0.00	1,71,94,001	3.62		
	29-03-2019	Transfer / Purchase	53,752	0.01	1,72,47,753	3.63		
	31-03-2019	Closing Balance					1,72,47,753	3.63
LIFE INSURANCE CORPORATION OF INDIA								
53,27,945	01-04-2018	Opening Balance						
(1.12)	31-08-2018	Transfer / Purchase	4,22,281	0.09	57,50,226	1.21		
	07-09-2018	Transfer / Purchase	8,41,527	0.18	65,91,753	1.39		
	14-09-2018	Transfer / Purchase	35,702	0.01	66,27,455	1.39		
	21-09-2018	Transfer / Purchase	1,47,000	0.03	67,74,455	1.43		
	28-09-2018	Transfer / Purchase	15,49,123	0.33	83,23,578	1.75		
	05-10-2018	Transfer / Purchase	5,66,699	0.12	88,90,277	1.87		
	31-03-2019	Closing Balance					88,90,277	1.87
TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD								
66,00,000	01-04-2018	Opening Balance						
(1.39)	31-03-2019	Closing Balance					66,00,000	1.39
WF ASIAN SMALLER COMPANIES FUND LIMITED								
46,86,725	01-04-2018	Opening Balance						
(0.99)	01-06-2018	Transfer / Purchase	17,62,663	0.37	64,49,388	1.36		
	27-07-2018	Transfer / Purchase	4,55,762	0.10	69,05,150	1.45		
	05-10-2018	Transfer / Sale	12,96,181	0.27	56,08,969	1.18		
	12-10-2018	Transfer / Sale	11,26,060	0.24	44,82,909	0.94		
	31-03-2019	Closing Balance					44,82,909	0.94

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
KOTAK MAHINDRA (INTERNATIONAL) LIMITED								
Nil	01-04-2018	Opening Balance						
	21-09-2018	Transfer / Purchase	7,93,748	0.17	7,93,748	0.17		
	28-09-2018	Transfer / Purchase	10,18,000	0.21	18,11,748	0.38		
	05-10-2018	Transfer / Purchase	7,00,000	0.15	25,11,748	0.53		
	12-10-2018	Transfer / Purchase	5,19,701	0.11	30,31,449	0.64		
	30-11-2018	Transfer / Purchase	3,02,000	0.06	33,33,449	0.70		
	31-03-2019	Closing Balance					33,33,449	0.70
MIRAE ASSET MUTUAL FUND								
Nil	01-04-2018	Opening Balance						
	20-04-2018	Transfer / Purchase	7,65,000	0.16	7,65,000	0.16		
	04-05-2018	Transfer / Purchase	50,000	0.01	8,15,000	0.17		
	11-05-2018	Transfer / Purchase	1,64,000	0.03	9,79,000	0.21		
	18-05-2018	Transfer / Purchase	90,000	0.02	10,69,000	0.23		
	25-05-2018	Transfer / Purchase	5,00,461	0.11	15,69,461	0.33		
	01-06-2018	Transfer / Purchase	1,30,000	0.03	16,99,461	0.36		
	08-06-2018	Transfer / Purchase	10,000	0.00	17,09,461	0.36		
	29-06-2018	Transfer / Purchase	5,000	0.00	17,14,461	0.36		
	03-07-2018	Transfer / Purchase	5,000	0.00	17,19,461	0.36		
	10-08-2018	Transfer / Purchase	5,00,000	0.11	22,19,461	0.47		
	14-09-2018	Transfer / Purchase	10,000	0.00	22,29,461	0.47		
	28-09-2018	Transfer / Sale	3,74,192	0.08	18,55,269	0.39		
	05-10-2018	Transfer / Purchase	20,000	0.00	18,75,269	0.39		
	26-10-2018	Transfer / Purchase	20,000	0.00	18,95,269	0.40		
	31-10-2018	Transfer / Purchase	1,00,000	0.02	19,95,269	0.42		
	23-11-2018	Transfer / Purchase	20,000	0.00	20,15,269	0.42		
	07-12-2018	Transfer / Purchase	1,45,000	0.03	21,60,269	0.45		
	28-12-2018	Transfer / Purchase	1,17,387	0.02	22,77,656	0.48		
	04-01-2019	Transfer / Purchase	1,50,000	0.03	24,27,656	0.51		
	11-01-2019	Transfer / Purchase	2,52,518	0.05	26,80,174	0.56		
	18-01-2019	Transfer / Purchase	2,04,244	0.04	28,84,418	0.61		
	25-01-2019	Transfer / Purchase	2,23,064	0.05	31,07,482	0.65		
	01-02-2019	Transfer / Purchase	1,53,856	0.03	32,61,338	0.69		
	08-02-2019	Transfer / Purchase	20,000	0.00	32,81,338	0.69		
	01-03-2019	Transfer / Purchase	10,000	0.00	32,91,338	0.69		
	08-03-2019	Transfer / Purchase	10,000	0.00	33,01,338	0.69		
	19-03-2019	Transfer / Purchase	20,000	0.00	33,21,338	0.70		
	31-03-2019	Closing Balance					33,21,338	0.70

Opening Balance (% of total shares of the Company)	Date of increase or decrease (Benpos date)	Reasons for increase or decrease	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
HDFC LIFE INSURANCE COMPANY LIMITED								
24,20,524	01-04-2018	Opening Balance						
(0.51)	13-04-2018	Transfer / Purchase	1,75,000	0.04	25,95,524	0.55		
	20-04-2018	Transfer / Purchase	25,000	0.01	26,20,524	0.55		
	27-04-2018	Transfer / Purchase	1,57,815	0.03	27,78,339	0.58		
	04-05-2018	Transfer / Purchase	81,321	0.02	28,59,660	0.60		
	11-05-2018	Transfer / Purchase	93,679	0.02	29,53,339	0.62		
	18-05-2018	Transfer / Purchase	7,475	0.00	29,60,814	0.62		
	25-05-2018	Transfer / Purchase	15,130	0.00	29,75,944	0.63		
	01-06-2018	Transfer / Sale	1,68,000	0.04	28,07,944	0.59		
	22-06-2018	Transfer / Sale	5,000	0.00	28,02,944	0.59		
	06-07-2018	Transfer / Purchase	1,18,000	0.02	29,20,944	0.61		
	27-07-2018	Transfer /Sale	91,364	0.02	28,29,580	0.60		
	03-08-2018	Transfer / Purchase	91,364	0.02	29,20,944	0.61		
	24-08-2018	Transfer / Sale	928	0.00	29,20,016	0.61		
	31-08-2018	Transfer / Sale	50,000	0.01	28,70,016	0.60		
	14-09-2018	Transfer / Sale	25,000	0.01	28,45,016	0.60		
	28-09-2018	Transfer / Purchase	204	0.00	28,45,220	0.60		
	05-10-2018	Transfer / Purchase	2,50,155	0.05	30,95,375	0.65		
	12-10-2018	Transfer / Sale	1,23,234	0.03	29,72,141	0.63		
	19-10-2018	Transfer / Purchase	33	0.00	29,72,174	0.63		
	26-10-2018	Transfer / Purchase	128	0.00	29,72,302	0.63		
	31-10-2018	Transfer / Purchase	48	0.00	29,72,350	0.63		
	02-11-2018	Transfer / Purchase	1,00,100	0.02	30,72,450	0.65		
	16-11-2018	Transfer / Purchase	88	0.00	30,72,538	0.65		
	23-11-2018	Transfer / Purchase	26	0.00	30,72,564	0.65		
	30-11-2018	Transfer / Purchase	106	0.00	30,72,670	0.65		
	14-12-2018	Transfer / Purchase	4,247	0.00	30,76,917	0.65		
	21-12-2018	Transfer / Purchase	44	0.00	30,76,961	0.65		
	28-12-2018	Transfer / Purchase	9	0.00	30,76,970	0.65		
	04-01-2019	Transfer / Purchase	27	0.00	30,76,997	0.65		
	11-01-2019	Transfer / Purchase	65	0.00	30,77,062	0.65		
	18-01-2019	Transfer / Sale	49,978	0.01	30,27,084	0.64		
	25-01-2019	Transfer / Sale	99,991	0.02	29,27,093	0.62		
	01-02-2019	Transfer / Purchase	25,000	0.01	29,52,093	0.62		
	08-02-2019	Transfer / Purchase	69,206	0.01	30,21,299	0.64		
	15-02-2019	Transfer / Purchase	19	0.00	30,21,318	0.64		
	22-02-2019	Transfer / Purchase	50,055	0.01	30,71,373	0.65		
	01-03-2019	Transfer / Purchase	331	0.00	30,71,704	0.65		
	08-03-2019	Transfer / Purchase	1,00,132	0.02	31,71,836	0.67		
	15-03-2019	Transfer / Purchase	54	0.00	31,71,890	0.67		
	29-03-2019	Transfer / Purchase	49	0.00	31,71,939	0.67		
	31-03-2019	Closing Balance					31,71,939	0.67

v) Shareholding of Directors and Key Managerial Personnel:

Name of the Directors / KMPs (M/s.)	Opening Balance 1st April 2018 (% of the total share capital)	Date of Dealing	Purchase or Sale	No. of shares	% of total shares of the Company	Cumulative		Closing Balance 31-03-2019	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Venu Srinivasan	25,69,726 (0.54)	–	–	–	–	–	–	25,69,726	0.54
Sudarshan Venu	Nil	–	–	–	–	–	–	Nil	–
Dr. Lakshmi Venu	Nil	–	–	–	–	–	–	Nil	–
H Lakshmanan	55,870 (0.01)	–	–	–	–	–	–	55,870	0.01
T Kannan	5,000	–	–	–	–	–	–	5,000	–
C R Dua	Nil	–	–	–	–	–	–	Nil	–
Prince Asirvatham	1,000 –	–	–	–	–	–	–	1,000	–
R Ramakrishnan	1,08,000 (0.02)	–	–	–	–	–	–	1,08,000	0.02
Hemant Krishan Singh	Nil	–	–	–	–	–	–	Nil	–
Rajesh Narasimhan	Nil	–	–	–	–	–	–	Nil	–
Lalita D Gupte	Nil	–	–	–	–	–	–	Nil	–
K N Radhakrishnan	3,000	–	–	–	–	–	–	3,000	–
K Gopala Desikan	220	–	–	–	–	–	–	220	–
K S Srinivasan	Nil	–	–	–	–	–	–	Nil	–

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	335.62	853.57	1,189.19
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	0.46	1.23	1.69
Total (i + ii + iii)	**336.08**	**854.80**	**1,190.88**
Change in Indebtedness during the financial year			
- Addition	347.99	–	347.99
- Reduction	(130.61)	(5.85)	(136.46)
Net Change	**217.38**	**(5.85)**	**211.53**
Indebtedness at the end of the financial year			
i) Principal Amount	552.33	847.67	1,400.00
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	1.13	1.28	2.41
Total (i + ii + iii)	**553.46**	**848.95**	**1,402.41**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Mr Venu Srinivasan CMD	Mr Sudarshan Venu JMD	Mr KN Radhakrishnan D & CEO*	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained under Section 17(1) of the Income-Tax Act, 1961	51.00	119.39	144.50	314.89
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	335.01	177.73	28.39	541.13
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission				
	- as % of profit	1982.49	1444.85	300.00	3727.34
	- others, specify	–	–	–	–
5.	Others - Employer contribution to provident and other funds	8.67	–	3.84	12.51
	Total (A)	**2377.17**	**1741.97**	**476.73**	**4595.87**
	Ceiling as per the Act, 2013	–	–	–	9624.17

CMD - Chairman and Managing Director; JMD - Joint Managing Director;

D & CEO - Director & Chief Executive Officer (from 23rd October 2018 to 31st March 2019).*

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

Particulars of Remuneration	Name of Directors						Total Amount
	TK	CRD	PA	RK	HKS	LDG*	
Independent Directors							
Directors Fee for attending board / committee meetings	2.20	2.60	1.80	3.00	1.20	0.80	11.60
Commission	25.00	25.00	25.00	25.00	20.00	8.80*	128.80
Others, please specify	–	–	–	–	–	–	–
Total (1)	27.20	27.60	26.80	28.00	21.20	9.60	140.40
	Name of Directors						
	HL	Dr. LV	RN				
Other Non-Executive Directors							
Fee for attending board / committee meetings	2.60	1.00	0.80				4.40
Commission	–	–	–				–
Others, please specify	–	–	–				–
Total (2)	2.60	1.00	0.80				4.40
Total (B) = (1+2)							144.80
Total Managerial Remuneration (A) + (B)							4740.67
Overall Ceiling as per the Act, 2013							10586.59

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

** Mrs Lalita D Gupte was appointed as an Independent Director w.e.f. 23rd October 2018.*

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr K N Radhakrishnan CEO*	Mr K Gopala Desikan CFO#	Mr K S Srinivasan CS	
1.	Gross salary				
	(a) Salary as per provisions contained under Section 17(1) of the Income-Tax Act, 1961	309.87	111.18	30.60	451.65
	(b) Value of perquisites under Section 17(2) of the Income-Tax Act, 1961	36.38	15.16	5.33	56.87
	(c) Profits in lieu of salary under Section 17(3) of the Income-Tax Act, 1961	–	–	–	–
2.	Stock Option	–	–	–	–
3.	Sweat Equity	–	–	–	–
4.	Commission - as % of profit	–	–	–	–
	- others, specify	–	–	–	–
5.	Others - Employer contribution to provident and other funds	7.10	4.21	1.36	12.67
	Total	353.35	130.55	37.29	521.19

*CEO : Chief Executive Officer (*Upto 22nd October 2018); CFO - Chief Financial Officer (#from July 2018 to March 2019) ; CS - Company Secretary*

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - IV to Directors' Report to the shareholders

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

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

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

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

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

3. Web-link to the CSR policy and projects or programmes - http://www.tvsmotor.com/pdf/CSR-Policy-Feb-2015.pdf.

4. Composition of the CSR Committee:

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

5. Average net profit of the Company for last three financial years ₹ 654.51 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) ₹ 13.09 Cr

7. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year ₹ 13.25 Cr

(b) Amount unspent, if any Not Applicable

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

1	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, 29, Haddows Road Chennai - 600 006. Tamil Nadu Phone No: 044-2833 2115 E-mail: swaran@tvssst.org	Sri Sathya Sai Central Trust, Prasanthi Nilayam - 515 134 Anantapur District, Andhra Pradesh Telefax: +91-8555-287390 E-mail: finance@sssct.org	National Institute of Mental Health & Neurosciences, (NIMHANS) Hosur Road, Lakkasandra, Bengaluru, Karnataka - 560 029 Phone No: 080-2699 5001 E-mail: dirstaff@nimhans.ac.in	Voluntary Health Services Rajiv Gandhi IT Expy, Taramani, Chennai - 600 013 Tamil Nadu Phone No : 044-22541972/74 E-mail: secyvhs.1958@gmail.com
2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promotion of Education, including special education and employment, enhancing vocational skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; and • Rural development projects	Promoting free medical care and other public welfare projects	Promoting education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects;	Health care activities
3	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge. Construction of Convention centre and Maintenance of buildings etc.	Mental health and neuro sciences	Health care activities Stroke Project - centre for Advanced Rehabilitation Specialities
4	Areas in which Projects / Progra-mmes undertaken:				
	Local Area / Others:	• Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills • Mysore and Chamrajanagar • Himachal Pradesh	Sri Sathya Sai Institute of Higher Medical Sciences at Prasanthi Gram, Andhra Pradesh and at Whitefield, Bengaluru, Sri Sathya Sai General Hospital at Prasanthi Nilayam and at Whitefield, Bengaluru and Sri Sathya Sai Mobile Hospital. Prasanthi Nilayam, Puttaparthi ₹ 1 Cr. (ii) Sri Sathya Sai Convention Centre ₹ 1 Cr. (iii) Regular maintenance expenditure ₹ 60 lakhs at Prasanthi Nilayam, Puttaparthi and Whitefield, Bengaluru.	Bengaluru	Hospitals and 14 Mini Health care centers in Chennai and Kancheepuram Districts and at Taramani
	State & District:	• Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts • Karnataka : Mysuru, Bengaluru Urban, and Chamarajanagar districts • Himachal Pradesh : Solan district	• Andhra Pradesh Anantapur district and Karnataka, Bengaluru district	• Bengaluru, Karnataka	• Tamil Nadu - Chennai & Kancheepuram
	Amount outlay (budget) project or programme-wise	₹ 1940 lakhs	₹ 260 lakhs	₹ 64.50 lakhs	₹ 25.00 lakhs
5	Amount spent on the projects or programmes:	₹ 976 lakhs	₹ 260 lakhs	₹ 64.50 lakhs	₹ 25.00 lakhs
6	**Sub-heads:**				
	Direct expenses on projects / programmes:	₹ 1652.99 lakhs (including contribution of the Company of ₹ 976 lakhs)	₹ 100 Cr (including contribution of the Company of ₹ 260 lakhs)	₹ 64.50 lakhs	₹ 25.00 lakhs
	Overheads:	Nil	Nil	Nil	Nil
7	Cumulative expenditure upto the reporting period:	₹ 1652.99 lakhs (including contribution of the Company of ₹ 976 lakhs)	₹ 100 Cr (including contribution of the Company of ₹ 260 lakhs)	₹ 64.50 lakhs	₹ 25.00 lakhs

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

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

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

For and on behalf of the Board of Directors

VENU SRINIVASAN
Chairman and Managing Director and
Chairman of CSR Committee

Chennai
30th April 2019

Annexure - V to Directors' Report to the shareholders

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

Sl. No.	Name of the Director (M/s)	Designation	Ratio to Median Remuneration	% increase in remuneration
1	Venu Srinivasan	CMD	1:304	2%
	Sudarshan Venu	JMD	1:223	25%
	K N Radhakrishnan*	D & CEO	1:61	NA
	H Lakshmanan	NENID	-	NA
	Dr Lakshmi Venu	NENID	-	NA
	Rajesh Narasimhan	NENID	-	NA
	T Kannan	NEID	1:3	39%
	C R Dua	NEID	1:3	39%
	Prince Asirvatham	NEID	1:3	39%
	R Ramakrishnan	NEID	1:3	39%
	Hemant Krishan Singh	NEID	1:3	33%
	Lalita D Gupte*	NEID	1:3	NA
	K Gopala Desikan	CFO	NA	22%
	K S Srinivasan	CS	NA	40%

* appointed on 23rd October 2018

CMD - Chairman and Managing Director; JMD - Joint Managing Director

D&CEO - Director & Chief Executive Officer; CFO - Chief Financial officer; CS - Company Secretary

NENID - Non Executive Non Independent Director; NEID - Non Executive Independent Director

2	The percentage increase in the median remuneration of employees in the financial year;	3%
3	The number of permanent employees on the rolls of Company;	5121
4	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2018-19	9.30%
	b. Average percentile increase in the managerial remuneration in the financial year 2018-19	11%
	There are no exceptional circumstances for increase in the managerial remuneration.	
5	Affirmation that the remuneration is as per the remuneration policy of the Company.	Remuneration paid during the year 2018-19 is as per the Remuneration Policy of the Company

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - VI to Directors' Report to the shareholders

DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE ACT 2013
FOR THE FINANCIAL YEAR 2018-19

S. No.	Name of the body corporate	Nature of relationship	Purpose of loan / acquisition / guarantee / security	Amount of loan / security / guarantee (₹ in Cr)	% to Free Reserves as on 31.03.2019	Purpose for which the loan / guarantee utilised by the recipient
1	PT. TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	110.72	3.40	To facilitate for availing credit facilities
2	TVS Credit Services Limited	Subsidiary	Guarantee	12.50	0.38	

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Annexure - VII to Directors' Report to the shareholders

BUSINESS RESPONSIBILITY REPORT (BRR)

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

Introduction

TVS Motor Company Ltd (TVS Motor or the Company) is one of the largest two-wheeler manufacturer in India, with a revenue of ₹18,217 Cr (2018-19).

The Business Responsibility disclosures in this Report illustrate the Company's efforts towards creating an enduring value for all stakeholders in a responsible manner. This Report is aligned with National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG) released by Ministry of Corporate Affairs, and is in accordance with Regulation 34(2)(f) of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). This Report provides an overview of the activities carried out by the Company under each of the nine principles as outlined in NVG.

Section A: General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L35921TN1992PLC022845
2.	Name of the Company	TVS Motor Company Limited
3.	Registered office address	"Jayalakshmi Estates", 29, Haddows Road, Chennai - 600 006
4.	Website	www.tvsmotor.com
5.	E-mail id	contactus@tvsmotor.com
6.	Financial Year reported	2018-19
7.	Sector(s) that the Company is engaged in (Industrial activity code - wise)	Manufacture of two-wheelers and three-wheelers

NIC Code	Description
30911	Motorcycles, Scooters, Mopeds
30912	Three-wheelers
30913	Parts & Accessories

8.	Three key products/ services that the Company manufactures/provides	1. Two-wheelers 2. Three-wheelers 3. Parts & Accessories (Please refer to Company's website for complete list of its products)
9.	Total number of locations where business activity is undertaken by the Company:	

i. Number of International Locations - TVS Motor does not have any manufacturing unit outside India. However, its overseas subsidiary viz., PT TVS Motor Company Indonesia has a manufacturing facility in Karawang at Indonesia.

ii. Number of National Locations -

A. The Company has three manufacturing locations as under:

1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India.
2. Post Box No. 1, Byathahalli Village, Kadakola Post, Mysuru - 571 311, Karnataka, India.
3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh, Solan District - 174 101, Himachal Pradesh, India.

B. The Company has Area Offices across pan India.

C. The sales and marketing office of the Company is situated at TVR Pride, No.383, 16th Main, 3rd Block, Koramangala, Bengaluru 560 034, Karnataka, India.

10.	Markets served by the Company - Local/State/National/ International	TVS Motor's vehicles and services cater to the entire Indian market. The Company's vehicles are already being marketed in several countries in Asia, ASEAN, LATAM and African countries.

Section B: Financial details of the Company

1.	Paid up Capital (INR)	₹ 47.51 Crores
2.	Total Turnover (INR)	₹ 18,217 Crores (Standalone figure)
3.	Profit after tax (INR)	₹ 670.14 Crores (Standalone)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of net profit	₹ 13.25 Crores (Being more than 2% of the average net profits for the three immediately preceding financial years)
5.	List of activities in which expenditure in 4 above has been incurred	• Eradicating hunger, poverty, promoting preventive health-care and sanitation and making available safe drinking water; • Promoting education, including special education and employment enhancing vocational skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • Ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; • Rural development projects; and • Health care activities.

Section C: Other Details

1.	Does the Company have any Subsidiary Company / Companies ?	Yes. The Company has ten subsidiaries in India and eight subsidiaries abroad as on 31st March 2019.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company ? If yes, then indicate the number of such subsidiary Company(s)	Yes. The Company positively influences and encourages its subsidiaries to adopt Business Responsibility (BR) initiatives. All the Company's subsidiaries are guided by the Company to conduct their business in an ethical, transparent and accountable manner. It encompasses suppliers, customers, employees, government authorities and other stakeholders.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company ? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]	Suppliers, distributors are critical to the Company's operations and supply chain sustainability issues can impact the operations. The Company engages with suppliers through various channels for operational issues and also focuses on emerging and futuristic technologies. The suppliers and vendors are provided awareness on environmental and social issues. The vendor meets are used as a platform to raise awareness on health & safety, environmental and community initiatives of the Company. Special emphasis is laid on skill development and up-gradation of the dealer and channel partner resources.

Section D: BR Information

1. Details of Director / Official responsible for implementation of the BR policy/policies.

S.No.	Particulars	Director	BR Head
1.	DIN	03601690	N.A
2.	Name	Mr Sudarshan Venu	Mr Manu Saxena
3.	Designation	Joint Managing Director	Vice President - DT & Future Mobility
4.	Telephone	044 2827 2233	04344 276780
5.	E-mail id	svenu@tvsmotor.com	Manu@tvsmotor.com

2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Businesses should promote the well-being of all employees.

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 Businesses should respect and promote human rights.

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

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 Businesses should support inclusive growth and equitable development.

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

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy / policies for ?	Y	Y*	Y*	Y*	Y*	Y	N	Y	Y*
2.	Has the policy being formulated in consultation with the relevant stakeholders ?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y (ISO 14001: 2015	-	Y	Y
		All the policies of the Company are in compliance with national / international standards wherever applicable.								
4.	Has the policy being approved by the Board ? if yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Mandatory policies viz., Code of Conduct & Business Ethics, Whistle Blower Policy, CSR Policy, Code of Conduct to regulate, monitor and report Trading by Insiders have been adopted by the board and other operational internal policies are approved by the management.								
5.	Does the Company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	–	Y	Y
		The implementation and adherence to the code of conduct for employees is administered by the HR Department. The CSR policy is administered by CSR Committee in line with the requirements of the Companies Act, 2013. The Environmental, Health and Safety (EHS) policy is overseen by Production Engineering and Enterprise Resource Management Departments.								
6.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The internal policies have been communicated to all stakeholders and the same are available on the Company's intranet. Mandatory policies are available on the Company's website in the following link www.tvsmotor.com/policies-adopted-by-the-board.								
7.	Does the Company have in-house structure to implement the policy / policies	The Company has an established in-house structures to implement these policies.								
8.	Does the Company has a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	The whistle blower mechanism provides employees to report any concern or grievances pertaining to any potential or actual violation of the Company's Code of Conduct, which covers all aspects of BRR. Each of the policies formulated by the Company has an in-built grievance and redressal mechanism.								
9.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The implementation of the Company's Code of Conduct and other policies are reviewed through internal audit function. The Quality, Safety & Health and Environmental policies are subject to internal and external audits as part of certification process and continuous assessments. All policies adopted by the Company for ensuring the orderly and efficient conduct of business including adherence to Company's policies have been evaluated annually by an independent external agency as a part of internal financial control requirement.								

* The policy is embedded in the Company's Code of Conduct and Quality and Environment policies which *inter alia*, relates to safe and sustainable products.

2a If answer to Sr. No.1 against any of the Principle is 'No', please explain why: (Tick upto 2 options)

S. No.	Question	Business Ethics	Product Responsibility	Well being of employee	Stakeholders engagement	Human Rights	Environment	Public Policy	CSR	Customer relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principle	–	–	–	–	–	–	–	–	–
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	–	–	–	–	–	–	–	–	–
3.	The Company does not have financial or manpower resources available for the task	–	–	–	–	–	–	–	–	–
4.	It is planned to be done within next 6 months	–	–	–	–	–	–	–	–	–
5.	It is planned to be done within the next 1 year	–	–	–	–	–	–	–	–	–
6.	Any other reason (please specify)	P7 The Company through the various industry forums endeavors to promote growth and technological progress, economic reforms, inclusive development policies and sustainable business principles. Therefore, there is no need for such policy.								

3. Governance Related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The CEO and Senior Management reviews the BR performance of the Company through their monthly review meetings. The action points that emerge from the discussions at these meetings are reviewed in subsequent meetings to ensure their closure.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The BR Report is available as part of the Annual Report. The BR report is published annually. The same can be viewed at https://www.tvsmotor.com/pdf/BUSINESS-RESPONSIBILITY-REPORT-2019.pdf.

Section E : Principle-wise Performance

Principle 1: Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes.

The Company acts with integrity in accordance with its core principles of Trust, Value and Service. TVS Motor has adopted a separate Code of Business Conduct and Ethics (CoBC) which specifically pertains to the Company's directors and senior management personnel one level below the Board, including all the functional heads.

The CoBC is devised to enable the directors and senior management personnel to strive to perform their duties with highest standards of integrity, accountability, confidentiality and independence. A declaration of the directors and senior management personnel towards annual affirmation to the CoBC is communicated to all stakeholders by the Chairman and Managing Director, through the Annual Report.

TVS Motor has a well-defined Code of Conduct (CoC) for its employees. All employees are provided a hard copy of the CoC during induction / training. The CoC is intended to guide the employees in treatment of one another, as well as their interaction with customers, suppliers, partners, public officials and other stakeholders.

The principles laid down under the CoC are implemented effectively to drive ethical behaviour at all levels. The Company ensures compliance of ethical standards by its vendors and contractors through appropriate clauses in its work contracts to which they are obligated. All suppliers working closely with employees are expected, in their contracts, to understand and comply with this policy.

TVS Motor is committed to transparency in its financial reporting. TVS Motor cooperates fully with its auditors and under no circumstances withholds information from them. A robust system for financial controls and processes is maintained to ensure the accuracy and timeliness of financial reporting.

The CoC is implemented and monitored on a regular basis through several mechanisms:

1. On-going training to employees
2. Whistle Blower policy
3. Prohibition of Insider Trading
4. Policy on Fair disclosure of material information
5. Regular updates to Senior Management

The code of conduct to regulate, monitor and report trading by insiders adopted for regulating, monitoring and reporting Insider Trading by designated persons as defined under this Code.

Whistle Blower Policy provides a mechanism for stakeholders of TVS Motor to report their genuine concerns or grievances concerning violations of any legal or regulatory requirements either under the applicable statutes including instances of unethical behaviour, or suspected fraud or violation of CoC or ethics policy, incorrect or misrepresentation of any financial statements, reports, disclosures, etc to the Management.

There are adequate measures taken to ensure safeguards against victimisation of employees who avail whistle blower mechanism. There is also a provision for direct access to the Chairman of the Audit Committee in exceptional cases.

TVS Motor is committed for highly ethical practices in dealing with suppliers, awarding business purely based on merit, strong internal control systems, well defined procedure and approval work flow for source selection and price settlements.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year under review, the Company has not received any complaints with regard to violation of the Code of Conduct.

Principle 2: Product Life Cycle Sustainability

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

To address the environmental concern, about 24 projects have been executed in products towards achieving weight reduction and thereby to conserve natural resources. In Apache RR 310, hazardous chemicals which affect human health, aquatic life and environment have been identified and actions have been taken to eliminate them. Additional projects are taken up to eliminate paint application. Alternate coatings have been used to replace paint. Conversion of metallic parts to recyclable plastics and use of recycled plastics are being continuously pursued in vehicles viz., Apache, Star City, Victor and Jupiter without affecting performance, durability and statutory requirements. Noble metal loading (Pt, Rh and Pd) has been optimized in catalytic convertors without affecting emission performance.

Actions have also been taken to reduce the vehicle exhaust emissions (HC, NOx) upto 70% in all the Company's products by adopting advanced technologies for weight reduction, friction reduction and optimized fuelling to meet BS VI norms. Further, CO_2 emission reduction upto 50 % will be implemented from Q2 FY 2019-20 onwards.

Motorcycles compatible with E85 fuel (15% Gasoline and 85% Ethanol blended fuel) have been developed in R&D to meet future needs. Towards achieving zero emissions, development of EV vehicles is in pipeline.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product:**

   (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

   Standardization of grades and materials across all models has resulted in energy savings and conservation of natural resources.

   To achieve weight reduction in vehicles, TVS Motor is using lighter materials like aluminium and plastics in place of steel. This has increased the fuel economy of the vehicle, thus conserving both raw material resources and fuel.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   By use of newly developed friction reduction oils in scooters and extending oil drain intervals from 3000 km to 6000 km, both fuel and oil consumption have been reduced. It is estimated that about 1.3 million liters of engine oil and 2.92 million liters of gasoline have been conserved.

   The Company continuously works on improvement of fuel economy which helps in conservation of fuel during the use phase and reduces the impact on the environment.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

   Yes. The Company has encouraged its suppliers to get TS certification and ISO14001 certification. The expiry dates of certificates are being tracked and monitored at regular intervals by effectively using SAP system. Online auto reminders are sent to suppliers 90 days in advance. TVS Motor has taken many initiatives to ensure sustainable sourcing. As a commitment to sustainable sourcing, TVS Motor has migrated to internationally recognized Automotive Quality Management System - IATF 16949:2016.

   Approved tier 2 supplier list is circulated to all tier 1 suppliers for doing special process, viz plating, painting, powder coating & heat treatment. For better control and sustainability, periodical system audits at our tier 1 suppliers & special process audit @ tier 2 suppliers are being conducted.

   Total Productive Maintenance (TPM) clusters are formed with major suppliers to promote TPM culture across suppliers. External consultants are engaged for TPM activities. The TPM journey is monitored and reviewed on a monthly basis. With TPM, Company drives Productivity, Quality, Cost, Delivery, Safety and Morale with total employee participation. This will support suppliers to improve their sustainability and robustness.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   Towards localization of sourcing, the Company encourages suppliers (Tier-1s) to set up manufacturing facilities closer to the Company's plant locations.

   Major suppliers have set up manufacturing facilities near TVS Motor plants. The Tier-1 suppliers in turn source their requirements from smaller producers(Tier-2) located in nearby areas. The small producers and local community benefit from this.

   TVS Motor focuses on building and enhancing capabilities of the supply chain through training and support for improving productivity and quality. The training covers topics like quality management, TPM etc

   Currently, TVS Motor is buying more than 50% of its requirements through local sources. TVS Motor also actively encourages SHGs (Self Help Group) for supply of indirect material including some canteen requirements. The current procurement from Small Scale Industries is 10% of buying value.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Products

In the product design stage, efforts have been taken to increase product Reusability, Recyclability and Recoverability (RRR) rate and currently it is about 93%. On the plastic parts of the vehicles, the material grade and recyclability symbol are marked for easy identification during segregation and recycling. TVS Motor has plans to prepare systematic manual for dismantling during End-of-Life Vehicles. These proposed manuals to be circulated to authorized dismantling centers for proper de-pollution of vehicles, dismantling and segregation of components and safe disposal of vehicles. This will help in reduction of environmental degradation and wastes going to landfill.

Company is making efforts to use recycled input materials in our products, reducing the demand for virgin material and contributing to the conservation of the global resource base. In all of the Acrylonitrile Butadiene Styrene (ABS) plastic parts, upto 5% of regrind material by mass is added. In Poly Propylene (PP) plastic parts, upto 15% of regrind material by mass is added. Further, 100% recycled PP is used in some of our components. Plans are made to increase usage of recycled plastics. Upto 40 % of foundry returns are being re-used in aluminium foundries for some of the components, thereby conserving precious resources and energy.

Process

In process design all efforts have been taken to minimize the generation of waste by introduction of clean technologies viz., water based CED process; powder coating, etc.

The new paint plant in plant-2 has been incorporated with a dry booth to overcome the usage of water.

2W paint plants in Hosur and Mysuru have VOC abatement in paint baking oven through RTO (Regenerative Thermal Oxider). The waste heat from RTO is recovered and used back for process bath heating.

Packaging

Packaging material increases our material footprint and also adds to the energy requirement during logistic. We have been proactive in reducing our packaging material consumption by instituting several practices to minimize consumption.

For example- carton separator in engine packaging has resulted in 6.5 tons of paper usage per annum. Use of alternate material viz., recyclable plastics has saved 1800 tons of wood per annum.

Waste

- A portion of used thinner is distilled and reused back in the flushing during Paint application.
- The Industrial effluent is treated and recycled through Reverse Osmosis & reused back in the process.
- The treated sewage is used for gardening within the premises (100%). A small portion of treated sewage is also used for toilet flushing.
- The solid wastes which are hazardous in nature viz., chemical sludge are used as raw materials in Cement Industry (Co-processing).
- Paint sludge and waste containing oil is used for co-incineration (partial replacement to coal) in the cement industry.
- Used engine oil which is removed from the 3W-Export vehicles is being recycled and reused.
- Other category of used oil viz., treated coolant, hydraulic oil is sent to authorised recycling agency.
- Kitchen and garden wastes are bio-composted and utilized as manure inside factory. A small portion of kitchen waste is converted as biogas and used in the kitchen.

Principle 3: Employee Wellbeing

The Company gives top priority for the employees to ensure their safety and welfare measures. The Company has put in place various policies and measures to ensure the same.

All the employees are provided with subsidized food (breakfast, lunch, snacks and tea) and transportation. Uniform is standardized across all levels/grades.

Occupational Health Centre (OHC) is available on 24/7 hour basis and is operating for medical check-up/health of the Company's employees.

TVS Motor has provided extended mediclaim policy coverage for the benefit of its employees and their family members. Flexi-time benefit for the employees is also provided.

Crèche facility is in place for the benefit of employee's children.

TVS Motor gives training to all its employees on a rotational basis to equip them and deliver the best. Learning Convention is conducted every year to promote and nurture learning in the Company.

1	Total number of employees on roll	5,121 as at 31st March 2019
2	Total number of employees hired on temporary / contractual / casual basis.	9,077 as at 31st March 2019
3	Number of permanent women employees	275 as at 31st March 2019
4	Number of permanent employees with disabilities	15
5	Employee association recognised by management?	The Company has one Labour Union representing the interests and welfare of all union employees / workmen. Union elections are held once in 4 years as per the by-laws of the Union. The Company maintains a good and cordial relationship with the Union.
6	Percentage of permanent employees who are members of this recognised employee association?	100% of permanent employees in the workers grade are members of the Union.
7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	NIL
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees - 95% (b) Permanent Women Employees - 100% (c) Casual/Temporary/Contractual Employees - 100% (d) Employees with Disabilities- NIL	The Company has established TVS-IQL for training the employees and making them competent in the role they are performing along with training them to handle the next role in line. Safety training involving road safety, first aid and fire safety, etc., is conducted for the employees.

Principle 4: Stakeholder Engagement

1. Has the Company mapped its internal and external stakeholders?

Yes. The Company has mapped its internal and external stakeholders in a structured way and carries out engagements with investors, employees, customers, suppliers, government, regulatory authorities, trade union and local community. The Company follows a system of timely feedback and response through formal and informal channels of communication to ensure that the stakeholder information remains current and updated.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Yes, the Company has identified marginalized and disadvantaged groups through need assessment in all the villages where it works by engaging with the local communities.

   Such marginalized and disadvantaged communities includes villagers and economically deprived children and women who are in great need of care and protection.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   TVS Motor goes beyond its business activities to create social impact through its diverse initiatives and is working towards improving lives of India's marginalised and vulnerable communities.

   TVS Motor has taken initiatives under CSR focusing on key areas of Economic Development, Health, Education, Infrastructure, Environment and Social & Cultural Development.

   TVS Motor continuously strives to achieve total inclusiveness by encouraging people from all sections of the community irrespective of caste, creed or religion to benefit from its CSR initiatives which would also be focused around communities that reside in the proximity of the Company's various manufacturing locations in the country.

Principle 5: Human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   TVS Motor does not have a stated Human Rights Policy.

   TVS Motor has put in place a Code of Conduct which is applicable to all the employees to adhere and uphold the standards contained therein.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   During the year under review, TVS Motor has not received any complaint from any stakeholders.

Principle 6: Environmental

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers / Contractors / NGOs / others.**

   TVS Motor has corporate EHS Policy that commits to provide support to suppliers, dealers and contractors in adopting sound EHS practices. All manufacturing sites of TVS Motor has been certified with ISO 14001:2015 & OSHAS 18001:2007 standards.

   TVS Motor is promoting the certification of all its key stakeholders- suppliers, dealers and contractors. The certification is tracked and monitored on regular intervals through SAP. The online system triggers are sent to suppliers on re-certification.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   TVS Motor's EHS Policy, have commitment to combat climate change by improving energy efficiency and use of renewable energy. The strategies, the activities carried out and the results achieved are explained in 6.4.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes. TVS Motor is certified under ISO 14001: 2015 standard and has laid down procedure for Risk identification, assessment and mitigation.

Risk Identification and Assessment

The identification of risks and opportunities is through a formalized process across all manufacturing and supporting functions. The input for identification of risks and opportunities are:

- Significant aspects with score equal to and more than 36.
- Significant aspects due to Emergency conditions, Legal requirements and Interested Party Concern.
- Internal and External issues.
- Environmental conditions.
- Needs and Expectations of Interested parties.

Risk Mitigation and Monitoring

The severity of any particular risk is assessed along with the concerned departments qualitatively and the risk mitigation measures like adopting best available technology, implementation of objectives, improvement of compliance management process, adopting effective engineering controls are proposed and implemented.

Risks and effectiveness of its management are reviewed and reported to the top management based on severity.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Following actions have been carried-out towards this:

TVS Motor has its own captive power plant (CPP) and towards reducing fossil fuel consumption, "Waste Heat Recovery System" was implemented in CPP between 2002- 2012. Total emission reduction due to this implementation at Hosur and Mysuru along with other energy efficient initiatives was 11,410 ton of CO_{2eq} per annum.

TVS Motor has switched over from fossil fuel (CPP) to EB power during 2013. At this juncture as an alternate to EB power, TVS Motor invested in 7.2 MW wind power. Over the years, TVS Motor has invested in group captive mode to the tune of 35 MW and the share of renewable power contributed to 60% during 2018-19.

Through sustained efforts towards renewable energy, TVS Motor has implemented roof top Solar power 5.0 MW, Heat pumps 400 KW, Solar water heating 400 KW for engine preheating, solar air heating 46 KW and compressor waste heat recovery for its various process applications.

With all these clean development mechanism (CDM) initiatives, the Renewable power contributes to 60% in overall share of TVSM power.

Introduction of overhead conveyor for 3W-chassis transport from supplier to 3W plant has reduced carbon emission of 119 MT/annum.

Compressed air optimizations; reduction of holiday power consumption; optimal utilisation of plant and equipment; IOT based 'Energy Management System' & implementation of various energy saving projects have contributed in reduction of specific power consumption significantly.

5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Clean Technology:

Estimation of CO_2 emissions from cradle to grave has been started at product development stage itself. This will eventually help us to track and monitor emissions during entire life cycle of product.

TVS Motor has developed motorcycles compatible with ethanol blended gasoline, such as E85 and concept vehicles using M15 fuel have been developed. Collaborative projects have been taken up with IOC R&D and ARAI to fine tune and adopt M15 fuel in our vehicles.

TVS 3-wheeler, CNG variant is already in the market to reduce CO_2 emissions as compared to conventional fuel variant. To further reduce the tailpipe emissions, the Company has developed hybrid scooters which use battery and gasoline. Towards achieving zero tailpipe emissions, TVS Motor is developing electric vehicles.

TVS Motor has taken proactive initiative to minimize usage of hexavalent chromium, which is carcinogenic. Also, we are moving towards compliance of RoHS for electrical parts. Hence, health hazard risk and environmental contamination are avoided. Two of our products are meeting and exceeding REACH regulatory requirements by eliminating hazardous chemicals and tracking using IMDS. Other products are being aimed to be REACH compliant by eliminating hazardous chemicals listed in the document.

New paint plants are with clean fuels like LPG / Propane and are direct fired. In process design all efforts have been taken to minimize the generation of waste by introduction of clean technologies viz., water based CED process; powder coating etc. Paint transfer efficiency is improved by using robotic atomizers, electrostatic spray guns, floor conveyor system, conductive primer for the plastics etc. High solid paints are being used to reduce Volatile Organic Compounds (VOC) emission. Usage of poly-urethane paints for metal parts in Hosur 2W plants have reduced the baking temperatures from 140^{o}C to 80^{o}C.

TVSM is gradually migrating to cleaner fuel Propane which has 2% higher calorific value as compared to LPG. The bulk storage method of Propane has been changed from regular above ground bullet to much safer covered mound thus preventing harmful phenomenon named BLEVE (Boiling liquid expansion vapour explosion)

Energy efficiency:

Conventional lighting is changed over to energy efficient LED lighting across the Company. Further all expansion projects are with energy efficient LED lighting technologies including office areas. Buildings are designed with natural lightings and ventilation with daylight harvesting to conserve energy. Replacement of fluorescent lamp with LED lamp in all engine assembly lines has reduced power consumption by 30 %. Powerless lowering of lifts has resulted in saving of 3750 KW per annum. Power consumption in compressor was reduced by optimizing system pressure.

Energy efficient motors are used in all places and the motors having capacity more than 10 HP are equipped with Variable Frequency Drives as a standard feature.

Occupancy sensors for fans & lighting, auto cut-off for hydraulic motors and compressed air are implemented across the Company and have resulted in energy savings.

Renewable energy:

Details as mentioned in Principle 6 Question 4.

Initiatives at Dealership:

To reduce the paper usage at the dealerships, we have implemented the "DIGI- Workshop" at 150 locations. This has eliminated the paper Job Cards & all the tracking registers. It will be horizontally deployed in other dealers.

Across 600+ dealerships, Multi Roller Test Bench (MRTB) machines have been introduced to confirm the mileage in place of road test. This has reduced pollution load to environment to a large extent.

To conserve the natural resource viz., water by about 40%, automation is being implemented for vehicle washing at dealer end.

6. **Are the Emissions / Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

Yes. All parameters of emission / waste generation by the Company conform to the prescribed norms.

Towards compliance management, the measurement of ambient VOC is made online to Care Air Centre of Tamil Nadu Pollution Control Board; Direct in-situ measurement of key parameters like pH, Chemical Oxygen Demand (COD), Biological Oxygen Demand (BOD), Total Suspended Solids (TSS) were introduced in Sewage Treatment Plant, Hosur. The forms and returns under applicable Environmental Acts and Rules were made online.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil. No show cause notices have been issued by the concerned authorities.

Principle 7: Policy Advocacy

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   TVS Motor is member of:

   - Confederation of Indian Industry (CII);
   - Society of Indian Automobile Manufacturers (SIAM)
   - Automotive Research Association of India (ARAI)
   - SIAM - HCG (Human Capital Group)
   - Bangalore Chamber of Commerce
   - Employee Federation of India
   - Indo Japanese Chamber of Commerce and Industry
   - National Safety Council

2. **Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   TVS Motor, through various industry associations, participates in advocating matters relating to advancement of the industry and public good.

   TVS Motor 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.

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

Principle 8: Inclusive Growth

1. **Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes. As given in the Annexure IV of the Company's Annual Report 2018-19.

2. **Are the programmes / projects undertaken through in- house team / own foundation / external NGO/ government structures / any other organization?**

   SST, the CSR arm of the Company does its work by its own in house team and also through other implementing agencies.

Area	Implementing Agency
Promoting Education	Srinivasan Services Trust
Economic Development, Health care, Quality education, Environment and Infrastructure	Srinivasan Services Trust Voluntary Health Services
Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	Sri Sathya Sai Central Trust Voluntary Health Services
Health care activities	
Mental health and neurosciences	National Institute of Mental Health and Neurosciences

3. **Have you done any impact assessment of your initiative?**

   Yes. We believe that every activity should result in some impact. We have measurable parameters for all our activities in all the 5 focus areas viz., Economic development, Healthcare, Quality Education, Infrastructure Development and Conservation of Environment. These are constantly checked by our internal audits system. External evaluation is also being done to validate the impact.

   What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

S.No	Project	Amount
1.	Promoting Education	₹ 13.25 Cr.
2.	Economic Development, Health care, Quality education, Environment and Infrastructure	
3.	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge.	
4.	Health care activities.	
5.	Mental health and neurosciences	

4. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   Yes.

   SST enables communities to take ownership of the development effort. For this their participation is essential. They participate both physically and financially. SST involves the community in all its efforts and make people reaching the desirable levels of economic development, health, education and environment. By making them reach the desirable development status , the community is confident and is ready to take the responsibility of continuing with their effort.

Principle 9: Customer value

The Company continues to provide value to its Customers by increased dealer engagement and improving service penetration, besides improvement in its products.

The Customer Relationship Management (CRM) system - TVS Motor Dealer Online System (DON) has been successfully deployed at all dealerships across India.

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

   TVS Motor sold 3.20 Cr number of two wheelers since 2001-02 to March 2019 and 1.66 Lakh number of three wheelers since 2007-08 to March 2019; 260 number of consumer cases are pending in District Forum and 48 number of appeals in State Commission under Consumer Protection Act, 1986. Total 3.22 Cr of vehicles sold, of which we have a total of 308 consumer cases pending, which works out to a percentage of 0.0009 %. The Company has Customer Relationship Management System (CRM) through which the Company interacts with customers and collects their feedback, which has influence over its product and service improvements.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

TVS Motor Company provides the important information about products to the customers on timely basis through advertisements / leaflets, etc.

Necessary technical information and product usage instructions are provided in the Product Owner's Manual cum Service manual. This manual is provided to every customer on purchase of vehicle and contains information relating to safety, operation and maintenance of the vehicle. At the time of vehicle delivery, technical features of the vehicle are explained to the customer. Product related information is also available on the Company's website. Maintenance tips, service reminders are provided at regular intervals. Sticker is pasted on the vehicles indicating the tyre pressure that has to be maintained. Precautionary sticker is pasted indicating oil not to be mixed with petrol. As a safety measure, a label advising to wear helmet while riding is also pasted.

The service technicians / mechanics of the Company's dealers are trained in the Product Training Centers regularly. Frequent audits are conducted by external agency to ascertain effectiveness of aftersales service provided by dealers to consumers.

On a routine basis, the Company's service department managers visit the dealership service centers, gives onsite training to dealers' service mechanic / technicians, meeting the consumers and resolving customer's complaints over product usage. Right from the delivery of vehicle, the Company takes necessary customer care through well established after sales service system.

For grievance handling, TVS Motor has provided dedicated toll free helpline. Details are also provided for area offices address and contact numbers, where customers can contact.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

There have been no cases relating to unfair trade practices, irresponsible advertising and / or anti-competitive behavior against TVS Motor in the last five years.

4. Did your company carry out any consumer survey / consumer satisfaction trends?

TVS Motor proactively engages in understanding consumer needs and expectations so as to serve them better. The Company regularly obtains feedback from consumers on areas of satisfaction & similarly on their concerns or areas of dis-satisfaction. So as to avoid any bias in data collection, independent world reputed third party agencies are engaged to hear the consumer voice without prejudice and report this back to the Company. TVS Brands have secured the top positions in customer satisfaction as well as in service satisfaction in a highly competitive industry and that too with consistency over the last few years.

For and on behalf of the Board of Directors

Chennai
30th April 2019

VENU SRINIVASAN
Chairman

Report on Corporate Governance

1. Company's philosophy on code of governance

As a TVS Group Company, 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, Passion for Customers and Exactness.

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'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:

As on 31st March 2019, the total strength of the board was Twelve. As the Company has an Executive Chairman, Mr Venu Srinivasan Chairman and Managing Director (CMD), the Board is required, in terms of the Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Listing Regulations), to have half of the Board shall comprise of independent directors including atleast one independent Woman Director.

During the year under review, the Board at its meeting held on 23rd October, 2018 has appointed Mrs Lalita D Gupte as an Additional and Non-executive Independent Director of the Company and also appointed Mr K N Radhakrishnan, as an Additional Director. At the same meeting, Mr K N Radhakrishnan was appointed as Director & CEO in the rank of Whole Time Director for a period of five years, effective that date and his appointment and other terms of remuneration were approved by the Shareholders through Postal Ballot on 5th March, 2019.

The Board at its meeting held on 30th April 2019 appointed Mr R Gopalan, as an Additional and Non-executive Independent Director of the Company, based on the recommendation of the Nomination and Remuneration Committee.

The Board has seven Non-Executive Independent Directors (NE-ID) viz., M/s T Kannan, C R Dua, R Ramakrishnan, Prince Asirvatham, Hemant Krishan Singh, Lalita D Gupte and R Gopalan and three Non-Executive Non-Independent Directors (NE- NID), viz., M/s H Lakshmanan, Dr. Lakshmi Venu and Rajesh Narasimhan. Mr Venu Srinivasan, CMD, Mr Sudarshan Venu, Joint Managing Director (JMD) and Mr K N Radhakrishnan, Director & CEO are the Executive and Non-Independent Directors. Thus, the composition of the Company's Board is in conformity with the Listing Regulations.

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

As required under Regulation 17 of the Listing Regulations, the Company has appointed Mrs Lalita D Gupte as Non-executive Independent Woman Director effective 23rd October 2018.

As required under Regulation 16 of the Listing Regulations, it is also ensured that IDs do not hold NE-NID position in another company, where any NE-NID of the Company is an ID.

The Company has got necessary approval of the Shareholders by way of special resolution for appointing / re-appointing / continuing to be a director on the board beyond the age of 75 years at the 26th AGM held on 7th August 2018 through Postal Ballot on 5th March 2019.

In accordance with the provisions of the Act, 2013 and the Articles of Association of the Company, since Mr Sudarshan Venu and Mr Rajesh Narasimhan Directors have been the longest in office, are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

The resolutions seeking approval of the Members for the re-appointment of Mr Sudarshan Venu and Mr Rajesh Narasimhan, as directors, appointment of Mrs Lalita D Gupte, as Non-Executive Woman - Independent Director, and Mr R Gopalan as Non-Executive Independent Director for the first term of five consecutive years from the respective date of their appointment by the Board and

Mr K N Radhakrishnan as Non Independent Director have been included in the Notice of AGM.

2.2 Board meetings:

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

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

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

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

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

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 2018-19, the board met five times viz., 16th May 2018, 7th August 2018, 23rd October 2018, 22nd January 2019 and 11th March 2019, and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting on 11th March 2019, in compliance with the provisions of the Act, 2013 and Regulation 25(3) of the Listing Regulations. All the NE-IDs were present at the meeting.

2.3 Attendance and other directorships:

The details of attendance of the directors at the Board meetings during the year and at the last AGM held on 7th August 2018 and other directorships and committee memberships / chairmanships as on 31st March 2019 are as follows:

Name of the Director (M/s)		Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
			Board Meetings	Last Annual General Meeting	Other director-ships*	Committee member-ships**	Committee chairman-ships
Venu Srinivasan	(DIN 00051523)	CMD	5	Yes	17	3	-
Sudarshan Venu	(DIN 03601690)	JMD	4	Yes	4	-	-
H Lakshmanan	(DIN 00057973)	NE-NID	5	Yes	18	4	2
R Ramakrishnan	(DIN 00809342)	NE-ID	5	Yes	11	2	1
Dr. Lakshmi Venu	(DIN 02702020)	NE-NID	5	Yes	8	1	-
T Kannan	(DIN 00040674)	NE-ID	5	Yes	7	2	1
C R Dua	(DIN 00036080)	NE-ID	5	No	13	2	1
Prince Asirvatham	(DIN 00193260)	NE-ID	4	No	2	1	-
Hemant Krishan Singh	(DIN 06467315)	NE-ID	5	Yes	-	-	-
Rajesh Narasimhan	(DIN 07824276)	NE-NID	4	Yes	1	-	-
K N Radhakrishnan	(DIN 02599393)	D&CEO	3	Yes	3	1	-
Lalita D Gupte	(DIN 00043559)	NE-ID	3	-	5	6	2

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

* includes private companies and companies incorporated outside India.

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

Mr R Gopalan appointed as NE-ID of the Company effective 30th April 2019.

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 Listing Regulations, as per the disclosures made by the Directors. CMD, JMD and Dr. Lakshmi Venu are related to each other. None of the other Directors on the Board is related to any other Director on the Board.

2.4 Listed entities in which the directors hold position as director other than the Company and category of directorship as on 31st March 2019:

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

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

2.5 Access to information and updation to Directors:

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

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the Statutory Auditors of the Company are placed and discussed with functional heads, by the Committee / Board. The Board also reviews the declarations made by the 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 NE-IDs includes plant visit for detailed understanding of manufacturing process / activities of the Company.

The details of familiarization program are available on the Company's website with the following link: https://www.tvsmotor.com/pdf/TVSM-Familiarisation-Program.pdf.

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 asses 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).

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 Code has been communicated to Directors and the Senior Management Personnel. The Code has also been displayed on the Company's website in the following link: https://www.tvsmotor.com/pdf/Code-of-Business-Conduct-and-Ethics.pdf.

All the Members of the Board and Senior Management Personnel have confirmed compliance with the Code for the year ended 31st March 2019. The Annual Report contains a declaration to this effect signed by the Chairman and Managing Director.

2.9 Appointment / Re-appointment of Directors:

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

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 performances were reviewed regularly. 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 judgement 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 ₹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 31st March 2019, the Committee consists of the following NE-IDs viz., M/s T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham.

The composition of the Committee is in accordance with the requirements of the Regulation 18 of the Listing Regulations read with Section 177 of the Act, 2013. Mr T Kannan, is the Chairman and Mr K S Srinivasan, Company Secretary acts as the Secretary of the Committee.

Chairman of the Committee was present at the last AGM held on 7th August 2018 to answer shareholder queries.

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 Meeting	Members present (M/s)
15.05.2018	T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham
06.08.2018	T Kannan, C R Dua, R Ramakrishnan
22.10.2018	T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham
21.01.2019	C R Dua, R Ramakrishnan and Prince Asirvatham

4. Subsidiary companies

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

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

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

The Board 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'. The Board at its meeting held on 30th April 2019 redefined the term "material subsidiary" in line with the amended Listing Regulations and thereby material subsidiary means a subsidiary whose income or net worth exceeds 10% (from the current 20%) of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

However, for the requirement of appointment of independent directors on the boards of material subsidiaries, the threshold of 20% of the consolidated income or net worth has not been changed.

Copy of the said policy is available on the Company's website in the following link https://www.tvsmotor.com/pdf/Material-Subsidiary-Policy-2019.pdf.

For the year 2019-20, the Company's Indian subsidiaries viz., Sundaram Auto Components Limited (SACL), TVS Motor Services Limited (TVS MS) and TVS Credit Services Limited (TVS CS) 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.

As required under Regulation 24 of the Listing Regulations, one of the ID of the Company will act as a Director of the Unlisted Material subsidiary, whose networth / income exceeds 20% of the consolidated income or networth of the Company, viz., TVS CS and the same has been currently complied with.

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

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 2018-19 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 Companies (Indian Accounting Standard) Rules, 2015.

Details of related party transactions are enclosed as part of accounts for the year ended 31st March 2019.

Related Party Transactions 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 on last quarter of the financial year for its approval and recommendation to the Board for its approval, wherever required. RPTs entered during the financial year are reviewed at the 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 two percent of the annual consolidated turnover of the Company as per the previous audited financial statements of the Company.

As per the amended 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 following link https://www.tvsmotor.com/pdf/Related-Party-Transaction-Policy.pdf.

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 as amended from time to time, the Company has adopted "IND AS" with effect from 1st April 2016. Accordingly, the financial statements for the year 2018-19 have been prepared in compliance with the said Rules.

5.3 Risk Management:

The Company has established a 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 31st March 2019, the Committee consists of the following directors viz., M/s T Kannan, R Ramakrishnan, Sudarshan Venu and K N Radhakrishnan.

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

As required under the Listing Regulations, the Committee met on 22nd October 2018 and M/s R Ramakrishnan and K N Radhakrishnan attended the meeting.

The board at its meeting held on 30th April 2019 reconstituted the Committee by appointing M/s Hemant Krishan Singh and Lalita D Gupte, Independent Directors and Mr K Gopala Desikan, Chief Financial Officer as additional members of the Committee.

Scope:

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

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

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

Role:

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

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

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

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

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

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

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

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

5.4 Instances of non-compliances, if any:

There were no instances of non-compliance by the Company or penalty and stricture imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets, during 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 do not have any 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 31st March 2019.

5.7 Compliance with mandatory / non-mandatory requirements:

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

5.8 Code of Conduct for Prevention of Insider Trading:

In compliance with SEBI (Prohibition of Insider Trading) Regulations 2015, as amended, the Company has a comprehensive Code of Conduct for Prevention of Insider Trading and the same is being strictly adhered to by the Designated persons as defined under this Code.

In terms of amended SEBI (Prohibition of Insider Trading) Regulations, 2015, the board at its meeting held on 30th April 2019 approved a policy for the determination of legitimate purposes for which disclosure of Unpublished Price Sensitive Information (UPSI) is permissible in the ordinary course of business and maintaining Structured Digital Database of Designated Persons (DP) for enhanced accountability and control mechanisms for preventing insider trading.

The Company has amended its Code of Practices and Procedures for fair disclosure of and a Code of Conduct to regulate, monitor and report trading by insiders at its meeting held on 30th April, 2019, in accordance with the requirement of SEBI (Prohibition of Insider Trading) Regulations 2015, vide its Notification dated 31st December 2018.

The Code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with the Shares of the Company.

The Company follows closure of trading window from the end of every quarter till 48 hours after the declaration of financial results. The Company has been advising the Designated Persons covered by the Code not to trade in Company's securities during the closure of trading window period.

5.9 Management Discussion and Analysis Report, Familiarization Programme and Whistle Blower Policy:

All the above Report / Policies form part of the Directors' Report.

5.10 Amendment to Whistle Blower Policy.

The Company has at its meeting dated 30th April, 2019 amended the Whistle Blower Policy to enable the employees to report instances of leak or suspected leak of UPSI immediately to the Compliance officer or Chairman of the Audit Committee.

Upon receipt of complaint relating to such leakage/ suspected leakage of UPSI, the same would be investigated in accordance with the procedure as detailed in the Company's Code of conduct under Insider Trading Regulations.

Copy of the said Policy is available on the Company's website in the following link https://www.tvsmotor.com/pdf/Whistle-Blower-Policy-2019.pdf.

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2019, NRC consists of M/s T Kannan and C R Dua, NE-IDs and H Lakshmanan, NE-NID. Mr T Kannan is the Chairman and Mr K S Srinivasan, Company Secretary is 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 Meeting	Members present (M/s)
15.05.2018	T Kannan, C R Dua, H Lakshmanan
22.10.2018	C R Dua, H Lakshmanan
22.01.2019	T Kannan, C R Dua, H Lakshmanan

Chairman of the Committee was present at the last AGM held on 7th August 2018 to answer shareholder queries.

6.2. 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.

6.3 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.

6.4 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.

The performance evaluation of the Board as a whole was assessed based on the criteria like its composition, size, mix of skills and experience, its meeting sequence, effectiveness of discussion, decision making, follow- up action, quality of information, governance issues, performance and reporting by various committees set up by the board.

NRC prescribed a peer evaluation methodology by way of set of questionnaire to evaluate the performance of individual Directors, Committee(s) of the Board, Chairman and the Board as a whole, and the Board carried out the performance evaluation as per the methodology.

The performance evaluation of individual director was carried out based on his / her commitment to the role and fiduciary responsibilities as a board member, attendance and active participation, strategic and lateral thinking, contribution and recommendations given professionally, heading / acting as member of various Committees etc.

The performance of SMP was measured against their achievement of the business plans approved by the Board during and at the completion of the financial year and their annual 'at-risk' remuneration which reflects their business plan achievements. An evaluation of performance has been undertaken based on the criteria for all SMP for 2018-19 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 delegates its authority to CMD, wherever appropriate, for this purpose.

6.5 Remuneration Policy:

The Nomination and Remuneration Policy has been placed on the website of the Company in the following link https://www.tvsmotor.com/pdf/Nomination-and-Remuneration-Policy-2018.pdf. 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.

6.6 Remuneration to directors:

Executive directors:

During the year under review, Mr K N Radhakrishnan, President & CEO was appointed as Director & CEO in the rank of Whole Time Director of the Company effective 23rd October 2018. The shareholders of the Company has approved his terms of appointment and remuneration by way of postal ballot on 5th March 2019.

The remuneration payable to the CMD, JMD and D&CEO is fixed by the Board and are within the limits approved by the Shareholders in terms of the relevant provisions of the Act, 2013.

Particulars of remuneration paid to Executive Directors during the financial year 2018-19:

(₹ in lakhs)

Name of the Directors	Salary / Perquisites, etc.	Commission	Total
CMD	394.68	1982.49	2377.17
JMD	297.12	1444.85	1741.97
Director & CEO*	176.73	300.00	476.73

* from 23rd October 2018 to 31st March 2019

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.

The above remuneration to CMD and JMD are notwithstanding their 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 them from the Company and SCL does not exceed the higher maximum limit admissible, from any one of these two companies. However, JMD has relinquished his JMD position in SCL effective 11th March 2019, since he would not be able to give sufficient time to manage the day-to-day affairs of SCL. However, he continues to serve as a Non-Executive Director of SCL.

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. During the year under review, no employee including key managerial personnel or director or promoter of the Company entered into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities 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.

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, at its meeting held on 15th May 2018, recommended the payment of commission to Non-executive Independent Directors (NE-IDs) for the year 2018-19 within the permissible limit, in terms of the provisions of Sections 197 / 198 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 of the Act, 2013 and as approved by the shareholders at the general meetings held on 14th July 2014 and 11th August 2017.

On 5th March 2019, Independent Directors viz., T Kannan, C R Dua, Prince Asirvatham, R Ramakrishnan and Hemant Krishan Singh, were re-appointed for the second term of five consecutive years on the same terms and conditions including payment of profit related commission, through Postal Ballot. The members' approval sought by way of Special Resolution through the postal ballot for re-appointment of IDs including for those IDs crossing 75 years of age during their second term of Independent Directorship, in terms of Regulation 17 of the Listing Regulations.

A commission of ₹ 25 lakhs was paid to each such IDs, who serve as members of the Audit Committee as well and ₹ 20 lakhs to other IDs for the year 2018-19. The amount of commission for every financial year will be decided by the Board, as approved by the shareholders at AGM held on 11th 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 NE-IDs and it adequately compensates for the time and contribution made by NE-IDs.

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

Mr Rajesh Narasimhan, the non-executive non-independent director of the Company holds the position as Chief Executive Officer of TVS Motor (Singapore) Pte Limited, the subsidiary company effective 1st January 2018. During the year 2018-19, he was paid a remuneration of SGD 16,40,639.

Presently, the Company does not have a scheme for grant of stock options either to the Directors or the Employees of the Company.

6.7 Particulars of sitting fees / commission paid to the Non-Executive and Independent / Non-Independent Directors during the financial year 2018-19 are as follows:

(₹ in lakhs)

Name of the Director (M/s)	Sitting fees	Commission	Total
H Lakshmanan	2.60	–	2.60
Dr. Lakshmi Venu	1.00	–	1.00
T Kannan	2.20	25.00	27.20
C R Dua	2.60	25.00	27.60

Name of the Director (M/s)	Sitting fees	Commission	Total
R Ramakrishnan	3.00	25.00	28.00
Prince Asirvatham	1.80	25.00	26.80
H K Singh	1.20	20.00	21.20
Rajesh Narasimhan	0.80	–	0.80
Lalita D Gupte	0.80	8.80*	9.60

*part of the period from 23rd October 2018 to 31st March 2019.

6.8 Details of shareholdings of Non-Executive Directors in the Company as on 31st March 2019:

Name of the Director (M/s)	No. of Equity shares held
T Kannan	5,000
H Lakshmanan	55,870
R Ramakrishnan	1,08,000
C R Dua	–
Prince Asirvatham	1,000
H K Singh	–
Dr. Lakshmi Venu	–
Rajesh Narasimhan	–
Lalita D Gupte	–

7. Stakeholders' Relationship Committee: (SRC)

7.1 The Stakeholders' Relationship Committee consists of three members viz., M/s Venu Srinivasan and Sudarshan Venu, Executive and Non - Independent Directors and Mr R Ramakrishnan, Non-Executive and Independent Director. Mr R Ramakrishnan, is the Chairman of the Committee and he was present at AGM held on 7th August 2018 to answer shareholder Queries.

7.2 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.

7.3 The meetings of the Committee were held on 16.05.2018, 07.08.2018, 23.10.2018 and 22.01.2019. All the members of the Committee attended the meetings held during the year.

7.4 The Board at its meeting held on 30th April 2019 empowered the SRC to oversee / review additional duties as per the amended Listing Regulations. Accordingly, 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 2018-19:

Nature of complaints	No. of complaints received and redressed
Non-receipt of share certificates	4
Non-receipt of bonus / duplicate share certificates	2
Non receipt of demand draft in lieu of unclaimed dividend warrant	5
Others	7
TOTAL	18

7.6 All the queries and complaints received during the financial year ended 31st March 2019, were duly redressed and no queries were 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

The Corporate Social Responsibility Committee consists of three Directors viz., M/s Venu Srinivasan, H Lakshmanan and Prince Asirvatham. Mr Venu Srinivasan is the Chairman of the Committee.

The details of CSR Policy, initiatives and spending are spelt out in the Directors Report.

During the year, the Committee met on 16th May 2018 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 below:

During the year, Mr Venu Srinivasan and Mr H Lakshmanan attended the meetings held on 5th April 2018, 16th May 2018, 30th August 2018 and 4th January 2019.

10. General body meeting

10.1 Location and time where the AGMs were held during the last three years:

Year	Venue of the meeting	Date	Time
2015-16	The Music Academy, New No.168, (Old No.306) T.T.K. Road, Royapettah, Chennai 600 014	02-08-2016	10.35 AM
2016-17		11-08-2017	10.00 AM
2017-18		07-08-2018	10.35 AM

10.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2015-16 to 2017-18 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2015-16	Nil	02.08.2016
2016-17	(i) Renewing the approval for payment of commission to Non-executive Independent directors, from 1st April 2018. (ii) Appointment of Mr Rajesh Narasimhan, as an Independent Director	11.08.2017
2017-18	Re-appointment of Mr H Lakshmanan as director being above 75 years, who retires by rotation.	07.08.2018

10.3 Postal Ballot:

The Board sought the consent of Shareholders of the Company by way of special / ordinary resolutions through Postal Ballot as per the notice issued to the Shareholders on 31st January 2019 for:

- Re-appointment of M/s T Kannan, C R Dua, Prince Asirvatham, R Ramakrishnan and Hemant Krishan Singh as Independent Directors of the Company for the second term of 5 (five) consecutive years; (Item No. 1 to 5 of the Postal Ballot Notice)
- Approving the Appointment of Mr K N Radhakrishnan as Director & Chief Executive Officer in the rank of Whole-Time Director of the Company for a period of 5 (Five) Years (Item No. 6 of the Postal Ballot Notice).

The special resolutions (Item No.1 to 5) / ordinary resolution (Item No. 6) were passed by the Shareholders of the Company with requisite majority.

The result of the Postal Ballot is given below

Particulars	No. /% of votes cast in favour		No. / % of votes cast against	
Item No.1	37,71,13,172	93.50	2,62,04,105	6.50
Item No.2	37,60,39,961	93.48	2,62,19,310	6.52
Item No.3	37,76,09,138	93.63	2,57,03,876	6.37
Item No.4	37,76,15,773	93.63	2,57,01,626	6.37
Item No.5	40,59,86,215	99.99	49,263	0.01
Item No.6	40,60,25,736	100.00	19,410	–

10.4 Person who conducted the Postal Ballot exercise:

Mr K Sriram, Practising Company Secretary, Chennai was appointed to act as the scrutinizer for conducting the Postal Ballot and e-Voting.

10.5 Procedure for Postal Ballot:

1. The Board of Directors, vide resolution dated 22nd January 2019, had appointed Mr K Sriram, Practising Company Secretary as the scrutinizer.
2. The despatch of the Postal Ballot Notice dated 22nd January 2019 together with Explanatory Statement was completed on 30th January 2019 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members / list of beneficiaries as on 25th January 2019.
3. The said notice of Postal Ballot has been sent on 30th January 2019 in electronic mode to the Members, whose e-mail IDs were registered with the Company or the Depository Participants.
4. The voting under the Postal Ballot was kept open from Monday, 4th February, 2019 at 9.00 A.M. (IST) to Tuesday, 5th March 2019, at 5.00 P.M. (IST). (either physically or electronic mode).
5. Particulars of Postal Ballot forms received from the members using the electronic platform of NSDL were entered in a register separately maintained for the purpose.
6. The Postal Ballot forms were kept under the safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
7. All Postal Ballot forms received by the scrutinizer up to 5.00 p.m. on 5th March 2019 had been considered for scrutiny.

10.6 None of the subjects placed before the shareholders in the last / ensuing AGM required/ requires approval by Postal Ballot. However, in terms of the Regulation 44 of the Listing Regulations and Section 108 of the Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company facilitated its members to exercise their right to vote through remote e-Voting and through Ballot Paper at the meeting for all the items at the AGM held on 7th August 2018.

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.

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 / Makkal kural.

11.3 Website:

The Company has in place a website www.tvsmotor.com. This website contains the basic information about the Company, viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under 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, 22nd July 2019, 10.00 A.M.
Venue	:	The Music Academy, New No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014.

12.2

Financial year	:	1st April to 31st March
Financial calendar	:	2019-2020
Financial reporting for the quarter ending	:	Financial calendar
30th June, 2019	:	on or before 14th August, 2019
30th September, 2019	:	on or before 14th November, 2019
31st December, 2019	:	on or before 14th February, 2020
31st March, 2020	:	on or before 30th May, 2020

12.3 Particulars of dividend payment:

Particulars of dividend declaration / payment are disclosed in the Directors' Report. Dividends were declared in compliance with the Dividend Distribution Policy of the Company.

Dividend distribution policy

SEBI vide its circular No. SEBI/ LAD-NRO/ GN/ 2016-17/008 dated 8th July 2016 mandated the top 500 listed companies based on the market capitalization to formulate Dividend Distribution Policy which shall be disclosed in their annual reports and on their websites.

Accordingly, the Board at its meeting held on 24th January 2017 had formulated a Dividend Distribution Policy, the details of which are available on the Company's website at: https:// www.tvsmotor.com/ pdf/Dividend-Distribution-Policy.pdf in compliance of the said requirement.

12.4 Listing on Stock Exchanges:

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

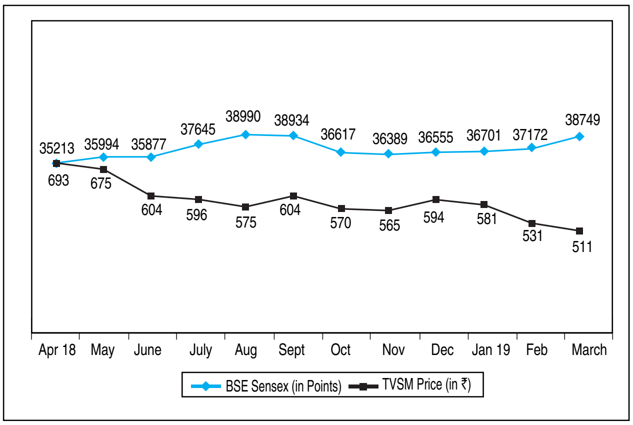
(Note: Annual listing fees and custodial charges for the year 2019-20 were duly paid to the above Stock Exchanges and Depositories)

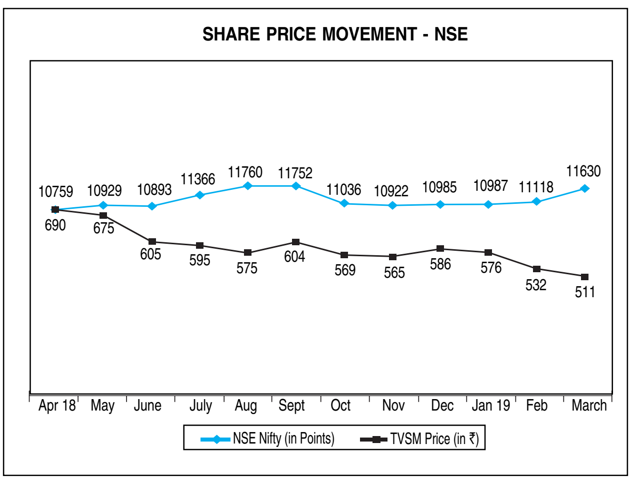
12.5 Market Price Data: (in ₹)

Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2018	690	620	693	620
May 2018	675	537	675	537
June 2018	605	548	604	549
July 2018	595	507	596	507
August 2018	575	508	575	509
September 2018	604	534	604	534
October 2018	569	479	570	479
November 2018	565	522	565	522
December 2018	586	529	594	529
January 2019	576	469	581	470
February 2019	532	448	531	449
March 2019	511	456	511	456

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

SHARE PRICE MOVEMENT - BSE





12.7 Share Transfer Agents and Share Transfer System:

a. Sundaram-Clayton Limited, the holding company, which has been registered with SEBI as Share Transfer Agents in Category II, has been appointed 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 effective 1st October 2004.

b. All matters connected with the share transfer, dividends and other matters are being handled by STA located at the address mentioned in this report.

c. Shares lodged for transfers are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects.

d. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Grievances received from investors and other miscellaneous correspondences relating to change of address, mandates etc., are 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 Regulations, has designated the following e-mail IDs, namely investorscomplaintssta@scl.co.in/ contactus@tvsmotor.com 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 31st March 2019

Category of Shareholder	No. of shares held	%
Promoter and Promoter Group		
Bodies Corporate	27,26,82,786	57.40
Total (A)	**27,26,82,786**	**57.40**
Public Shareholding		
Mutual Funds	5,84,22,329	12.30
Banks / Financial Institutions	13,92,825	0.29
Insurance Companies	1,54,21,219	3.25
Foreign portfolio Investors	7,56,22,772	15.92
Total Institutions (B)	**15,08,59,145**	**31.76**
Bodies Corporate	38,93,966	0.82
Individuals holding nominal capital in excess of ₹ 2 lakhs	35,88,419	0.76
Individuals holding nominal capital upto ₹ 2 lakhs	3,74,98,035	7.89
NRI Repatriable	8,60,570	0.18
NRI Non- Repatriable	5,91,514	0.12
Foreign National (IND)	1,300	–
Directors & their relatives	28,50,966	0.60
Clearing members	9,46,578	0.20
Investor Education & Protection Fund	12,23,278	0.26
LLP	21,495	–
Trusts	69,062	0.01
Total Non-Institutions (C)	**5,15,45,183**	**10.84**
Total Public Shareholding D = (B+C)	**20,24,04,328**	**42.60**
Grand Total (A+D)	**47,50,87,114**	**100.00**

12.9 Distribution of Shareholding as on 31st March 2019:

Shareholding (Range)	No. of members	%	No. of shares	%
Upto 5000	1,41,281	99.26	3,02,88,181	6.38
5001-10000	613	0.43	45,08,971	0.95
10001-20000	209	0.15	30,69,154	0.65
20001-50000	103	0.07	33,10,334	0.70
50001-100000	32	0.02	21,49,179	0.45
100001 & above	96	0.07	43,17,61,295	90.87
Total	**1,42,334**	**100.00**	**47,50,87,114**	**100.00**

12.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 27,26,82,786 Equity shares of ₹1/- each has been fully dematerialized. Out of 20,24,04,328 Equity Shares of ₹1/- each held by persons other than promoters 19,87,90,943 Equity Shares have been dematerialized as on 31st March 2019 accounting for 98.21%.

12.11 The Company has not issued any Global Depository Receipt / American Depository Receipt / Warrant or any convertible instrument, which is likely to have impact on the Company's Equity.

12.12 Other Disclosures

a) Pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, do not exceed the threshold limit as laid down under the Listing Regulations.

b) During the year, there were no materially significant transactions with related parties that may have potential conflict with the interests of the Company at large.

c) Company is a net exporter. Company has a forex hedging policy and covers are appropriately taken to cover the currency risk. The exposure and cover taken are reviewed by the Audit Committee on regular basis.

d) Company is not a dealer in Commodities. Prices payable to vendors for raw materials and components are negotiated based on internationally available data. Cost of manufacture of all products are reviewed at regular intervals and wherever required suitable price changes in two-wheeler and three-wheeler are done based on market conditions.

The Company has not entered into any commodity derivatives with any of the bankers and hence the disclosure of exposure in commodity risks faced by the company is not required, as directed in the SEBI Circular dated 15th November 2018.

12.13 Plant Locations:

Hosur : Post Box No. 4, Harita
Hosur - 635 109, Tamilnadu
Tel. : 04344-276780
Fax : 04344-277423
Email : knr@tvsmotor.com

Mysuru : Post Box No.1
Byathahalli Village, Kadakola Post,
Mysore - 571 311, Karnataka.
Tel. : 0821 - 2596561
Fax : 0821 - 2596550 / 2596551
Email : knr@tvsmotor.com

Himachal Pradesh : Village & Post Office Bhatian,
Bharatgarh Road, Tehsil Nalagarh,
District Solan, Himachal Pradesh - 174 101
Tel. : 01795 - 220493
Fax : 01795 - 220496
Email : knr@tvsmotor.com

12.14 Address for investor correspondence:

(i) For transfer / dematerialization of shares, payment of dividend on shares and any other query relating to the shares of the Company	:	Sundaram-Clayton Limited Share Transfer Agent (STA) Unit: TVS Motor Company Limited "Jayalakshmi Estates", I Floor, 29, Haddows Road, Chennai - 600 006.
(ii) For non-receipt of annual report	:	Email: raman@scl.co.in sclshares@gmail.com
(iii) For investors' grievance & general correspondence	:	Email: kss@scl.co.in investorscomplaintssta@scl.co.in

12.15 List of Credit Rating:

The Company is maintaining the existing credit rating viz., CARE AA+ for long term borrowings and CARE A1+ for short term borrowings vide their letters issued in October 2018.

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.

The certificate is enclosed with this report as Annexure.

12.17 Fees paid to Statutory Auditor on a consolidated basis:

During the year, the Company has paid ₹ 1.83 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:

During the year under review, the Company has not received any complaints in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

13. Non-mandatory disclosures

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

13.1 The Board:

As the Company has an Executive Chairman, disclosure under this head is not mandatory. The 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.

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 enabling 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. Any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized, except for transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders) cases.

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 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.

14.4 Registration of nominations:

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.

14.5 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.

14.6 SMS Alerts:

Shareholders are requested to note that NSDL and CDSL have announced the launch of SMS alert facility for demat account holders whereby shareholders will receive alerts for debits / credits (transfers) to their demat accounts a day after the transaction. These alerts will be sent to those account holders who have provided their mobile numbers to their DPs. No charge will be levied by NSDL / CDSL on DPs providing this facility to investors. This facility will be available to investors who request for the same and provide their mobile numbers to the DPs. Further information is available on the website of NSDL and CDSL namely www.nsdl.co.in and www.cdslindia.com respectively.

14.7 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 ₹15.85 lakhs, being unclaimed dividend, was transferred to IEPF during the year 2018-19.

Shareholders, who have not encashed their dividend warrants, in respect of 2nd Interim dividend declared for the year ended 31st March, 2012 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

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

Particulars of unclaimed dividend of the Company

Financial Year	Date of declaration	Date of transfer to special account	Due date for transfer to IEPF
2011-2012 2nd Interim	24.05.2012	23.06.2012	23.06.2019
2012-2013 1st Interim	01.02.2013	03.03.2013	03.03.2020
2012- 2013 2nd Interim	30.04.2013	30.05.2013	30.05.2020
2013-2014 1st Interim	25.10.2013	24.11.2013	24.11.2020
2013-2014 2nd Interim	29.04.2014	29.05.2014	29.05.2021
2014-2015 1st Interim	03.02.2015	05.03.2015	05.03.2022
2014-2015 2nd Interim	29.04.2015	29.05.2015	29.05.2022
2015-2016 1st Interim	29.01.2016	28.02.2016	28.02.2023
2015-2016 2nd interim	12.03.2016	11.04.2016	11.04.2023
2016-2017 1st Interim	27.10.2016	26.11.2016	26.11.2023
2016-2017 2nd interim	06.03.2017	05.04.2017	05.04.2024
2017-2018 1st Interim	01.11.2017	01.12.2017	01.12.2024
2017-2018 2nd interim	26.02.2018	28.03.2018	28.03.2025
2018-2019 1st Interim	23.10.2018	23.11.2018	23.11.2025
2018-2019 2nd interim	11.03.2019	10.04.2019	10.04.2026

15. TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF) AUTHORITY

As per Section 124(6) of the Act 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 list of such shareholders is displayed on the website of the Company.

In compliance with the aforesaid provisions, the Company on 25th September 2018 has transferred 45,586 shares to IEPF account bearing Demat account no 10656671 and DPID IN300708 opened with Punjab National Bank.

In case the dividends are not claimed within the due date(s) mentioned above, necessary steps will be initiated by the Company to transfer shares held by the members to IEPF. Please note that no claim shall lie against the Company in respect of the shares so transferred to IEPF. As required under the said provisions, all subsequent corporate benefits that accrues in relation to the above shares will also be credited to the said IEPF Account.

In the event of transfer of shares and the unclaimed dividends to IEPF, shareholders are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF-5, as per the following procedures:

1. Download the Form IEPF - 5 from the website of IEPF (http://www.iepf.gov.in) for filling the claim for refund of shares and dividends.
2. Read the instructions provided on the website / instructions kit along with the e-form carefully before filling the form.
3. After filling / completing the form to save it 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 viz., Mr K Raman, (Assistant General Manager, STA) 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: Jayalakshmi Estates, 29, Haddows Road, Chennai 600 006.

(d) email ID of the company:- contactus@tvsmotor.com

Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with companies) Rules, 2012, the Company shall provide / host the required details of unclaimed dividend amount referred in relevant sections of the Act, 2013 on its website and also in the Ministry of Corporate Affairs (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 the Regulations, the following table provides details in respect of the equity shares lying in the suspense account. The Company has already sent three reminders to the shareholders for claiming those shares at their latest available address(es) with the Company or Depository, as the case may be.

All the corporate benefits in terms of securities accruing on those shares like bonus shares, split etc would also be credited to unclaimed suspense account of the Company. The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

Details	No. of shareholders	No. of shares
Shares in the Unclaimed suspense account as on 1st April 2018.	231	1,79,422
Less: Shares Transferred to the Shareholders on request during the year 2018-19.	16	17,642
Less: Shares transferred to IEPF A/c during the year.	9	4,355
Shares in the Unclaimed suspense account as on 31st March 2019.	206	1,57,425

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Rule 11 of the Companies (Accounts) Rules, 2014, permits circulation of Annual Report to shareholders through electronic means to such of the members whose e-mail addresses are registered with NSDL or CDSL or the shareholders who have registered their E-mail ID with the Company to receive the documents in electronic form and physical copies to those shareholders whose e-mail IDs have not been either registered with the Company or with the depositories.

To support this green initiative of the Government, Members are requested to register their e-mail addresses, with the DPs, in case shares are held in dematerialized form and with the STA, in case the shares are held in physical form and also intimate changes, if any, in their registered e-mail addresses to the Company / DPs, from time to time.

COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

To,

The shareholders of TVS Motor Company Limited,
Chennai

On the basis of the written declarations received from members of the Board and Senior Management Personnel in terms of the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, it is hereby certified that both the Members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company as laid down by the Board for the year ended 31st March 2019.

Chennai
30th April 2019

VENU SRINIVASAN
Chairman and Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE OF THE PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE

To,

The shareholders of TVS Motor Company Limited,
Chennai

We have examined the compliance of conditions of Corporate Governance by TVS Motor Company Limited, Chennai - 600 006 ('the Company') for the year ended 31st March 2019 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the 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 the 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. VENKATRAMAN
Partner
Membership Number: F34319

Chennai
30th April 2019

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To,

The Board of Directors
TVS Motor Company Limited
"Jayalakshmi Estates"
29, Haddows Road
Chennai 600 006

We certify that we have reviewed the financial statements prepared based on the Indian Accounting Standards for the year ended 31st March 2019 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
30th April 2019

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Members
TVS Motor Company Limited,
"Jayalakshmi Estates",
29, Haddows Road,
Chennai 600 006.

We hereby certify that none of the directors on the Board of TVS Motor Company Limited ("the Company") as on 31st March 2019, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs, Government of India (MCA).

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 sites of MCA;
2. Our verification of the disclosures/ declarations/ confirmations provided by the directors to the Company; and
3. Information, explanation and representations provided by the Company, its directors/ officers/ agents.

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 Company.

For S Krishnamurthy & Co.,
Company Secretaries,

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

Chennai
30th April 2019

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019
[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]
"Jayalakshmi Estates", 29, Haddows Road,
Chennai-600006

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by TVS MOTOR COMPANY LIMITED ('the Company') during the financial year from 1st April 2018 to 31st March 2019 ('the year'/ 'audit period'/ 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) Our verification of the books, papers, minute books, registers and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the Company during the year as well as after 31st March 2019 but before the issue of this audit report;

(ii) Compliance certificates confirming compliance with all laws applicable to the Company, given by the key managerial personnel of the Company and taken on record by the Board of Directors; and

(iii) Representations made, documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2019, 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.

(ii) The Securities Contracts (Regulation) Act, 1956, and the rules made thereunder.

(iii) The Depositories Act, 1996, and the regulations and bye-laws framed thereunder.

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings ('FEMA').

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('SAST');

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('PIT');

(c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR');

(vi) The listing agreements entered into by the Company with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) ('Agreements').

(vii) Secretarial Standards issued by The Institute of Company Secretaries of India ('Secretarial Standards').

1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2019 but before the issue of this report, the Company has, to the best of our knowledge and belief, and based on the records, information, explanations and representations furnished to us, complied with the applicable provisions / clauses of the Acts, Rules; and generally complied with FEMA, SEBI Regulations, Listing Agreements, Secretarial Standards on Meetings of the Board of Directors (SS-1) (to the extent applicable to Board meetings) and Secretarial Standards on General Meetings (SS-2) (to the extent applicable to General meetings and Postal ballot) mentioned under paragraph 1.1 above. The Secretarial Standards on Dividend (SS-3), being non-mandatory has not been adopted by the Company.

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

The Company was not required to comply with the following laws / rules / regulations / standards and consequently was not required to maintain any books, papers, minute books or other records or file any forms / returns under:

(i) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder to the extent of Foreign Direct Investment;

(ii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013, and dealing with clients;

(iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations ['SEBI ICDR'], 2009 which was replaced by the 'SEBI ICDR' 2018 (with effect from 10th November 2018);

(iv) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998 which was replaced by the The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018(with effect from 11th September 2018);

(v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(vii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and

(viii) Secretarial Standards - 4 on report of the Board of Directors (Non mandatory).

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 para 1.2 above did not arise.

2. Board processes:

We further report that:

2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Act and LODR.

2.2 As on 31st March 2019, the Board has:

(i) 3 (three) Executive Directors;

(ii) 3 (three) Non-Executive Non-Independent Directors (including 1 (one) Non- Independent Woman Director); and

(iii) 6 (six) Independent Directors (including 1 (one) Independent Woman Director).

2.3 As on 31st March 2019, 1(one) Independent Director of the Company is a Director on the Board of Directors of the Company's unlisted material subsidiaries.

2.4 The processes relating to the following changes in the composition of the Board of Directors of the Company during the year were carried out in compliance with the applicable provisions of the Act and LODR:

(i) Re-appointment of Mr H Lakshmanan (DIN: 00057973) and Dr. Lakshmi Venu (DIN: 02702020), directors retiring by rotation, at the 26th Annual General Meeting held on 7th August 2018.

(ii) Appointment of Mr Rajesh Narasimhan (DIN: 07824276), Additional Non-Executive Non-Independent Director, as a Director liable to retire by rotation, at the 26th Annual General Meeting held on 7th August 2018.

(iii) Appointment of Mr K N Radhakrishnan (DIN: 02599393) as an Additional Director of the Company, with effect from 23rd October 2018, to hold office as Director and Chief Executive Officer in the rank of Whole-time Director, for a period of 5 (five) years, which was approved by the shareholders through postal ballot process on 5th March 2019.

(iv) Appointment of Mrs Lalita Dileep Gupte (DIN: 00043559) as an Additional Director in the category of Independent Woman Director, for a period of 5 (five) consecutive years, commencing from 23rd October 2018, subject to the approval of the shareholders.

2.5 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings, other than 2 (two) meetings which were called at a shorter notice.

2.6 Notice of Board meetings were sent atleast 7 (seven) days in advance, except in respect of 2 (two) meetings, at both of which meetings atleast 1 (one) Independent Director was present.

2.7 Agenda and detailed notes on agenda were sent to the directors atleast 7 (seven) days before the Board meetings (except in respect of the 2(two) meetings held at shorter notice) with the exception of the following items, which were either circulated separately or at the Board meetings and consent of the Board for so circulating them was obtained as required under SS-1:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and

(ii) Additional subjects / information / presentations and supplementary notes.

2.8 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.

2.9 We are informed that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

We further report that:

There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. Specific events / actions

We further report that:

The specific events and actions during the year, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations and standards were: Further investments in subsidiaries (Indian / Foreign), and an overseas technology fund, as disclosed in the audited financial statement for the financial year ended 31st March 2019.

For S Krishnamurthy & Co
Company Secretaries
K. SRIRAM

Partner
Membership No: F6312
Certificate of Practice No: 2215

Chennai
30th April 2019

Annexure – A to Secretarial Audit Report of even date

To,

The Members of
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
"Jayalakshmi Estates",
29, Haddows Road,
Chennai - 600006

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2019 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. While forming an opinion on compliance and issuing this report, we have taken an overall view based on the compliance process / procedures followed by the Company and have also considered compliance related action taken by the Company after 31st March 2019, but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
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
K. SRIRAM

Partner
Membership No: F6312
Certificate of Practice No: 2215

Chennai
30th April 2019

STANDALONE FINANCIAL STATEMENTS OF TVS MOTOR COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2019

To the members of TVS Motor Company Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited the standalone financial statements of TVS Motor Company Limited ("the Company"), which comprise the standalone Balance Sheet as at 31st March 2019, the standalone Statement of Profit and Loss (including Other Comprehensive Income), standalone Statement of changes in Equity and standalone Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, other 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 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
Overseas Equity Investments in Subsidiaries Equity Investments in overseas subsidiaries account for a significant percentage of the Company's total equity investments. To assess whether there are indications of impairment requires significant management judgement in determining the recoverable amount of these equity investments.	Management has obtained a valuation of the equity investment in the overseas subsidiary, based on the discounted cash flow method of valuation. We gained an understanding of the key assumptions used to forecast the free cash flows and the discount factors applied to arrive at the equity value of the investment. Based on the above procedures we consider that the management conclusions concerning the absence of impairment in the overseas equity investments are adequately supported and consistent with the information currently available.
Evaluation of Uncertain Tax positions The Company has material uncertain tax positions, including matters under dispute, which involve significant management judgement to determine the possible outcome of these uncertain tax positions.	We obtained an understanding of the Key uncertain positions relating to direct and indirect tax from the management. We considered legal precedence and other rulings as well as external opinions obtained by management in evaluating management's position on these uncertain tax positions.

Information other than the Standalone Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders, but does not include the standalone financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the standalone financial statements.

The Company's Board of Directors 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, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 37(a) to the standalone financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer Note No. 28(D);
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act;

   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

For V. SANKAR AIYAR & CO
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Chennai
Date : 30th April 2019

Annexure A to Independent Auditors' Report - 31st March 2019
(Referred to in our report of even date)

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

(b) The Company has a regular program of physically verifying all the fixed assets at its plants / offices in a phased manner over a period of 2 years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies as compared to book records were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventories have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of account.

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause (v) of the para 3 of the Order are not applicable to the Company.

(vi) The Central Government has prescribed the maintenance of cost records under Section 148(1) of the Act in respect of certain products manufactured by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Goods and Service Tax, Customs Duty, and Cess were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company, the dues of Sales Tax / Income-Tax / Customs Duty / Wealth Tax / Service Tax / Excise Duty / Value Added Tax / Cess which have not been deposited on account of any dispute are as follows:

Name of the Statute / (Nature of dues)	Period of dues	Amount (Rs. in cr.)	Forum where dispute is pending
Central Excise Act, 1944 (Cenvat/Excise Duty)	1998-2017	28.99	Central Excise and Service Tax Appellate Tribunal, Chennai
	1999-2016	8.69	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
Finance Act, 1994 (Service Tax)	2007-2016	0.04	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
	2002-2014	1.45	Central Excise and Service Tax Appellate Tribunal. Chennai / Bangalore
Customs Act, 1962 (Customs Duty)	1999-2001	1.36	Hon'ble High Court of Judicature, Chennai
Sales Tax / VAT Laws (Sales Tax)	1998-2016	1.41	Department Authorities
	2004-2005	0.04	Joint Commissioner (Appeals)
	1998-2010	0.33	Tribunals
Wealth Tax Act, 1957	2007-2009	0.98	Commissioner Appeal
Income Tax Act, 1961 (Income Tax and Interest thereon)	2014-2015	11.67	Commissioner Appeal)

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions, Government and Banks. The Company has not raised any monies by issue of debentures.

(ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, to the best of our knowledge and belief and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under para 3 of clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and Section 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under para 3 of clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For V. SANKAR AIYAR & CO
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

Place: Chennai
Date : 30th April 2019

Annexure - B to the Independent Auditors' Report - 31st March 2019 (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, 2019 in conjunction with our audit of the 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 Act.

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 Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. SANKAR AIYAR & CO
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Balance Sheet as at 31st March 2019

Rupees in crores

	Notes	As at 31-03-2019	As at 31-03-2018
ASSETS			
Non-current assets			
Property, plant and equipment	2	2,526.29	2,315.46
Capital work-in-progress	2	116.64	91.74
Other intangible assets	2	53.02	56.41
Intangible assets under development		140.59	39.39
Financial assets			
i. Investments	3	2,300.67	2,035.38
ii. Others (Bank deposits)		0.15	0.13
Non-Current tax assets (Net)		16.78	23.02
Other non-current assets	4	60.32	64.74
		5,214.46	4,626.27
Current assets			
Inventories	5	1,175.94	964.39
Financial assets			
i. Trade receivables	6	1,414.14	968.37
ii. Cash and cash equivalents	7	39.12	6.49
iii. Bank balances other than (ii) above	8	4.74	4.41
iv. Other financial assets	9	14.47	14.23
Current tax assets (Net)		22.94	60.43
Other current assets	10	483.55	511.65
		3,154.90	2,529.97
Total assets		8,369.36	7,156.24
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	47.51	47.51
Other equity	12	3,299.81	2,832.91
		3,347.32	2,880.42
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	13	709.12	317.62
Provisions	14	58.61	53.76
Deferred tax liabilities (Net)	15	212.63	148.17
		980.36	519.55
Current liabilities			
Financial liabilities			
i. Borrowings	16	668.82	719.35
ii. Trade payables	17		
a. Total outstanding dues of micro and small enterprises		74.57	71.70
b. Total outstanding dues of other than (ii) (a) above		2,849.33	2,414.26
iii. Other financial liabilities	18	94.37	210.40
Provisions	14	59.65	62.02
Other current liabilities	19	294.94	278.54
		4,041.68	3,756.27
Total liabilities		5,022.04	4,275.82
Total equity and liabilities		8,369.36	7,156.24
Significant accounting policies	1		
See accompanying notes to the financial statements			

VENU SRINIVASAN *Chairman & Managing Director*	SUDARSHAN VENU *Joint Managing Director*	H. LAKSHMANAN *Director*	As per our report annexed For V. Sankar Aiyar & Co. *Chartered Accountants* *Firm Regn. No.: 109208W*
K.N.RADHAKRISHNAN *Director & Chief Executive Officer*	K. GOPALA DESIKAN *Chief Financial Officer*	K.S. SRINIVASAN *Company Secretary*	S. VENKATRAMAN *Partner* *Membership No.: 34319*

Place : Chennai
Date : 30th April 2019

Statement of Profit and Loss for the year ended 31st March 2019

Rupees in crores

		Notes	Year ended 31-03-2019	Year ended 31-03-2018
I	Revenue from operations	20	18,209.92	15,518.63
II	Other income	21	7.54	99.03
III	Total income (I + II)		18,217.46	15,617.66
IV	Expenses:			
	Cost of material consumed	22	13,672.80	10,909.92
	Purchase of stock-in-trade	22	244.84	254.41
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	(75.37)	(31.34)
	Excise duty		–	343.22
	Employee benefits expense	23	922.63	868.01
	Finance costs	24	80.56	56.62
	Depreciation and amortisation expense	2	399.27	338.73
	Other expenses	25	2,011.77	1,999.45
	Total expenses		17,256.50	14,739.02
V	Profit before exceptional items and tax (III - IV)		960.96	878.64
VI	Exceptional items		–	–
VII	Profit before tax (V + VI)		960.96	878.64
VIII	Tax expense	26		
	i) Current tax		276.76	197.06
	ii) Deferred tax		14.06	18.99
IX	Profit for the year (VII - VIII)		670.14	662.59
X	Other comprehensive income			
	A. Items that will not be reclassified to profit or loss:			
	Remeasurements of post employment benefit obligations		8.73	(5.82)
	Change in fair value of equity instruments		(10.12)	0.43
	Income tax relating to these items		(2.18)	4.36
	B. Items that will be reclassified to profit or loss:			
	Fair value changes on cash flow hedges		0.48	(2.82)
	Income tax relating to these items		(0.17)	0.98
	Other comprehensive income for the year, net of tax (X)		(3.26)	(2.87)
XI	Total comprehensive income for the year - (IX + X)		666.88	659.72
XII	Earnings per equity share (Face value of Re.1/- each)			
	Basic & Diluted earnings per share (in rupees)	33	14.11	13.95
	See accompanying notes to the financial statements			

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Statement of changes in Equity

a Equity Share Capital

Rupees in crores

As at 01-04-2017	47.51
Changes in equity share capital	–
As at 31-03-2018	47.51
Changes in equity share capital	–
As at 31-03-2019	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 01-04-2017	865.64	6.43	1,404.25	84.60	(0.10)	2,360.82
Add : Profit for the year 2017-18			662.59			662.59
Other comprehensive income for the year 2017-18			(4.47)	3.44		(1.03)
Less : Reclassification to profit or loss, net of tax					(0.10)	(0.10)
Less : Change in fair value of hedging instruments, net of tax					1.94	1.94
Less : Distribution to shareholders :						
2017-18 First Interim dividend paid			95.02			95.02
2017-18 Second Interim dividend paid			61.76			61.76
Less : Dividend Tax			30.85			30.85
Balance as at 31-03-2018	865.64	6.43	1,874.74	88.04	(1.94)	2,832.91
Add : Profit for the year 2018-19			670.14			670.14
Other comprehensive income for the year 2018-19			5.55	(9.12)		(3.57)
Less : Reclassification to profit or loss, net of tax					(1.94)	(1.94)
Less : Change in fair value of hedging instruments, net of tax					1.63	1.63
Less : Distribution to shareholders :						
2018-19 First Interim dividend paid			99.77			99.77
2018-19 Second Interim dividend paid			66.51			66.51
Less : Dividend Tax			33.70			33.70
Balance as at 31-03-2019	865.64	6.43	2,350.45	78.92	(1.63)	3,299.81

Nature and purpose of Other Reserves

1. General reserve is available for distribution to share holders.
2. Capital reserve

i. On shares forfeited (Rs.55,200)	–
ii. On surplus arising out of amalgamation	6.43
	6.43

3. Hedge Reserve - Refer Note No. 28(D)

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

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

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Cash Flow Statement

Rupees in crores

			Year ended 31-03-2019		Year ended 31-03-2018
A. Cash flow from operating activities					
Net profit before tax			960.96		878.64
Add: Depreciation and amortisation for the year		399.27		338.73	
(Profit) / Loss on sale of fixed assets		1.91		(2.72)	
Net (profit) / loss on sale of investments		–		(18.97)	
Unrealised exchange (gain) / loss		7.30		(5.08)	
Increase in fair value of investments		–		(58.70)	
Dividend income		(3.28)		(5.81)	
Interest income		(3.29)		(1.97)	
Finance cost		80.56		56.62	
Provisions		10.07		(3.71)	
			492.54		298.39
Operating profit before working capital changes			1,453.50		1,177.03
Adjustments for:					
Trade receivables		(453.12)		(238.13)	
Inventories		(211.55)		2.56	
Other current assets		29.24		(87.52)	
Other financial assets		(0.24)		(0.72)	
Trade payables		437.99		624.56	
Other financial liabilities (excluding current maturity of non-current borrowings)		1.54		(0.25)	
Other current liabilities		16.40		68.91	
Other non-current assets		54.02		(2.66)	
			(125.72)		366.75
Cash generated from operations			1,327.78		1,543.78
Direct taxes paid			(230.00)		(246.46)
Net cash from operating activities	(A)		1,097.78		1,297.32
B. Cash flow from investing activities					
Purchase of property, plant and equipment		(593.90)		(718.28)	
Purchase of intangible assets		(24.43)		(30.22)	
Sale of fixed assets		9.71		24.49	
Payments for capital work-in-progress		(24.90)		(29.46)	
Payments for intangibles under development		(95.34)		(39.39)	
Adjustment for capital advances		(4.58)		23.10	
Payments towards acquisition of subsidiary		–		(1.62)	
Investments in subsidiaries and associates		(246.21)		(291.35)	
Purchase of investments		(29.69)		(76.41)	
Sale / disposal of investments		0.49		–	
Interest received		3.29		1.97	
Dividends received		3.28		5.81	
			(1,002.28)		(1,131.36)
Net cash from / (used in) investing activities	(B)		(1,002.28)		(1,131.36)

Cash Flow Statement – *(continued)*

Rupees in crores

			Year ended 31-03-2019		Year ended 31-03-2018
C. Cash flow from financing activities					
Borrowings:					
Non-current borrowings availed / (repaid)		273.31		(20.33)	
Current borrowings availed / (repaid)		93.85		191.69	
Other bank balances		(0.35)		(0.28)	
Finance cost paid		(85.70)		(58.19)	
Dividend and dividend tax paid		(199.98)		(187.63)	
			81.13		(74.74)
Net cash from / (used in) financing activities	(C)		81.13		(74.74)
Total	(A)+(B)+(C)		176.63		91.22
Cash and cash equivalents at the beginning of the year			(137.62)		(228.84)
Cash and cash equivalents at the end of the year			39.01		(137.62)
D. Net increase / (decrease) in cash and cash equivalents			176.63		91.22

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

Change in liability arising from financing activities

Particulars	As at 01-04-2018	Cash flow	Foreign exchange movement	As at 31-03-2019
Non-current borrowings (Including current maturities)	469.84	273.31	(11.97)	731.18
Current borrowings	575.24	93.85	(0.38)	668.71

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

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 "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai - 600006, Tamil Nadu, India.

The Company manufactures two wheelers, three wheelers, parts and accessories thereof. The Company has manufacturing plants located at Hosur in Tamil Nadu, Mysore in Karnataka and Nalagarh in Himachal Pradesh.

b) Basis of preparation

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value.

c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

i) Estimation of fair value of unlisted securities- Refer Note 27

ii) Defined benefit obligation - Refer Note 30

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 37(a).

e) Revenue recognition

The Company has adopted Ind AS 115 from 1st April, 2018 and opted for modified retrospective application with the cumulative effect of initially applying this standard recognised at the date of initial application. The standard has been applied to all open contracts as on 1st April, 2018, and subsequent contracts with customers from that date.

Performance obligation:

The revenue is recognized on fulfilment of performance obligation.

Sale of products:

The Company earns revenue primarily from sale of automotive vehicles, parts and accessories.

Payment for the sale is made as per the credit terms in the agreements with the customers. The credit period is generally short term, thus there is no significant financing component.

The Company's contracts with customers do not provide for any right to returns, refunds or similar obligations. The Company's obligation to repair or replace faulty products under standard warranty terms is recognised as a provision. Refer Note 34.

Revenue is recognised when the performance obligations are satisfied and the control of the product is transferred, being when the goods are delivered as per the relevant terms of the contract at which point in time the Company has a right to payment for the asset, customer has possession and legal title to the asset, customer bears significant risk and rewards of ownership and the customer has accepted the asset or the Company has objective evidence that all criteria for acceptance have been satisfied.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Sale of services:

The Company also earns revenue from providing IT services and Royalty on usage of Company's technical knowhow.

In respect of IT service, the revenue is recognised on a time proportion basis as the customer simultaneously receives and consumes the benefits as the obligations are performed. Payment or the services provided is received as per the credit terms agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

In respect of Royalty, the performance obligation is, to provide the right-to-use the Company's technical knowhow by the customers, for which usage-based royalty is charged. Payment for the services provided is received as per the credit terms as agreed with the customers. The credit period is generally short term, and thus there is no significant financing component.

Significant judgements:

There are no significant judgements made by the Company in determining the timing of satisfaction of performance obligation. It is determined as per the terms of the contract.

f) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Goods and Services Tax to the extent credit of the tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains / (losses).

g) Depreciation and amortization

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double / triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

ii) Keeping in mind the rigorous and periodic maintenance programme followed by the Company, the estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company is given below:

Description	Years
Factory building and other buildings	5 to 61
Plant and machinery	5 to 21
Electrical equipment	15
Furniture and fixtures	10
Computers and information systems	3 to 4
Material handling equipment	5
Mobile phone	2
Vehicles	6

iii) Tools and dies used for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 5 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.

iv) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

v) On tangible fixed assets added / disposed of during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

vi) Depreciation in respect of tangible assets costing less than Rs.5,000/- is provided at 100%.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

h) Intangible assets

Expenses incurred during research phase are expensed in the year in which they are incurred. Expenses incurred during development phase are recognized as intangible assets under development and capitalized as intangible assets on completion of the development phase and are amortised on straight line basis over its useful life, viz., 2 years in the case of software and 6 to 10 years in the case of Design, Development and Technical knowhow.

i) Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for, the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

j) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupee (INR) and all values are rounded off to nearest crores except otherwise indicated.

(ii) Transactions and balances

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

i) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.

ii) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.

iii) Exchange differences arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise.

k) Hedge accounting

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 27. Movements in the hedging reserve in shareholders' equity are shown in Note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

When forward contracts are used to hedge forecast transactions, the Company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

l) Inventories

Inventories are valued at the lower of cost and net realisable value.

i) Cost of raw materials, components, stores and spares are ascertained on a moving average basis.

ii) Cost of finished goods and work-in-progress comprise of direct materials, direct labour and an appropriate proportion of variable and fixed overhead, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost. Slow and non-moving material, obsolescence, defective inventories are duly provided for.

m) Employee benefits

i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) Other long term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) Post-employment obligation:

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity for its eligible employees, pension plan for its eligible senior managers; and

b) Defined contribution plans such as provident fund.

Pension and gratuity obligation:

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the Government Bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income (net-off deferred tax). They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary.The provident fund contributions are made to an irrevocable trust set up by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the Government specified minimum rates of return and recognises such contributions and shortfall, if any, as an expense in the year in which it is incurred.

iv) Bonus plans:

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

n) Taxes on income

Tax expense comprises of current and deferred taxes.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Company is entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

o) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available.

Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

In case of waiver of duty under EPCG licence, such grant is considered as revenue grant and recognized in statement of profit and loss on completion of export obligation as approved by the Regulatory Authorities.

p) Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. The estimated liability for product warranties is recorded when products are sold based on technical evaluation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liabilities. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

r) Leases

Leases of property, plant and equipment where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

s) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

t) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

u) Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

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.

Amortised Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is de-recognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at Fair Value Through Profit or Loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

The Company subsequently measures all investments in equity (except of the subsidiaries/associate) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately. Where the Company elects to measure fair value through profit and loss, changes in the fair value of such financial assets are recognised in the statement of profit and loss.

Investment in subsidiaries / associates:

Investment in subsidiaries / associates are measured at cost less provision for impairment.

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk. Note 28 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 an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) Income recognition

Interest Income:

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

v) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain / (loss).

Notes to the Financial Statements - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

w) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

x) Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period.

All other assets are classified as non-current.

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) Recent accounting pronouncements

The Ministry of Corporate Affairs has notified Ind AS 116 Leases, which is applicable to the Company from accounting periods beginning 1st April 2019. This Standard changes the classification and accounting for leases and also provides transition guidance. The Company expects the Standard to affect the accounting for assets that are taken on operating lease and is currently in the process of assessing the impact of this Standard on its transactions.

Notes to the Financial Statements - *(continued)*

2 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Rupees in crores

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value										
as at 01-04-2018	162.17	656.63	3,381.76	58.12	20.30	105.62	4,384.60	71.55	89.28	160.83
Additions	3.89	109.65	418.96	19.48	8.67	33.25	593.90	16.00	8.43	24.43
Sub-total	166.06	766.28	3,800.72	77.60	28.97	138.87	4,978.50	87.55	97.71	185.26
Sales / deletion	–	7.59	94.02	0.83	1.36	5.39	109.19	0.94	–	0.94
Total	166.06	758.69	3,706.70	76.77	27.61	133.48	4,869.31	86.61	97.71	184.32
Depreciation / Amortisation										
Upto 31-03-2018	–	161.32	1,800.89	25.85	12.54	68.54	2,069.14	60.73	43.69	104.42
For the year	–	26.95	312.42	9.88	2.99	19.21	371.45	11.54	16.28	27.82
Sub-total	–	188.27	2,113.31	35.73	15.53	87.75	2,440.59	72.27	59.97	132.24
Withdrawn on assets sold / deleted	–	7.54	83.28	0.14	1.36	5.25	97.57	0.94	–	0.94
Total	–	180.73	2,030.03	35.59	14.17	82.50	2,343.02	71.33	59.97	131.30
Carrying value										
As at 31-03-2019	166.06	577.96	1,676.67	41.18	13.44	50.98	2,526.29	15.28	37.74	53.02

Capital work-in-progress (at cost) as at 31-03-2019

(a) Building	5.76
(b) Plant & equipment	110.88
Total	116.64

a) Cost of buildings includes Rs.6.71 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of Rs.0.51 Crores, whose ownership is transferrable at the end of the lease term.

Description	Property, Plant & Equipment							Other Intangible		
	Land	Buildings	Plant & equipment	Furniture & fixtures	Vehicles	Office equipment	Total	Software	Design Develop-ment	Total intangible assets
	1	2	3	4	5	6	7	8	9	10
Cost of assets										
Gross carrying value										
as at 01-04-2017	109.24	538.91	2,999.11	52.78	18.79	79.56	3,798.39	60.03	70.58	130.61
Additions	53.61	118.77	507.96	6.29	2.85	28.80	718.28	11.52	18.70	30.22
Sub-total	162.85	657.68	3,507.07	59.07	21.64	108.36	4,516.67	71.55	89.28	160.83
Sales / deletion	0.68	1.05	125.31	0.95	1.34	2.74	132.07	–	–	–
Total	162.17	656.63	3,381.76	58.12	20.30	105.62	4,384.60	71.55	89.28	160.83
Depreciation / Amortisation										
Upto 31-03-2017	–	137.02	1,643.19	19.09	11.69	56.76	1,867.75	48.57	28.81	77.38
For the year	–	25.33	262.29	7.42	2.16	14.49	311.69	12.16	14.88	27.04
Sub-total	–	162.35	1,905.48	26.51	13.85	71.25	2,179.44	60.73	43.69	104.42
Withdrawn on assets sold / deleted	–	1.03	104.59	0.66	1.31	2.71	110.30	–	–	–
Total	–	161.32	1,800.89	25.85	12.54	68.54	2,069.14	60.73	43.69	104.42
Carrying value										
As at 31-03-2018	162.17	495.31	1,580.87	32.27	7.76	37.08	2,315.46	10.82	45.59	56.41

Capital work-in-progress (at cost) as at 31-03-2018

(a) Building	10.66
(b) Plant & equipment	81.08
Total	91.74

a) Cost of buildings includes Rs.7.12 crores pertaining to buildings constructed on leasehold lands.

b) Land includes lease hold land of Rs.0.51 crores, whose ownership is transferrable at the end of the lease term.

Notes to the Financial Statements - *(continued)*

Rupees in crores

3 NON CURRENT INVESTMENTS

Sl No.	Particulars	Subsidiary/ associate	No. of shares / units As at 31-03-2019	No. of shares / units As at 31-03-2018	Face Value	Currency	Rupees in crores As at 31-03-2019	Rupees in crores As at 31-03-2018
1	2	3	4	5	6	7	8	9
(a)	**Investment in Equity Instruments Fair valued through OCI:**							
	Quoted :							
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	70.80	80.35
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	1.47	2.16
	Unquoted :							
(iii)	Green Infra BTV Limited, New Delhi		32,50,000	32,50,000	10.00	INR	1.29	1.19
(iv)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	10.52	10.52
(v)	Green Infra Wind Power Projects Limited, New Delhi		1,11,600	1,11,600	10.00	INR	0.06	0.05
(vi)	Green Infra Wind Power Generation Limited, New Delhi		2,16,000	2,16,000	10.00	INR	0.13	0.13
(vii)	Suryadev Alloys & Power Private Limited, Chennai		–	2,500	10.00	INR	–	0.03
(viii)	Ultraviolette Automotive Private Limited, Bengaluru*		–	6,750	10.00	INR	–	5.00
(ix)	Condivision Solutions Pvt. Limited, Bengaluru		6,760	6,760	10.00	INR	2.00	2.00
(x)	Mulanur Renewable Energy Pvt. Limited, Chennai		15,000	15,000	10.00	INR	0.02	0.02
(xi)	Atria Wind Power Bijapur 1 Limited, Bengaluru		1,01,217	–	10.00	INR	1.93	–
(b)	**Investment in Equity Instruments valued at Cost (Unquoted):**							
(i)	Sundaram Auto Components Limited, Chennai#	Subsidiary	3,59,25,000	3,59,25,000	10.00	INR	253.22	255.90
(ii)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	100.00	EUR	1.80	1.80
(iii)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	9,14,80,287	7,75,90,002	1.00	SGD	225.86	153.49
(iv)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	75,97,000	68,97,000	97,400.00	IDR	316.75	268.90
(v)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	0.05	0.05
(vi)	TVS Motor Services Limited, Chennai#	Subsidiary	86,33,814	50,00,000	10.00	INR	7.68	5.00
(vii)	TVS Credit Services Limited, Chennai	Subsidiary	1,83,29,753	70,09,753	10.00	INR	173.53	53.53
(viii)	Emerald Haven Realty Limited, Chennai	Associate	11,12,19,512	11,12,19,512	10.00	INR	111.22	111.22
(ix)	Ultraviolette Automotive Private Limited, Bengaluru*	Associate	14,850	–	10.00	INR	11.00	–
	Total value of Equity Instruments (a) + (b)						**1,189.33**	**951.34**
(c)	**Investments in Preference Shares (Unquoted): (Valued at Amortised Cost)**							
(i)	TVS Motor Services Limited, Chennai	Subsidiary	61,30,10,000	61,30,10,000	10.00	INR	1,042.48	1,042.48
(ii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	0.0001	USD	11.70	11.70
(iii)	Axiom Research Labs Private Limited, Delhi		82	82	10.00	INR	1.00	1.00
(iv)	TVS Lanka (Private) Limited, Colombo		37,00,00,000	–	1.00	LKR	14.75	–
	Total value of Preference shares (c)						**1,069.93**	**1,055.18**
(d)	**Other non-current Investments (Unquoted):**							
	Investments valued through OCI:							
(i)	Autotech Fund I, L.P. USA					USD	17.85	10.11
	Pension Funds / Government Securities (Valued at Amortised Cost):							
(ii)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	5.92	6.11
(iii)	Life Insurance Corporation Pension Policy, Mumbai					INR	17.64	12.64
	Total value of other non-current investments (d)						**41.41**	**28.86**
	Total (a) + (b) + (c) + (d)						**2,300.67**	**2,035.38**
	Aggregate amount of quoted investments and market value thereof						72.27	82.51
	Aggregate amount of unquoted investments						2,228.40	1,952.87
	Total						2,300.67	2,035.38

* Ultraviolette Automotive Private Limited became associate during the F.Y. 2018-19. Hence, equity holding in this company is disclosed under "equity investments valued at cost" as at 31st March 2019 (previous year shown under "investments in equity instruments fair valued through OCI" and disclosed suitably).

\# Pursuant to the order of the NCLT (Chennai), the automobile trading division of Sundaram Auto Components Limited (SACL), a wholly owned subsidiary, was demerged and merged with TVS Motor Services Ltd (TVS MS), a wholly owned subsidiary of the company with effect from 1st April 2018. As per the Scheme of Arrangement approved by the NCLT (Chennai), TVS MS allotted 36,33,814 equity shares of Rs.10/- each to the Company as consideration for the transfer of the automobile trading division of SACL on 27th February 2019. Accordingly, the carrying cost of the existing 3,59,25,000 equity shares held by the Company in SACL has been allocated as the cost of the 36,33,814 equity shares allotted by TVS MS, in the same proportion as the net book value of the assets transferred by SACL to TVS MS bears to the net worth of SACL immediately before the demerger.

All Investments are fully paid up.

Notes to the Financial Statements – *(continued)*

Rupees in crores

		As at 31-03-2019	As at 31-03-2018
4	OTHER NON-CURRENT ASSETS		
	Capital advances	41.90	37.32
	Advances other than capital advances:		
	Prepaid lease rent	2.60	2.71
	Deposits made	15.82	24.71
		60.32	64.74
5	INVENTORIES		
	Raw materials and components	623.61	470.19
	Goods-in-transit - Raw materials and components	99.23	121.64
	Work-in-progress	92.51	68.00
	Finished goods	244.96	209.75
	Stock-in-trade	73.05	57.40
	Stores and spares	42.58	37.41
		1,175.94	964.39
6	TRADE RECEIVABLES		
	Secured, considered good	18.90	16.62
	Unsecured, considered good*	1,406.87	961.33
		1,425.77	977.95
	Less: Loss allowance	11.63	9.58
		1,414.14	968.37
7	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	38.65	6.19
	Cash on hand	0.47	0.30
		39.12	6.49
	Cash and cash equivalents for the purpose of cash flow statement		
	Cash and cash equivalents as shown above	39.12	6.49
	Less : Over drafts utilised	(0.11)	(144.11)
	[Grouped under financial liabilities - borrowings (Refer Note 16)]		
		39.01	(137.62)
8	OTHER BANK BALANCES		
	Earmarked balances with banks (for unpaid dividend)	4.74	4.41
		4.74	4.41
9	FINANCIAL ASSETS - OTHERS (CURRENT)		
	Unsecured, considered good:		
	Employee advances	8.12	9.29
	Security deposits	4.65	4.78
	Claims receivable	1.70	0.16
		14.47	14.23
10	OTHER CURRENT ASSETS		
	GST/VAT/IT/Excise receivable	386.57	405.54
	Prepaid expense	22.35	17.49
	Vendor advance*	19.51	39.91
	Trade deposits	0.95	0.94
	Export incentive receivable	53.03	47.77
	Employee benefit assets (Refer Note 30)	1.14	–
		483.55	511.65

* Balances include balance with related parties [Refer Note 31(c)(i)].

Notes to the Financial Statements – *(continued)*

11 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rupees in crores	Number	Rupees in crores
Authorised: Equity shares of Re.1/- each	50,00,00,000	50.00	50,00,00,000	50.00
Issued, subscribed and fully paid up: Equity shares of Re.1/- each	47,50,87,114	47.51	47,50,87,114	47.51
	47,50,87,114	47.51	47,50,87,114	47.51

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2019		As at 31-03-2018	
	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 31-03-2019		As at 31-03-2018	
		Number of shares held	% of holding	Number of shares held	% of holding
Sundaram-Clayton Limited, Chennai (Holding Company)	Equity	27,26,82,786	57.40	27,26,82,786	57.40

(e) Shareholders holding more than five percent at the end of the year (other than (d))

Name of shareholder	Class of share	As at 31-03-2019		As at 31-03-2018	
		Number of shares held	% of holding	Number of shares held	% of holding
ICICI Mutual Fund	Equity	3,11,44,102	6.56	1,30,24,321	2.74

12 OTHER EQUITY

Rupees in crores

Particulars	As at 31-03-2019	As at 31-03-2018
General reserve	865.64	865.64
Capital reserve	6.43	6.43
Retained earnings	2,350.45	1,874.74
Other Reserves	77.29	86.10
	3,299.81	2,832.91

Notes to the Financial Statements – *(continued)*

Rupees in crores

13 NON-CURRENT LIABILITIES - FINANCIAL LIABILITIES - BORROWINGS

Description	Frequency	No. of instal-ments due	Maturity	As at 31-03-2019	As at 31-03-2018
Secured:					
ECB Loan from Bank - I		–		–	130.16
ECB Loan from Bank - II	Quarterly	4	Feb 2023	206.09	–
FCNRB Loan from Bank	End of Tenure	1	Jul 2021	69.16	–
State owned corporation	Yearly	4	2022-27	157.08	157.08
Unsecured:					
ECB Loan from Bank - III	Half Yearly	6	Sep 2023	138.31	–
Sales Tax Deferral					
Phase-1	Yearly	3	2021-22	18.99	25.32
Phase-2	Yearly	9	2027-28	141.55	157.28
Total Borrowings :				731.18	469.84
Less : Current maturities of long-term borrowings				22.06	152.22
Total Long-term Borrowings				709.12	317.62

Details of securities created:

(i) ECB loan from Bank II - Exclusive charge over assets procured out of proceeds of the loan, charge creation is in the process.

(ii) FCNRB Loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.

(iii) Soft loan - State owned corporation viz., SIPCOT - First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

Amount payable in each instalments:

Description	Currency	Amount	Rate of Interest
ECB Loan from Bank - II	USD	4 Quarterly instalments of 7.5 mn between May 2022 and Feb 2023	3 Month USD LIBOR plus Margin
FCNRB Loan from Bank	USD	10 Mn at the end of term	3 Month USD LIBOR plus Margin
ECB Loan from Bank - III	USD	6 Half yearly instalments of 3.33 mn between Mar 2021 and Sep 2023	3 Month USD LIBOR plus Margin
Sales tax deferral Phase-1	INR	6.33 crores per annum	Nil
Sales tax deferral Phase-2	INR	15.73 crores per annum	Nil
State owned corporation	INR	10.00, 67.23, 75.40 and 4.45 crores (four instalments between 2022 and 2027)	0.10%

14 PROVISIONS

Particulars	As at 31-03-2019		As at 31-03-2018	
	Current	Non-current	Current	Non-current
Provision for employee benefits				
(a) Pension	27.45	39.09	33.18	32.41
(b) Leave salary	3.05	19.52	1.88	21.35
(c) Gratuity	–	–	2.56	–
Others:				
(a) Warranty	29.15	–	24.40	–
	59.65	58.61	62.02	53.76

Notes to the Financial Statements – *(continued)*

Rupees in crores

15 DEFERRED TAX LIABILITIES (NET)

Particulars		As at 31-03-2019	As at 31-03-2018
The balance comprises temporary differences attributable to:			
Depreciation		318.23	299.67
Total deferred tax liability	(A)	318.23	299.67
Deferred tax asset consists of:			
- tax on employee benefit expenses		36.78	35.39
- tax on warranty provision		12.64	10.98
- tax on others		5.27	6.17
- unused tax credits (MAT credit entitlement)		50.91	98.96
Total deferred tax assets	(B)	105.60	151.50
Net deferred tax liability	(A)-(B)	212.63	148.17

Movement in deferred tax:

Particulars	Depreciation	Others	Total
As at 01-04-2017			125.70
Charged / (credited):			
- to profit or loss	47.89	(24.16)	23.73
- to other comprehensive income	–	(3.99)	(3.99)
- unused tax credits (MAT credit entitlement of earlier period)	–	(4.74)	(4.74)
- unused tax credits (MAT credit entitlement)	–	7.47	7.47
As at 31-03-2018			148.17
Charged / (credited):			
- to profit or loss	18.56	(4.50)	14.06
- to other comprehensive income	–	2.35	2.35
- to utilisation of tax credits (MAT credit entitlement)	–	48.05	48.05
As at 31-03-2019			212.63

16 FINANCIAL LIABILITIES - BORROWINGS (CURRENT)

	As at 31-03-2019	As at 31-03-2018
Borrowings repayable on demand from banks		
Secured*	120.00	48.38
Unsecured#	250.11	329.73
Short term loans from banks (Unsecured)	298.71	341.24
	668.82	719.35
* Includes overdraft utilisation	–	48.38
# Includes overdraft utilisation	0.11	95.73
Total overdraft utilisation	0.11	144.11

Details of securities created for loans repayable on demand:

First charge by way of hypothecation and / or pledge of current assets viz., stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery, bills receivable, book debts and all other movable assets located in all plants.

Notes to the Financial Statements – *(continued)*

Rupees in crores

		As at 31-03-2019	As at 31-03-2018
17	TRADE PAYABLES		
	Dues to Micro and Small Enterprises **	74.57	71.70
	Dues to enterprises other than Micro and Small Enterprises#	2,849.33	2,414.26
		2,923.90	2,485.96

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

Balances include balances due to related parties [Refer Note 31(c)(ii)].

		As at 31-03-2019	As at 31-03-2018
18	OTHER FINANCIAL LIABILITIES		
	Current Maturities of long term borrowings	22.06	152.22
	Interest accrued but not due on loans	2.41	1.69
	Trade deposits received	27.44	25.40
	Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.74	4.41
	Payables against capital goods	23.25	22.70
	Derivative instruments - payable	–	1.38
	Hedge liability	14.47	2.60
		94.37	210.40
19	OTHER CURRENT LIABILITIES		
	Statutory dues	142.83	133.17
	Employee related	89.83	85.77
	Advance received from customers	57.83	53.14
	Deferred income	–	4.99
	Money held under trust	4.45	1.47
		294.94	278.54

		Year ended 31-03-2019	Year ended 31-03-2018
20	REVENUE FROM OPERATIONS		
	Sale of products	17,879.12	15,233.95 *
	Sale of raw materials	–	58.20
	Sale of services	33.39	17.85
	Other operating revenue#	297.41	208.63
		18,209.92	15,518.63

* Includes excise duty upto June 2017.

Includes Government Grants (export incentives) of Rs.176.60 crores (Last year Rs.119.05 crores).

Notes to the Financial Statements – *(continued)*

Rupees in crores

		Year ended 31-03-2019	Year ended 31-03-2018
21 OTHER INCOME			
Dividend income			
(i) From subsidiaries		2.34	5.21
(ii) From other investments designated as Fair Value through OCI		0.94	0.60
Interest income		3.29	1.97
Profit on sale of investments (Net)		–	18.97
Profit on sale of fixed assets (Net)		–	2.72
Change in fair value of investments (Net)*		–	58.70
Government grant		–	9.67
Other non-operating income		0.97	1.19
		7.54	99.03

* Increase in fair value of investments represents changes in fair value of preference shares held in TVS Motor Services Limited and Other non-current investments.

		Year ended 31-03-2019	Year ended 31-03-2018
22 MATERIAL COST			
Cost of Material consumed:			
Opening stock of raw materials and components		470.19	509.85
Add: Purchases		13,826.22	10,870.26
		14,296.41	11,380.11
Less: Closing stock of raw materials and components		623.61	470.19
		13,672.80	10,909.92
Purchases of stock-in-trade:			
Spare parts		152.75	116.89
Engine oil		92.09	79.32
Raw materials		–	58.20
		244.84	254.41
Changes in inventories of finished goods, work-in-progress and stock-in-trade:			
Opening stock:			
Work-in-progress		68.00	93.57
Stock-in-trade		57.40	53.03
Finished goods (last year Includes excise duty of Rs.27.47 crores)		209.75	157.21
	(A)	335.15	303.81
Closing stock:			
Work-in-progress		92.51	68.00
Stock-in-trade		73.05	57.40
Finished goods		244.96	209.75
	(B)	410.52	335.15
	(A) - (B)	(75.37)	(31.34)

		Year ended 31-03-2019	Year ended 31-03-2018
23 EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus		798.56	745.92
Contribution to provident and other funds		49.57	44.22
Staff welfare expenses		74.50	77.87
		922.63	868.01

Notes to the Financial Statements – *(continued)*

Rupees in crores

			Year ended 31-03-2019	Year ended 31-03-2018
24	**FINANCE COSTS**			
	Interest		80.87	55.98
	Exchange differences		(0.31)	0.64
			80.56	56.62
25	**OTHER EXPENSES**			
	(a) Consumption of stores, spares and tools		71.03	71.48
	(b) Power and fuel		110.08	107.17
	(c) Rent		32.33	27.39
	(d) Repairs - buildings		11.21	10.09
	(e) Repairs - plant and equipment		54.64	54.94
	(f) Insurance		15.16	12.97
	(g) Rates and taxes (excluding taxes on income)		6.03	6.61
	(h) Audit fees		0.90	0.90
	(i) Cost audit fees		0.05	0.05
	(j) Packing and freight charges		391.60	637.09
	(k) Advertisement and publicity		391.84	301.49
	(l) Other marketing expenses		359.56	322.25
	(m) Loss on sale of fixed assets (Net)		1.91	–
	(n) Foreign exchange loss (Net)		21.75	–
	(o) Corporate Social Responsibility expenditure*		13.25	10.98
	(p) Contributions to electoral trust		9.00	0.53
	(q) 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)		521.43	435.51
			2,011.77	1,999.45

* Refer Note 41 for details on Corporate Social Responsibility expenditure.

26	**TAX EXPENSE AND RECONCILIATION**			
	(a) Tax expense			
	Current tax:			
	Current tax on profits for the year		276.46	203.41
	Adjustments for current tax of prior periods		0.30	(6.35)
		(A)	276.76	197.06
	Deferred tax:			
	Decrease / (increase) in deferred tax assets		(4.50)	(10.97)
	(Decrease) / increase in deferred tax liabilities		18.56	34.70
	Unused tax (credit) / reversal [MAT credit entitlement] of prior periods		–	(4.74)
		(B)	14.06	18.99
		(A) + (B)	290.82	216.05

Notes to the Financial Statements – *(continued)*

Rupees in crores

	Year ended 31-03-2019	Year ended 31-03-2018
26 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	960.96	878.64
Tax at the Indian tax rate of 34.944% (previous year – 34.61%)	335.80	304.10
Additional deduction towards Research & Development expenses	(40.39)	(65.09)
Fair valuation gains not subjected to tax	–	(20.32)
Capital receipts	(8.30)	(3.57)
Exempted income	(1.00)	(1.94)
Partially allowed deductions	4.99	4.74
Others	(0.58)	4.48
Tax relating to earlier years	0.30	(6.35)
Income tax expense	290.82	216.05

27 FAIR VALUE MEASUREMENTS

Particulars	As at 31-03-2019			As at 31-03-2018		
	FVTPL*	FVOCI*	Amortised cost	FVTPL*	FVOCI*	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	88.22	–	–	101.45	–
- Preference shares	1,042.48	–	27.45	1,042.48	–	12.70
- Other non-current investments	–	17.85	–	–	10.11	–
- Debt Instruments	–	–	23.56	–	–	18.75
Trade receivables	–	–	1,414.14	–	–	968.37
Cash and cash equivalents	–	–	39.12	–	–	6.49
Other financial assets	–	–	14.47	–	–	14.23
	1,042.48	106.07	1,518.74	1,042.48	111.56	1,020.54
Financial liabilities						
Borrowings	–	–	1,400.00	–	–	1,189.19
Trade payables	–	–	2,923.90	–	–	2,485.96
Derivative financial liability	–	14.47	–	1.38	2.60	–
Other financial liability	–	–	57.84	–	–	54.20
	–	14.47	4,381.74	1.38	2.60	3,729.35

*FVTPL - Fair Valued Through Profit and Loss; FVOCI - Fair Valued through Other Comprehensive Income.

Notes to the Financial Statements – *(continued)*

Rupees in crores

27 FAIR VALUE MEASUREMENTS - *(continued)*

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVTPL	3	–	–	1,042.48	1,042.48
Financial investments at FVOCI	3	72.27	17.85	15.95	106.07
		72.27	17.85	1,058.43	1,148.55
Financial liabilities					
Derivatives	18	–	14.47	–	14.47
		–	14.47	–	14.47

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	–	–	27.45	27.45
Debt instruments	3	–	–	23.56	23.56
		–	–	51.01	51.01
Financial liabilities					
Borrowings	13, 16, 18	–	–	1,400.00	1,400.00
		–	–	1,400.00	1,400.00

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	3	–	–	1,042.48	1,042.48
Financial Investments at FVOCI	3	82.51	10.11	18.94	111.56
		82.51	10.11	1,061.42	1,154.04
Financial liabilities					
Derivatives	18	–	3.98	–	3.98
		–	3.98	–	3.98

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31-03-2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Preference shares	3	–	–	12.70	12.70
Debt instruments	3	–	–	18.75	18.75
		–	–	31.45	31.45
Financial liabilities					
Borrowings	13, 16, 18	–	–	1,189.19	1,189.19
		–	–	1,189.19	1,189.19

Notes to the Financial Statements – *(continued)*

27 FAIR VALUE MEASUREMENTS – *(continued)* Rupees in crores

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the end of the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, preference shares and other non current investments included in level 3.

There are no transfers among the three levels.

The company's policy is to recognise transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value (Level 2)

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of estimated cash flows based on observable yield curves.
- the fair value of forward exchange contract and principal only swap is determined using forward exchange rate at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted Preference Shares	Unlisted Equity Shares	Total
As at 01-04-2017	871.78	87.82	959.60
Additions	105.43	(58.36)	47.07
Gains / (losses) recognised in profit or loss	65.27	–	65.27
Gains / (losses) recognised in other comprehensive income	–	(10.52)	(10.52)
As at 31-03-2018	1,042.48	18.94	1,061.42
Additions / (Deletions)	–	(3.10)	(3.10)
Gains / (losses) recognised in profit or loss	–	–	–
Gains / (losses) recognised in other comprehensive income	–	0.11	0.11
As at 31-03-2019	1,042.48	15.95	1,058.43

(iv) Valuation inputs and relationships to fair value

Particulars	Fair value as at		Significant unobservable input	Probability weighted range for the year ended		Sensitivity
	31-03-2019	31-03-2018		31-03-2019	31-03-2018	
Preference shares	1,042.48	1,042.48	a) Earnings growth rate b) Risk adjusted discount rate	20-30% 20.10%	20-30% 20.10%	If the growth rate increases by 5% and the reduction in discount rate by 50 bps, the value of preference shares will increase by 2% and vice versa.
Unquoted Equity shares	15.95	18.94	a) Earnings growth rate b) Risk adjusted discount rate	1-3% 8%	1-3% 8%	Not significant

Notes to the Financial Statements – *(continued)*

27 FAIR VALUE MEASUREMENTS – *(continued)* Rupees in crores

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pretax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Earnings growth factor of preference shares are based on cash flow projections of future earnings of the Company and unlisted equity securities are estimated based on market information for similar types of companies. Risk adjustments have been derived based on the market risk premium adjusted for companies relevered financial data.

(vi) Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31-03-2019		As at 01-04-2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments				
Preference shares	27.45	27.45	12.70	12.70
Debt instruments	23.56	23.56	18.75	18.75
	51.01	51.01	31.45	31.45
Financial liabilities				
Borrowings	1,400.00	1,400.00	1,189.19	1,189.19
	1,400.00	1,400.00	1,189.19	1,189.19

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.

28 FINANCE RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk	Cash, Cash equivalents and Trade receivables	Credit risk primarily arises from cash and cash equivalents, trade receivables and investments carried at amortised cost. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information (more specifically described below) . In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days, when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Notes to the Financial Statements – *(continued)*

28 FINANCE RISK MANAGEMENT - *(continued)*

Risk	Exposure arising from	Risk Parameters and Mitigation
Credit Risk (continued)	a. Cash and Cash Equivalents	Surplus cash is deposited only with banks / financial institutions with a high external credit rating.
	b. Domestic Trade Receivables	Domestic sales to the Dealers are based on advance payments received through banking channels or through inventory funding facilities availed by them from the banks. The Company extends limited credit to the dealers and such extension of credit is based on dealers' credit worthiness, ability to repay and past track record. The Company has extensive reporting and review system to constantly monitor the outstandings.
	c. Export Trade Receivables	The Company's export business is mostly based on Letters of credit. Export receivables are also covered through Insurance with ECGC Limited.
Liquidity Risk	INR denominated borrowings [other than soft loans given by Govt. Authorities]	The company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company works out a detailed annual operating plans to assess the fund requirements - both short term and long term. Detailed month wise cash flow forecast is also carried out along with required sensitivities. Based on these factors adequate working capital credit limits are organised in advance. Company has pre-approved credit lines with various banks and these are constantly reviewed and approved by the Board. For long term fund requirements, Company targets various options such as rupee term loan, external commercial borrowing, debentures etc. The Company obtains a credit rating for the various borrowing facilities on annual basis. Company constantly monitors the free cash flow from operations to ensure that the borrowing is minimized.
Market Risk	(i) Foreign exchange	The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The Company has a forex management policy which is duly approved by the Board. The objective of the hedges when taken is to minimise the volatility of the INR cash flows of highly probable forecast transactions.
	a. Export trade receivables and Import payables	The Company has a forex management policy duly approved by the Board. The Company's policy is to hedge most of its net currency exposure. Company reviews the forex exposure on a regular basis and also reports its adherence to the Board on a quarterly basis. The recording and reporting requirements are strictly adhered.
	b. Foreign currency denominated borrowings	The Company has hedged its borrowings by covering the principal repayments.
	(ii) Interest rate - Foreign currency denominated borrowings	The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Notes to the Financial Statements – *(continued)*

28 FINANCE RISK MANAGEMENT - *(continued)*

(A) Credit risk

Basis of recognition of expected credit loss provision

<table>
<tr><th>Rating</th><th>Category</th><th>Description of category</th><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>1</td><td>High Quality assets, negligible credit risk</td><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td rowspan="3">12 month expected credit losses</td><td rowspan="3">12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>2</td><td>Quality assets, low credit risk</td><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.</td></tr>
<tr><td>3</td><td>Standard Assets, moderate credit risk</td><td>Assets where the probability of default is considered moderate and where the counter-party's capacity to meet the obligations is not strong.</td></tr>
<tr><td>4</td><td>Substandard Assets, relatively high credit risk</td><td>Assets where there has been a significant increase in credit risk since initial recognition.</td><td rowspan="2" colspan="2">Life time expected credit losses</td></tr>
<tr><td>5</td><td>Low quality assets, very high credit risk</td><td>Assets where there is a high probability of default. Also includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 180 days past due.</td></tr>
<tr><td>6</td><td>Doubtful assets, credit impaired</td><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.</td><td colspan="3">Asset is written off</td></tr>
</table>

Notes to the Financial Statements – *(continued)*

Rupees in crores

28 FINANCE RISK MANAGEMENT - *(continued)*

As at 31-03-2019

a) Expected credit loss for investments, loans and other financial assets

Particulars	Internal rating	Asset / Asset group	Gross carrying amount	Expected probability of default	Expected credit loss	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit loss	2	Investments at amortised cost	51.01	0%	–	51.01
	1	Other financial assets	14.47	0%	–	14.47

b) Expected credit loss for trade receivables under simplified approach

Particulars	0 to 180 days past due	More than 180 days past due	Total
Gross carrying amount	1,398.58	27.19	1,425.77
Expected loss rate	–	43%	–
Expected credit losses	–	11.63	11.63
Carrying amount of trade receivables	1,398.58	15.56	1,414.14

As at 31-03-2018

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	31.45	0%	–	31.45
	1	Other financial assets	14.23	0%	–	14.23

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	962.73	15.22	977.95
Expected loss rate	–	63%	–
Expected credit losses	–	9.58	9.58
Carrying amount of trade receivables	962.73	5.64	968.37

Reconciliation of loss allowance provision - Loans and deposits

Loss allowance on 01-04-2017	–
Write offs	–
Recoveries	–
Loss allowance on 31-03-2018	–
Write offs	–
Recoveries	–
Loss allowance on 31-03-2019	–

Notes to the Financial Statements – *(continued)*

Rupees in crores

28 FINANCE RISK MANAGEMENT - *(continued)*

Reconciliation of loss allowance provision - Trade receivables

Loss allowance on 01-04-2017	5.22
Changes in loss allowance	4.36
Loss allowance on 31-03-2018	9.58
Changes in loss allowance	2.05
Loss allowance on 31-03-2019	11.63

(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 31-03-2019	As at 31-03-2018
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	875.01	626.82
- 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 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 31-03-2019

Contractual Maturities of Financial Liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	513.55	177.34	–	633.62	75.49	1,400.00
Trade payables	2,923.90					2,923.90
Other financial liabilities	57.84					57.84
Derivatives	14.47					14.47

As at 31-03-2018

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	672.74	87.14	111.69	191.69	125.93	1,189.19
Trade payables	2,485.96					2,485.96
Other financial liabilities	54.20					54.20
Derivatives	2.60	0.26	1.12			3.98

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Financial Statements – *(continued)*

Rupees in crores

28 FINANCE RISK MANAGEMENT - *(continued)*

(C) Market risk

(i) Foreign exchange risk

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	As at 31-03-2019		As at 31-03-2018	
Exposure in foreign currency	USD	EUR	USD	EUR
Financial assets:				
Trade receivables	419.95	23.47	234.05	80.00
Derivative assets:				
Foreign exchange forward contracts				
Sell foreign currency	(442.15)	(97.64)	(188.64)	(94.15)
Financial liabilities:				
Foreign currency loan	413.56		158.91	7.84
Trade payables	194.96	6.69	218.04	4.33
Derivative liabilities:				
Foreign exchange forward contracts				
Buy foreign currency			(28.45)	
Principal swap				
Buy foreign currency	(413.56)			

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax*		Impact on other components of equity*	
	As at 31-03-2019	As at 31-03-2018	As at 31-03-2019	As at 31-03-2018
USD sensitivity				
INR/USD increases by 10%	15.53	(10.57)	(1.97)	(11.85)
INR/USD decreases by 10%	(15.53)	10.57	1.97	11.85
EURO sensitivity				
INR/EURO increases by 10%	1.16	5.02	(6.73)	(6.97)
INR/EURO decreases by 10%	(1.16)	(5.02)	6.73	6.97

* 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 31-03-2019	As at 31-03-2018
Variable rate borrowings	413.67	303.03
Fixed rate borrowings	986.33	886.16

Sensitivity	Impact on profit after tax	
	As at 31-03-2019	As at 31-03-2018
Increase in interest rates by 100 bps	(2.85)	(2.24)
Decrease in interest rates by 100 bps	2.85	2.24

Notes to the Financial Statements – *(continued)*

Rupees in crores

28 FINANCE RISK MANAGEMENT - *(continued)*

(iii) Price Risk

The company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss. To manage its price risk from investments in equity securities, the Company diversifies its portfolio. The impact of the changes in price risk is not material.

(D) Impact of hedging activities

(i) Disclosure of effects of hedge accounting on financial position

(a) Disclosure of effects of hedge accounting on financial position as at 31-03-2019

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	564.82	–	577.32	–	Apr'19 to Jun'19	9.90	(9.90)
Foreign currency loan	–	403.56	–	413.56	Jul'21 to Sep'23	10.00	(10.00)

(b) Disclosure of effects of hedge accounting on financial position as at 31-03-2018

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities			
Cash flow hedge							
Foreign exchange forward contracts, PCFC	254.35	–	256.95	–	Apr'18 to Jun'18	(1.84)	1.84

(ii) Disclosure of effects of hedge accounting on financial performance:
for the year ended 31-03-2019:

Type of hedge	Change in the value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit and loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
Cash flow hedge: Foreign exchange risk	(1.63)	–	(1.94)	Revenue

for the year ended 31-03-2018:

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	(2.60)	–	(0.10)	Revenue

Notes to the Financial Statements – *(continued)*

Rupees in crores

29 CAPITAL MANAGEMENT

(a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet). The company's strategy is to maintain an optimum gearing ratio. The gearing ratios were as follows:

Particulars	As at 31-03-2019	As at 31-03-2018
Net debt	1,360.88	1,182.70
Total equity	3,347.32	2,880.42
Net debt to equity ratio	40.66%	41.06%

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 a optimum interest coverage ratio The Interest coverage ratio were as follows:

Particulars	Year ended 31-03-2019	Year ended 31-03-2018
EBIT	1,041.52	935.26
Interest	80.56	56.62
Interest coverage ratio (Times)	12.93	16.52

(b) Dividends

Particulars	Year ended 31-03-2019	Year ended 31-03-2018
(i) Equity shares Interim dividends for the year ended 31-03-2019 of Rs.3.50 (31-03-2018 of Rs.3.30) per fully paid share	199.98	187.63
(ii) Dividends not recognised at the end of the reporting period	–	–

Notes to the Financial Statements – *(continued)*

Rupees in crores

30 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 01-04-2017	82.52	(73.16)	9.36	61.66	19.19
Current service cost	6.06	–	6.06	3.15	3.02
Interest expense / (income)	6.03	(5.36)	0.67	4.37	1.37
Total amount recognised in profit or loss	12.09	(5.36)	6.73	7.52	4.39
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	0.34	0.34	–	–
(Gain) / loss from change in financial assumptions	(6.18)	–	(6.18)	0.08	(1.74)
Experience (gains) / losses	11.78		11.78	(3.67)	5.22
Total amount recognised in other comprehensive income	5.60	0.34	5.94	(3.59)	3.48
Employer contributions	–	(19.47)	(19.47)	–	–
Benefit payments	(5.52)	5.52	–	–	(3.83)
As at 31-03-2018	94.69	(92.13)	2.56	65.59	23.23
Current service cost	16.20	–	16.20	0.90	–
Interest expense / (income)	7.40	(7.27)	0.13	4.90	1.70
Total amount recognised in profit or loss	23.60	(7.27)	16.33	5.80	1.70
Remeasurements					
Return on plan assets, excluding amounts included in interest expense / (income)	–	2.40	2.40	–	–
(Gain) / loss from change in financial assumptions	(3.94)	–	(3.94)	(0.94)	(0.89)
Experience (gains) / losses	(8.07)	–	(8.07)	0.52	2.19
Total amount recognised in other comprehensive income	(12.01)	2.40	(9.61)	(0.42)	1.30
Employer contributions	–	(10.42)	(10.42)	–	–
Benefit payments	(9.49)	9.49	–	(4.43)	(3.66)
As at 31-03-2019	96.79	(97.93)	(1.14)	66.54	22.57

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has created an Employees' Group Gratuity Fund which has taken a Group Gratuity Assurance Scheme with the Life Insurance Corporation of India. Company's contributions are based on actuarial valuation arrived at the end of each year and charged to Statement of Profit and Loss.

Notes to the Financial Statements – *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

The significant actuarial assumptions were as follows:

Particulars	As at 31-03-2019	As at 31-03-2018
Discount rate (Gratuity)	7.7%	7.7%
Discount rate (Leave salary)	7.6%	7.7%
Discount rate (Pension)	7.0%	7.0%
Salary growth rate	5.5%	6.0%
Pre-retirement mortality rate	IALM (2006-08) Ultimate	
Post retirement mortality rate	LIC Ann (1996-98)	
Attrition rate (For Leave salary & Gratuity)	3.0%	3.0%
Attrition rate (For Pension)	0.0%	0.0%

Assumptions regarding future mortality for pension are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 58.

(i) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation - Gratuity					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018
Discount rate	0.50%	0.50%	92.74	90.73	101.16	98.97
Salary growth rate	0.50%	0.50%	101.23	99.02	92.64	90.65
Mortality	5.00%	5.00%	96.81	94.71	96.76	94.67

Particulars	Impact on defined benefit obligation - Pension					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018
Discount rate	1.00%	1.00%	59.19	60.29	75.38	67.39
Salary growth rate	1.00%	1.00%	75.81	64.57	58.76	62.83
Mortality	5.00%	5.00%	66.03	63.69	67.08	63.67

Particulars	Impact on defined benefit obligation - Leave salary					
	Change in assumption		Increase in assumption		Decrease in assumption	
	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018	Year ended 31-03-2019	Year ended 31-03-2018
Discount rate	0.50%	0.50%	21.78	22.13	23.43	24.43
Salary growth rate	0.50%	0.50%	23.45	24.45	21.76	22.10
Mortality	5.00%	5.00%	22.58	23.24	22.57	23.23

Notes to the Financial Statements – *(continued)*

30 EMPLOYEE BENEFIT OBLIGATIONS - *(continued)*

Rupees in crores

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(ii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

Changes in bond: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yield increase in the value of the plans' bond holdings.

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

(iii) Defined contribution plans:

The Company's contribution to defined contribution plan i.e., provident fund of Rs.15.06 crores (previous year Rs.14.25 crores) has been recognised in the Statement of Profit and Loss.

On 28th February 2019 Supreme Court (SC) gave a judgement on components / allowances paid to employees that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. There are numerous interpretative issues relating to the components needs to be considered for the above calculation. The Company is in the process of evaluating the method of computation of its PF contribution and would record any further effect in its financial statements, on receiving further clarification on the subject.

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE

(a) (i) Related parties and their relationship where control exists

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:

Sundaram Auto Components Limited, Chennai
TVS Housing Limited, Chennai
TVS Motor Services Limited, Chennai
TVS Credit Services Limited, Chennai
Harita Collection Services Private Limited, Chennai
Harita ARC Private Limited, Chennai
TVS Micro Finance Private Limited, Chennai
TVS Commodity Financial Solutions Private Limited, Chennai
TVS Two Wheeler Mall Private Limited, Chennai
TVS Housing Finance Private Limited, Chennai
TVS Motor (Singapore) Pte. Limited, Singapore
TVS Motor Company (Europe) B.V, Amsterdam
PT. TVS Motor Company Indonesia, Jakarta
Sundaram Holding USA Inc, USA
Green Hills Land Holding LLC, USA
Component Equipment Leasing LLC, USA
Sundaram-Clayton USA LLC, USA (Formerly known as Workspace Project LLC)
Premier Land Holding LLC, USA

Associate companies:

Emerald Haven Realty Limited, Chennai
Ultraviolette Automotive Private Limited, Bengaluru

(ii) Other related parties and their relationship where transaction exists:

Fellow subsidiaries:

TVS Electronics Limited, Chennai
Southern Roadways Limited, Madurai
Sundaram Industries Private Limited, Madurai
Lucas-TVS Limited, Chennai
Lucas Indian Service Limited, Chennai
TVS Auto Assist (India) Limited, Chennai
TVS Training and Services Limited, Chennai
TVS Lanka Private Limited, Colombo
Autosense Private Limited, Chennai

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company:

Brakes India Private Limited, Chennai
TVS Srichakra Limited, Madurai
Wheels India Limited, Chennai
Sundram Fasteners Limited, Chennai
India Nippon Electricals Limited, Chennai
Sundaram Brake Linings Limited, Chennai

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

Associate / Joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company: - *(continued)*

TVS Auto Bangladesh Limited, Dhaka
TVS Logistics Services Limited, Chennai
Harita Techserv Limited, Chennai

Subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company::

Upasana Engineering Limited, Chennai
TVS Dynamic Global Freight Services Limited, Chennai
TVS Commutation Solutions Limited, Chennai

Enterprises in which directors are interested:

TVS Organics Private Limited
Designo Lifestyle Solutions Private Limited
Dua Associates
Dua Consulting Private Limited
McCann-Erickson (India) Private Limited

Key Management personnel:

Executive Directors:

Mr. Venu Srinivasan, Chairman & Managing Director
Mr. Sudarshan Venu, Joint Managing Director
Mr. K.N.Radhakrishnan, Director and CEO

Non-executive Directors:

Independent Directors:

Mr. T.Kannan
Mr. C.R.Dua
Mr. Prince Asirvatham
Mr. R.Ramakrishnan
Mr. Hemant Krishan Singh
Mrs. Lalita D. Gupte

Non-Independent Directors:

Mr. H.Lakshmanan
Dr. Lakshmi Venu
Mr. Rajesh Narasimhan

Enterprise in which key management personnel and their relative have significant influence:

Harita-NTI Limited, Chennai

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
(b) Transactions with related parties:		
(i) Purchase of goods		
- ultimate holding company		
(TV Sundram Iyengar & Sons Private Limited, Madurai)	0.42	0.36
- holding company (Sundaram-Clayton Limited, Chennai)	515.91	437.90
- subsidiary companies		
Sundaram Auto Components Limited, Chennai	462.83	474.52
PT.TVS Motor Company Indonesia, Jakarta	0.35	0.27

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

			As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
	-	fellow subsidiaries		
		TVS Electronics Limited, Chennai	0.30	0.19
		Sundaram Industries Private Limited, Madurai	0.05	0.10
		Lucas-TVS Limited, Chennai	169.69	121.40
		Lucas Indian Service Limited, Chennai	7.16	7.97
	-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
		Brakes India Private Limited, Chennai	27.40	16.95
		TVS Srichakra Limited, Madurai	527.76	418.43
		Wheels India Limited, Chennai	14.89	8.22
		Sundram Fasteners Limited, Chennai	65.40	57.71
		India Nippon Electricals Limited, Chennai	332.74	288.23
		Sundaram Brake Linings Limited, Chennai	13.90	12.05
	-	subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
		Upasana Engineering Limited, Chennai	22.42	16.40
	-	enterprises in which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	1.44	1.73
	-	enterprises in which directors are interested		
		TVS Organics Private Limited	1.25	1.07
		Designo Lifestyle Solutions Private Limited	–	0.10
(ii)	Sale of goods			
	-	ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	67.31	6.24
	-	subsidiary companies		
		Sundaram Auto Components Limited, Chennai	0.28	462.53
		PT. TVS Motor Company Indonesia, Jakarta	110.15	81.50
	-	fellow subsidiary company		
		(TVS Lanka Private Limited, Colombo)	234.63	155.43
	-	associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
		TVS Auto Bangladesh Limited, Dhaka	686.67	465.48
(iii)	Purchase of assets			
	-	associate of ultimate holding company (TVS Logistics Services Limited, Chennai)	3.94	–
(iv)	Sale of assets			
	-	subsidiary company (TVS Credit Services Limited, Chennai)	0.06	–
(v)	Rendering of services (including interest received)			
	-	holding company (Sundaram-Clayton Limited, Chennai)	2.16	2.07
	-	subsidiary companies		
		Sundaram Auto Components Limited, Chennai	1.00	0.83
		PT. TVS Motor Company Indonesia, Jakarta	0.55	0.55
		TVS Credit Services Limited, Chennai	8.25	1.78

Notes to the Financial Statements – *(continued)*

31 RELATED PARTY DISCLOSURE - *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
- associate / joint venture (Emerald Haven Realty Limited, Chennai)	–	0.24
- fellow subsidiaries		
Southern Roadways Limited, Madurai	0.01	0.01
Lucas-TVS Limited, Chennai	–	0.01
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	0.63	0.54
Wheels India Limited	0.01	–
Sundram Fasteners Limited, Chennai	0.05	0.01
(vi) Availing of services (includes sub-contract charges paid)		
- ultimate holding company (TV Sundram Iyengar & Sons Private Limited, Madurai)	–	0.54
- holding company (Sundaram-Clayton Limited, Chennai)	42.12	47.88
- subsidiary company (TVS Credit Services Limited, Chennai)	11.78	0.57
- fellow subsidiaries:		
TVS Electronics Limited, Chennai	1.47	1.17
Southern Roadways Limited, Madurai	2.72	2.96
TVS Auto Assist (India) Limited, Chennai	4.99	3.30
TVS Training and Services Limited, Chennai	–	0.03
Autosense Private Limited, Chennai	3.05	4.36
- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Logistics Services Limited, Chennai	110.08	95.96
Harita Techserv Limited, Chennai	2.84	2.60
Brakes India Private Limited, Chennai	–	0.18
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	77.81	45.20
- enterprises in which directors are interested		
Dua Associates	0.96	0.79
Dua Consulting Private Limited	4.97	4.44
McCann-Erickson (India) Private Limited	5.43	6.43
(vii) Investments made during the year		
- subsidiary companies		
TVS Motor (Singapore) Pte. Limited, Singapore	72.37	6.37
PT. TVS Motor Company Indonesia, Jakarta	47.85	51.51
Sundaram Auto Components Limited, Chennai	–	171.00
TVS Motor Services Limited, Chennai	–	4.62
TVS Credit Services Limited, Chennai	120.00	25.00
- fellow subsidiary company (TVS Lanka Private Limited)	14.75	–
- associate / joint venture		
Emerald Haven Realty Limited, Chennai	–	31.22
Ultraviolette Automotive Private Limited, Bengaluru	6.00	–
(viii) Trade advance given		
- Subsidiary Company [TVS Motor (Singapore) Pte. Limited, Singapore]	2.26	2.74

Notes to the Financial Statements – *(continued)*

Rupees in crores

31 RELATED PARTY DISCLOSURE - *(continued)*

		As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
(ix)	Remuneration to key management personnel:		
	Short-term employee benefits	47.28	38.36
	Post-employment benefits	0.13	0.18
(x)	Dividend received from:		
	subsidiary company (Sundaram Auto Components Limited, Chennai)	2.34	5.21
	Fellow subsidiary company (TVS Lanka Private Limited, Colombo)	0.42	0.20
(xi)	Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	95.44	89.99
(c)	Balances with related parties:		
(i)	Trade receivables / Other current assets		
	- ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	37.28	6.27
	- subsidiary companies		
	TVS Motor (Singapore) Pte Limited, Singapore	2.26	2.74
	PT. TVS Motor Company Indonesia, Jakarta	84.74	28.16
	TVS Motor Services Limited, Chennai	–	0.07
	TVS Credit Services Limited, Chennai	7.05	–
	- fellow subsidiary company (TVS Lanka Private Limited, Colombo)	25.62	11.32
	- associate company (Emerald Haven Realty Limited, Chennai)	1.44	–
	- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	TVS Auto Bangladesh Limited, Dhaka	66.45	67.48
(ii)	Trade payables		
	- holding company (Sundaram-Clayton Limited, Chennai)	20.20	33.53
	- subsidiary companies		
	Sundaram Auto Components Limited, Chennai	11.74	24.55
	TVS Credit Services Limited, Chennai	–	3.96
	- fellow subsidiaries		
	Lucas-TVS Limited, Chennai	28.57	18.96
	Lucas Indian Service Limited, Chennai	1.11	0.80
	Southern Roadways Limited, Madurai	0.16	–
	Sundaram Industries Private Limited, Madurai	0.01	0.01
	TVS Auto Assist (India) Limited, Chennai	0.58	–
	TVS Electronics Limited, Chennai	0.04	0.12
	TVS Training and Services Limited, Chennai	–	0.01
	Autosense Private Limited, Chennai	–	0.40
	- associate company (Emerald Haven Realty Limited, Chennai)	–	1.27
	- associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
	Brakes India Private Limited, Chennai	6.45	3.26
	TVS Srichakra Limited, Madurai	71.55	42.74

Notes to the Financial Statements – *(continued)*

Rupees in crores

31 RELATED PARTY DISCLOSURE - *(continued)*

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
Wheels India Limited, Chennai	2.78	1.72
Harita Techserv Limited, Chennai	0.52	0.24
India Nippon Electricals Limited, Chennai	51.65	45.97
Sundaram Brake Linings Limited, Chennai	2.61	2.21
Sundram Fasteners Limited, Chennai	11.21	9.79
TVS Logistics Services Limited, Chennai	10.15	8.53
- subsidiaries of associate / joint venture of holding / ultimate holding / subsidiary / fellow subsidiary company		
TVS Dynamic Global Freight Services Limited, Chennai	9.20	5.90
Upasana Engineering Limited, Chennai	3.23	2.24
- enterprises in which directors are interested		
Dua Consulting Private Limited	0.14	0.10
McCann-Erickson (India) Private Limited	–	1.06
TVS Organics Private Limited	0.03	0.04
- enterprise over which key management personnel and their relative have significant influence (Harita-NTI Limited, Chennai)	0.13	0.16
(iii) Obligation arising out of agreements facilitating credit		
- subsidiary companies		
PT. TVS Motor Company Indonesia, Jakarta	110.72	104.28
TVS Credit Services Limited, Chennai	12.50	25.00

Notes to the Financial Statements – *(continued)*

Rupees in crores

32 REVENUE FROM CONTRACTS WITH CUSTOMERS

A Disaggregated revenue:

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under :

Sl. No.	Particulars	For the year ended 31-03-2019
(a)	**Type of goods or service**	
(i)	Two wheelers	14,763.31
(ii)	Three wheelers	1,394.84
(iii)	Parts and accessories	1,720.97
(iv)	IT Services	16.72
(v)	Royalty	16.67
		17,912.51
(b)	**Geographical markets**	
(i)	Domestic	13,592.95
(ii)	Exports	4,319.56
		17,912.51

B The operations of the Company relate to only one segment viz., automotive vehicle and parts. Thus, the information on the relationship between disaggregated revenue under Ind AS 115 and for reportable segment under Ind AS 108 is not required.

C Reconciliation of contracts with customers:

Movement of contract liabilities for the reporting period given below:

Particulars	For the year ended 31-03-2019
Contract Liabilities at the beginning of the period	53.14
Add / (Less):	
Consideration received during the year as advance	57.83
Revenue recognized from contract liability	53.14
Contract Liabilities at the end of the period	57.83

Payment is received in advance towards contracts entered with customers, and is recognised as a contract liability. As and when the performance obligation is met, the same is recognized as revenue.

D Transaction price allocated to the remaining performance obligations:

The Company's contracts with customers are short term (i.e., the performance obligations are expected to be met within one year or less). Therefore, taking the practical expedient, the details on transaction price allocated to the remaining performance obligations are not disclosed.

E Reconciliation of revenue with contract price:

Sl.No.	Particulars	For the year ended 31-03-2019
(i)	Contract price	18,585.82
(ii)	Adjustments :	
	Incentive schemes	262.95
	Transport cost	410.36
(iii)	Revenue from sale of products and services	17,912.51

F Impact of following earlier standard against Ind AS 115

On adoption of Ind AS 115 as compared to Ind AS 18, "Revenue from operations" is reduced by Rs.410.36 crores due to freight charges being netted off against revenue, which leads to an equivalent reduction in "Other expenses", during the year.

Notes to the Financial Statements – *(continued)*

Rupees in crores

		As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
33	EARNINGS PER SHARE		
	Profit after tax	670.14	662.59
	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)	14.11	13.95
	Basic and diluted earnings per share for discontinued operations (in rupees)	–	–
	Basic and diluted earnings per share for continued and discontinued operations (in rupees)	14.11	13.95
34	WARRANTY PROVISION (CURRENT)		
	Opening balance	24.40	23.46
	Add: Provision for the year (net)	29.15	24.40
		53.55	47.86
	Less: Payments / debits (net)	24.40	23.46
	Closing balance	29.15	24.40
35	MICRO SMALL AND MEDIUM ENTERPRISES DISCLOSURE		
	Trade payables includes amount due to Micro Small and Medium Enterprises	75.25	76.11
	Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.		
	(i) The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
	(a) Principal (all are within agreed credit period and not due for payment)	75.25	76.11
	(b) Interest (as no amount is overdue)	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
36	PAYMENT TO AUDITORS COMPRISES		
	As statutory auditors	0.72	0.72
	Taxation matters	0.15	0.15
	Certification matters	0.03	0.03
		0.90	0.90
	Miscellaneous expenses include travel and stay expenses of auditors	0.13	0.12
		1.03	1.02

Notes to the Financial Statements – *(continued)*

Rupees in crores

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
37 CONTINGENT LIABILITIES AND COMMITMENTS NOT PROVIDED FOR		
(a) Claims against the company not acknowledged as debts:		
(i) Excise	57.57	70.85
(ii) Service tax	1.96	1.96
(iii) Customs	1.36	1.36
(iv) Sales tax	2.38	2.38
(v) Income tax	40.53	41.33
(vi) Others	2.62	3.50
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	181.89	105.06
(ii) On factoring arrangements	0.98	0.82
(c) Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for	264.23	232.83
(d) Other commitments: On import of capital goods under Export Promotion Capital Goods Scheme	14.92	40.75
38 EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT (claimed under Income Tax Act, 1961)		
R&D Expenditure eligible for weighted deduction - claimed U/s.35 (2AB)		
(a) Revenue Expenditure	178.78	162.54
(b) Capital Expenditure (including WIP)	48.58	46.41
R&D Expenditure not eligible for weighted deduction - claimed U/s.35 (2AB)		
(a) Revenue Expenditure	32.12	22.39
(b) Capital Expenditure		
(i) Land and Building	1.24	16.86
(ii) Others	46.76	20.33
	307.48	268.53

39 DISCLOSURE MADE IN TERMS OF REGULATION 34(3) OF THE LISTING REGULATIONS

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2019	Amount outstanding as at 31-03-2018
(a)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [3,59,25,000 (last year-3,59,25,000) Equity shares of Rs.10/- each fully paid up]		253.22	255.90
		Maximum amount held at any time			
		During the year	255.90		
		During the previous year	255.90		

Notes to the Financial Statements – *(continued)*

39 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 31-03-2019	Amount outstanding as at 31-03-2018
(a)	Investments by the Company				
(i)	In subsidiary companies - *(continued)*	TVS Housing Limited, Chennai [50,000 (last year - 50,000) Equity shares of Rs.10/- each fully paid up]		0.05	0.05
		Maximum amount held at any time			
		During the year	0.05		
		During the previous year	0.05		
		TVS Motor Services Limited, Chennai [86,33,814 (last year - 50,00,000) Equity shares of Rs.10/- each fully paid up]		7.68	5.00
		Maximum amount held at any time			
		During the year	7.68		
		During the previous year	5.00		
		[61,30,10,000 (last year - 61,30,10,000) Preference shares of Rs.10/- each fully paid up]		1,042.48	1,042.48
		Maximum amount held at any time			
		During the year	1,042.48		
		During the previous year	1,042.48		
		TVS Credit Services Limited, Chennai [1,83,29,753 (last year - 70,09,753) Equity shares of Rs.10/- each fully paid up]		173.53	53.53
		Maximum amount held at any time			
		During the year	173.53		
		During the previous year	129.92		
		TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year- 2,25,301) Ordinary shares of Euro 100/- each fully paid up]		1.80	1.80
		Maximum amount held at any time			
		During the year	1.80		
		During the previous year	1.80		
		TVS Motor (Singapore) Pte. Limited, Singapore [9,14,80,287 (last year 7,75,90,002) Ordinary shares of Singapore $ 1/- each fully paid up]		225.86	153.49
		Maximum amount held at any time			
		During the year	225.86		
		During the previous year	153.49		
		PT. TVS Motor Company Indonesia, Jakarta [75,97,000 Equity shares (last year - 68,97,000) of Indonesian Rp.97,400/- each fully paid up]		316.75	268.90
		Maximum amount held at any time			
		During the year	316.75		
		During the previous year	268.90		

Notes to the Financial Statements – *(continued)*

39 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 31-03-2019	Amount outstanding as at 31-03-2018
(ii)	in associate companies	Emerald Haven Realty Limited, Chennai, [11,12,19,512 (last year - 11,12,19,512) Equity shares of Rs.10/- each fully paid up]		111.22	111.22
		Maximum amount held at any time			
		During the year	111.22		
		During the previous year	111.22		
		Ultraviolette Automotive Private Limited, Bengaluru [14,850 Equity shares of Rs.10/- each fully paid up]		11.00	–
		Maximum amount held at any time			
		During the year	11.00		
		During the previous year	–		
(b)	Investments by the holding company	Sundaram-Clayton Limited, Chennai holds 27,26,82,786 (last year 27,26,82,786) Equity shares of Re.1/- each fully paid up		13.63	13.63
		Maximum amount held at any time			
		During the year	13.63		
		During the previous year	13.63		

	As at/ Year ended 31-03-2019	As at/ Year ended 31-03-2018
40 DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEES GIVEN		
(a) Investments made - Refer Note No.3		
(b) Guarantee given by the Company:		
(i) Guarantee given to Financial Institution / Bank to facilitate credit to PT. TVS Motor Company Indonesia, Jakarta	110.72	104.28
(ii) Guarantee given to Financial Institution / Bank to facilitate credit to TVS Credit Services Limited, Chennai	12.50	25.00

Notes to the Financial Statements – *(continued)*

41 CORPORATE SOCIAL RESPONSIBILITY

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is Rs.13.09 crores (last year Rs.10.70 crores)

(b) Amount spent during the year:

Rupees in crores

Sl. No.	Particulars	In cash	Yet to be paid in cash	Year ended 31-03-2019	Year ended 31-03-2018
1	Construction / acquisition of any asset	–	–	–	–
2	Expenses incurred through trusts	13.25	–	13.25	10.98

42 BORROWING COST CAPITALISED

Borrowing cost capitalised during the year Rs. 5.86 crores (last year Nil).

43 NON-ADJUSTING EVENTS AFTER BALANCE SHEET DATE

Pursuant to NCLT's Order dated 16.4.2019 TVS Motor Services Limited (TVS MS) will be transferring its investment in TVS Credit Services Limited (TVS CS) equity shares to the Non-cumulative Redeemable Preference Shares holder viz., the Company towards redemption. After such transfer of TVS CS equity shares, the Company will directly hold 85.3% of equity shares in TVS CS and consequently, the Preference Shares held in TVS MS shall stand cancelled.

44 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED WHEREVER NECESSARY TO CONFORM TO THE CURRENT YEAR'S CLASSIFICATION.

VENU SRINIVASAN
Chairman & Managing Director

SUDARSHAN VENU
Joint Managing Director

H. LAKSHMANAN
Director

K.N.RADHAKRISHNAN
Director & Chief Executive Officer

K. GOPALA DESIKAN
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

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

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Chennai
Date : 30th April 2019

Board of Directors

H. LAKSHMANAN, Chairman
R. RAMAKRISHNAN
Dr. LAKSHMI VENU
S. SANTHANAKRISHNAN
C. N. PRASAD
S. G. MURALI

Audit Committee

H. LAKSHMANAN, Chairman
R. RAMAKRISHNAN
S. SANTHANAKRISHNAN

Nomination and Remuneration Committee

R. RAMAKRISHNAN, Chairman
H. LAKSHMANAN
S. SANTHANAKRISHNAN

Corporate Social Responsibility Committee

H. LAKSHMANAN, Chairman
R. RAMAKRISHNAN
Dr. LAKSHMI VENU

Chief Executive Officer

RAJESH OOMMEN

Chief Financial Officer

J. ASHOK CHAKRAVARTHI

Company Secretary

DINESH R G

Auditors

V. SANKAR AIYAR & CO.,
Charterad Accountants,
2 C, Court Chambers,
35, New Marine lines, Mumbai - 400 020

Bankers

STATE BANK OF INDIA
Industrial Finance Branch
Anna Salai, Chennai 600 002

Registered Office:

"Jayalakshmi Estates"
29, Haddows Road
Chennai 600 006
Tel.: 044 2827 2233
Fax : 044 2825 7121
E-mail: corpsec@scl.co.in
Web site: www.sundaramautocomponents.com
CIN : U29249TN1992PLC051417

Plant Locations

1) Belagondapalli, Hosur 635 114.
2) Oragadam, Kancheepuram District 602 105.
3) Byathahalli Village, Kadakola Post, Mysore 571 311.
4) Bhatian Village, Solan District, Himachal Pradesh 174 101.
5) RIICO Chowk, Alwar District, Bhiwadi, Rajasthan 301 019.

Directors' Report to the Shareholders

The Directors are pleased to present the twenty-seventh annual report together with the audited financial statements for the year ended 31st March 2019.

Financial Highlights

(Rs.in crores)

Details	Year ended 31.03.2019	Year ended 31.03.2018
Sales and other income (A)	**601.16**	**1,143.37**
Expenses		
Cost of material consumed	406.78	402.45
Purchase of stock in trade	-	432.94
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(0.71)	92.87
Excise duty	-	18.28
Employee benefit expenses	78.13	70.29
Finance costs	12.23	4.86
Depreciation and amortisation expense	16.91	17.07
Other expenses	70.45	80.51
Total expenses (B)	**583.79**	**1,119.27**
Profit before tax (A) – (B)	**17.37**	**24.10**
Less: Income tax expense:		
Current Tax	3.78	5.96
Deferred Tax	4.26	1.27
Profit after tax from continuing operations	**9.33**	**16.87**
Profit after tax from discontinued operations	-	0.18
Profit for the period	**9.33**	**17.05**
Other Comprehensive income for the period, net of tax	(0.89)	(3.73)
Total comprehensive income for the period	**8.44**	**13.32**

Preparation of financial statements under Indian Accounting Standards

In terms of Rule 4(1)(ii) of the Companies (Indian Accounting Standard) Rules, 2015, the Company is adopting IND AS from 2016-17 as the holding company viz., TVS Motor Company Limited (TVSM) is required to adopt Ind AS.

Accordingly, the financial statements of the Company for the year 2018-19 have been prepared in compliance with the said rules.

Share Capital

During the year under review, the Company has increased its Authorised Share Capital from Rs. 40,00,00,000 (Rupees Forty Crores) divided into 40,00,000 (Forty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 50,00,00,000 (Rupees Fifty Crores) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each at the 26th Annual General Meeting held on 15th June 2018.The Company's paid-up Equity Share Capital as on 31st March 2019 is Rs.35.92 Cr.

Dividend

The Board, vide circular resolution dated 8th March 2019, declared an interim dividend of Re.0.65 per share (6.5%), on 3,59,25,000 equity shares of Rs.10/- each fully paid up, thereby absorbing a sum of Rs. 2.82 Cr including dividend distribution tax,for the year ended 31st March 2019 and paid to the holding Company viz., TVSM on 11th March 2019.

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

Scheme of Arrangement for Demerger of Automobile Trading Division (the Scheme) between the Company and TVS Motor Services Limited (TVSMS)

The National Company Law Tribunal (NCLT), Chennai has approved the Scheme vide its order dated 15th February 2019, for demerger of automobile trading division along with its relative assets and liabilities to TVSMS, effective 1st April 2018. The Scheme was filed with the Registrar of Companies on 20th February 2019 and became effective from that date.

As per the Scheme, TVSMS has allotted 36,33,814 equity shares of Rs.10/- each to TVS Motor Company Limited (TVSM), as consideration for the transfer of automobile trading division, on 27th February 2019. Since both the Company and TVSMS are wholly owned subsidiaries of TVSM, further allotment of shares by TVSMS to TVSM, will not affect the subsidiary status.

Industry Performance

Production

The Industry produced a total of 31.15 Million vehicles including Passenger Vehicles (PVs), Commercial Vehicles (CVs), Three-Wheelers, Two-Wheelers and Quadricycle during the year under review as against 29.12 Million in the previous year, thereby registering a growth of 6.97 % as compared to previous year.

Domestic Sales

During the year, the sale of Passenger Vehicles grew by 2.1% over the corresponding previous year. Within the Passenger Vehicles, Cars, Utility Vehicle and Vans grew by 1.7%, 1% and 11.5% respectively during the year over the corresponding previous year.

The overall Commercial Vehicles segment grew by 15% in the year 2018-19 as compared to the corresponding previous year. Medium & Heavy Commercial Vehicles (M & HCVs) grew by 11.9% and Light Commercial Vehicles grew by 17.1% in the financial year 2018-19 over the corresponding previous year.

Three Wheelers sales grew by 9.3% in the financial year 2018-19 over the corresponding previous year. Within the Three Wheelers, Passenger Carrier & Goods Carrier sales registered a growth of 9.6% and 7.9% respectively in the financial year 2018-19 over the corresponding previous year.

Two Wheelers sales registered a growth at 5.7% in the financial year 2018-19 as compared to the corresponding previous year. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds grew by 1.3%, 8.3% and 2.9% respectively in the financial year 2018-19 as compared to the previous year 2017-18.

Exports

In the financial year 2018-19, overall automobile exports increased by 14.4%. Two and Three Wheelers Segments registered a growth of 17.2% and 48.4% respectively, while Passenger Vehicles (PVs) and Commercial Vehicles (CVs) declined by 11.9% and 0.8% respectively in the financial year 2018-19 over the corresponding previous year.

S. No	Segment	Production			Domestic sales			Export sales		
		2017-18	2018-19	GOLY %	2017-18	2018-19	GOLY %	2017-18	2018-19	GOLY %
1	**PVs**	40	40	-	33	34	2%	7	7	-12%
2	**CVs**	9	11	23%	9	10	15%	1	1	-1%
3	**Three-Wheelers**	10	13	23%	6	7	9%	4	6	48%
4	**Two-wheelers**	232	248	7%	202	214	6%	28	33	17%
	Total	**291**	**312**	**7%**	**250**	**265**	**6%**	**40**	**47**	**14%**

UOM : No of units in Lakhs

Company Performance

Sales of the auto components division of the Company grew 3% from Rs. 575.70 Cr in the previous year to Rs. 594.61 Cr in the year under review. Increase in business from existing customers were the key growth drivers. The Company has entered into business with various new customers and OEMs.

During the year, the Company has added new parts like Canister (part for fuel distribution systems), Mirror covers and parts for electronic power steering to its existing product portfolio.

The Research and development(R&D) team at the Company has implemented new technologies during the year including Hot-foiling for Three Wheeler grille cover logo and High performance polymer for making Housing head lamp stay. The Company's R&D team has also been closely involved with a customer for co-design of Ai3 & QXi parts.

The Company earned a profit before tax of Rs. 17.37 Cr during the year 2018-2019.

Business outlook

GDP is expected to be around 6.9% and the inflation (CPI) is expected at 4.7% level during the year 2019-20.

Economic scenario in FY 2020 could be volatile due to global trade war scenario and also backed up by weak monsoons and slowdown in global economic growth.

The two-wheeler industry is already facing challenges like higher interest rates, increase in total ownership cost due to mandatory long term insurance, BS VI implementation, high inventory levels in pipeline, etc. The two-wheeler industry is likely to grow by 9%, duly aided by Motorcycle segment which is likely to grow by 11%, based on the increase in tax rebate announced during the interim budget FY20.

The passenger vehicle segment is also experiencing a slowdown in growth due to high inventory levels, increase in ownership cost, etc. New OEMs planning to start their production during FY2020, likely to boost sales. Passenger vehicle sales in India are likely to grow in the range of 4% to 6% next year on the back of new product launches.

Commercial vehicle industry is likely to witness a de-growth of 3 to 5 % in FY 2020 due to weaker monsoon and higher base set during the preceding years. Improved infrastructure and government incentives to the rural segments will be in favor of CV segment growth.

With the overall slowdown in growth of the automotive industry coupled with new products planned by the Company for its customers, the Company's overall sales during 2019-20 are expected to grow by 6% - 8%.

Awards

The Company was recognized and rewarded by the following customers & associations during the year 2018-19;

Hanon Systems	:	Best safety systems award for Chennai plant
Automotive Components Manufacturer's Association (ACMA)	:	ACMA Silver Award - Excellence in EHS practices for Chennai plant Best Cluster company and Best CEO award from ACMA-ZED program
Indian Institute of Safety and Security Management(IISSM)	:	IISSM Industrial Sector safety awards – Auto component Industries for the year 2017-18for Hosur and Chennai plants.
CII – TPM club of India	:	Strong commitment award for Mysuru plant.

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 51 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 2018-19, the Company has invested a sum of USD 14 Mn in the ordinary shares of SHUI and holds 75% of the total capital of SHUI as on 31st March 2019. The subsidiary is expected to start its commercial production during the year 2019-20.

As per Section 129 of the Companies Act, 2013 read with the Companies (Accounts) Amendment Rules, 2014, an intermediate subsidiary is exempted to prepare consolidated financial statements, as its intermediate holding Company viz., TVS Motor Company Limited prepares and files consolidated financial statements with the Registrar of Companies. However, the salient features of the financial statement of the Subsidiaries in Form AOC-I, are annexed as Annexure IV of the Report, in terms of Section 129(3) of the Companies Act 2013 (the Act, 2013) read with Rule 5 of the Companies (Accounts) Rules, 2014.

Risk Management

The Board has established a robust 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 risk function is looked after by a team under CEO of the Company embedded in the business. Process owners are identified for each risk and matrix are developed for monitoring through a harmonizing financial, credit and operational reporting systems.

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 make the following statement in terms of Section 134 of the Companies Act, 2013 (the Act 2013):

(a) that in the preparation of the annual accounts for the year ended 31st March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

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

(c) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the Directors had prepared the accounts for the financial year ended 31st March 2019 on a going concern basis; and

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

Directors

Independent Directors (IDs)

In line with the requirements of the Act, 2013, the Board consists of two independent Directors viz., Mr R Ramakrishnan and Mr S Santhanakrishnan. IDs hold office for a fixed term and are not liable to retire by rotation.

In accordance with Section 149(7) of the Act 2013, both the IDs have declared that they meet the criteria of independence as provided under Section 149(6) of the Act 2013.

The detailed terms of appointment of IDs is disclosed on the Company's website in the following link www.sundaramautocomponents.com

Separate meeting of Independent Directors:

During the year under review, a separate meeting of IDs was held on 11th March 2019. Both IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of Board, Non-IDs, Chairman and timeliness of flow of information from management.

A set of questionnaires along with the list of activities undertaken by the Company was also provided to them for facilitating them to carry out their review /evaluation.

Non-Independent Directors (Non-IDs)

IDs were accomplished with the criteria and methodology and inputs for evaluation of Non-IDs namely, M/s. H Lakshmanan, Dr. Lakshmi Venu, C N Prasad and S G Murali.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires, reviewing their attributes towards overall level of contribution to the Company's growth and were completely satisfied with their accomplished performance.

Chairman

IDs reviewed the performance of Chairman of the Board after considering his performance and benchmarked the achievement of the Company with industry under his stewardship.

Board

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

The Board upon evaluation concluded that it is well balanced in terms of diversity of experience and had an expert in each domain viz., Engineering, Finance, Marketing and Administration. The Company endeavors to have a diverse Board representing a range of experience at policy-making levels in business and technology.

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

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 last year.

The IDs appreciated the management for their hard work and commitment to meet the corporate goals and also expressed that the relationship between the top management and Board is smooth and seamless.

Directors liable to retire by rotation

In terms of Section 152 of the Act 2013, two-third of the total number of Directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Mr S G Murali and Mr C N Prasad, non-executive and non-independent Directors, who are liable to retire at the ensuing AGM, and being eligible, offer their candidature for re-appointment.

The Nomination and Remuneration Committee of Directors at their meeting held on 22nd April 2019 recommended the re-appointment of Mr S G Murali and Mr C N Prasad as Directors of the Company.

Policy on Directors appointment and remuneration of Directors and Key Managerial Personnel

In accordance with Section 178 of the Act 2013, the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that Directors and KMPs are sufficiently remunerated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a Director.

Nomination and Remuneration Policy

Directors:

NRC will recommend the remuneration for executive and non-executive Directors. This will be then approved by the Board and shareholders. The non-executive independent Directors are appointed to the Board of the Company in terms of regulatory requirements.

The Board has approved the payment of remuneration by way of profit related commission to the non-executive Independent Directors, for the financial year 2018-19, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution was obtained at the twenty fourth annual general meeting held on 1st June 2016, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.

Commission:

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the Board / Committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time, and hence IDs are being paid by way of commission.

As approved by the shareholders at the annual general meeting of the Company held on 1st June 2016, 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 1st April 2015.

A commission of Rs.6 lakhs per annum is paid to each IDs for the financial year 2018-19, who serve as Members of the audit Committee as well. The amount of commission for every financial year will be decided by the Board and will be within the limits as prescribed under the provisions of the Act, 2013.

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.

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.

Key Managerial Personnel (KMP)

Change in Company Secretary:

During the year under review, Mr P D Dev Kishan resigned as the Company Secretary of the Company effective 1st June 2018. Consequent to his resignation, the board at their meeting held on 27th July 2018 appointed Mr Dinesh R G as Company Secretary of the Company in compliance with the provisions of Section 203 of the Act 2013, and as per the terms approved by the board.

M/s Rajesh Oommen, Chief Executive Officer, J Ashok Chakravarthi, Chief Financial Officer and Dinesh R G, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

Hence, the Company is fully compliant with the provisions of Section 203 of the Act 2013.

Evaluation of the Independent Directors and Committees of Directors

In terms of Section 134 of the Act, 2013, the Board reviewed and evaluated Independent Directors and its Committees viz., Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

Independent Directors

The performance of all Independent Directors (IDs) was assessed against a range of criteria such as contribution to the development of business strategy and performance of the Company, understanding the major risks affecting the Company, clear direction to the management and contribution to the Board cohesion.

The performance evaluation has been done by the entire Board of Directors except the Director concerned being evaluated. The Board noted that 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.

Committees

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

-Audit Committee for overseeing financial reporting and risk minimisation;

-Nomination and Remuneration Committee for selecting and remunerating Directors / KMPs;

-Corporate Social Responsibility Committee for overseeing CSR initiatives.

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

The Board is satisfied with overall effectiveness and decision making of all Committees. The Board reviewed each Committee's terms of reference to ensure that the Company's existing practices remain appropriate. Recommendations from each Committee are considered and approved by the Board prior to implementation.

Corporate Governance

Board Meetings:

During the year under review, the Board met four times on 26th April 2018,27thJuly 2018, 24th October 2018 and 25th January 2019 and the gap between two meetings did not exceed one hundred and twenty days.

Audit Committee:

In terms of Section 177 of the Act 2013, the Audit Committee should consist of minimum of three Members, with majority of Independent Directors.

All Members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts, etc.

The following Directors are the Members of Audit Committee of the Company as on the date of this Report:

1. Mr H Lakshmanan, Chairman
2. Mr R Ramakrishnan, Independent Director
3. Mr S Santhanakrishnan, Independent Director

Nomination and Remuneration Committee:

In terms of Section 178 of the Act 2013, the Nomination and Remuneration Committee is required to consist of minimum of three Members, of which not less than one-half shall be independent Directors.

The following are the Members of Nomination and Remuneration Committee of the Company as on the date of this Report:

1. Mr R Ramakrishnan, Chairman, independent Director
2. Mr H Lakshmanan, Non-Executive Non Independent Director
3. Mr S Santhanakrishnan, Independent Director

Remuneration criteria to Directors:

The non - executive / independent Director(s) receive remuneration by way of fees for attending meetings of Board or any Committee in which Director(s) is Member.

In addition to the sitting fees, the non - executive independent Director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the limit as prescribed under the provisions of the Act 2013.

Corporate Social Responsibility Committee (CSR):

In terms of Section 135 of the Act 2013, the CSR Committee should consist of minimum of three Members, with atleast one Independent Director.

The following Directors are the Members of CSR Committee of the Company as on the date of this report:

1. Mr H Lakshmanan, Non-Executive Non-Independent Director.
2. Mr R Ramakrishnan, Independent Director.
3. Dr. Lakshmi Venu, Non-Executive Non-Independent Director.

Based on the recommendation of the CSR Committee, the Board has approved the projects / programs to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed Rs.62 lakhs for the financial year 2018-19, towards CSR spending.

SST, over 22 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 and providing assistance in the areas of education, medical benefits etc.

The Company is eligible to spend on their ongoing projects / programs, falling within the CSR activities specified under the Act 2013, as mandated by MCA for carrying out its CSR activities.

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

Auditors

Statutory Auditors:

The Company at its twenty fifth AGM held on 31st July 2017 appointed M/s V Sankar Aiyar & Co., Chartered Accountants, having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India, as statutory auditors of the Company to hold office, for the first term of five consecutive years, from the conclusion of the said AGM, subject to ratification at every AGM, at such remuneration in addition to applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

In terms of the above provisions, M/s V Sankar Aiyar & Co., Chartered Accountants, have completed their second year in the first term of five consecutive years.

The Companies Amendment Act, 2017 has dispensed with ratification of Statutory Auditor's appointment at every AGM. Hence they continue as Statutory Auditors for the year 2019-20 also.

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 2019-20.

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 2018-19.

The Board has re-appointed them as Secretarial Auditor for carrying out the secretarial audit for the financial year 2019-20.

Both the Statutory Auditors Report and Secretarial Audit Report are free from any qualification, reservation or adverse remark or disclaimer, and hence do not warrant any explanation or comments by the Board.

Statutory Statements

Deposits

The Company has not accepted any deposit from the public within the meaning of Section 76 of the Act 2013, for the year ended 31st March 2019.

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

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

Material changes and commitments:

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and to the date of the report.

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

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

Annual Return:

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

Employee's remuneration:

Details of Employees receiving the remuneration 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 as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company

Details of material related party transactions:

Details of material related parties under Section 188 of the Act 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in Annexure VI to this report in the prescribed form.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans and guarantees under Section 186 of the Act 2013 for the financial year 2018-19, the Company has not extended any guarantee or loans to other companies during the year under review.

However, please refer note no. 6 to Notes on accounts for the financial year 2018-19, for details of investments made by the Company.

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the 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 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: 22nd April 2019

H Lakshmanan
Chairman

Annexure - I
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO
(Pursuant to Section 134(3)(m) of the Companies Act, 2013)

A. CONSERVATION OF ENERGY

1.1 Measures taken in the year 2018-19

- Solar power
  - o Installed roof top solar panels at the plant located in Mysuru, as a green power source for the plant with capacity of 0.48MW.
- Projects undertaken to reduce energy consumption:
  - o Elevated type LPG fired oven with canopy installed in new paint plant at Hosur.
  - o Implemented the synchronization of compressors and air lines of all 3 plants eliminating multiple unit running, arresting air leakages etc. at Hosur.
  - o Projects implemented for reducing the heat loss by replacing heater jackets for Injection moulding machines at Hosur.
  - o Relocated common cooling towers and chillers for effective use for reduction of power consumption at Mysuru plant.
  - o Installation of LED bulbs and variable frequency drives at Chennai plant.

The above measures along with other small projects resulted in an annual savings of Rs. 0.92 Crore.

1.2 Proposed measures for the year 2019-20:

- o Installation of roof top solar panels at Nalagarh and Hosur plants with a capacity of 1350 KW.
- o Sourcing for wind energy power for Mysuru plant with capacity of 1.5 MW.
- o Proposed to introduce scientific injection moulding process so as to reduce the power consumption.
- o The Company will continue to utilize the solar energy to the extent of 1,480 MW.
- o Improve Overall Equipment Effectiveness (OEE) of machines across plants. Servo conversion and refurbishment of T 550 II machine

The above measures are expected to result in an annual savings of approximately Rs. 2.20 Crore.

2. Steps taken for utilizing alternate sources of energy during the year 2018-19

The Company continued the utilization of the wind energy and solar energy to an extent of 6,135 MW.

3. Capital investment- Energy conservation Equipment:

The Company during the year 2018-19 invested in Robotic paint line, Robotic insert heating and pressing and laser degating system for productivity and quality improvement, Vision based inspection and inert gas feeding system for transparent moulding to reduce black dots. The Company will continue to invest in similar machines during expansion.

B. TECHNOLOGY ABSORPTION

Not Applicable

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO.

Total foreign exchange earnings and out go (Rs. In Cr)	
(a) Earnings	-
(b) Out go	51.74

For and on behalf of the Board

Place : Chennai
Date : 22th April 2019

H Lakshmanan
Chairman

Annexure - II

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U29249TN1992PLC051417
ii)	Registration Date	:	10.06.1992
iii)	Name of the Company	:	Sundaram Auto Components Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company / Limited by shares
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006 Tele: (044) 2827 22 33
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products	NIC Code of the product	% to total turnover of the Company
1.	Plastic Moulded components	2520	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited Address: No:29, Haddows Road, Chennai – 600006.	L35921TN 1992PLC022845	Holding Company	100%	2(46)
2.	Sundaram Holding USA Inc. Address: 2711, Centerville Road, #400 Wilmington, New Castle – 19808, State of Delaware, USA	NA	Subsidiary	75%	2(87)
3.	Green Hills Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary	100 % held by S.No.2	
4.	Component Equipment Leasing LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
5.	Sundaram-Clayton LLC (Formerly known as Workspace Project LLC,) Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		
6.	Premier Land Holding LLC, Address: 1703, Laurel Street, Columbia, South Carolina – 29201, USA	NA	Subsidiary		

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding : Not Applicable

(ii) Shareholding of Promoters :

S No	Name of the Shareholders (M/s.)	Shareholding at the beginning of the year		Share holding at the end of the year		% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1.	TVS Motor Company Limited (Holding Company) and its six nominees	3,59,25,000	100%	3,59,25,000	100%	-
	TOTAL	3,59,25,000	100%	3,59,25,000	100%	-

(iii) Change in Promoters' Shareholding:

TVS Motor Company Limited (Holding Company) and its six nominees

Particulars	Shareholding as at 1st April 2018		Shareholding as at 31st March 2019	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year	3,59,25,000	100.00	-	-
At the end of the year	-	-	3,59,25,000	100.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**N.A.**

(v) Shareholding of Directors and Key Managerial Personnel: **Nil**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs.in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 86.96 - 0.03	 - -	 86.96 - 0.03
Total (i+ii+iii)	**86.96**	**-**	**86.96**
Change in Indebtedness during the financial year · Addition · Reduction	 181.92 (55.00)	 - -	 181.92 (55.00)
Net Change	126.92	-	126.92
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	 213.10 - 0.81	 - - -	 213.10 - 0.81
Total (i+ii+iii)	**213.91**	**-**	**213.91**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors:

(in Rs)

Sl. No	Particulars of Remuneration	Name of Directors – M/s.				Total Amount
		RK		SSK		
1.	Independent Directors: Fee for attending Board / Committee meetings Commission Others	55,000 6,00.000 -		50,000 6,00.000 -		1,05,000 12,00,000 -
	Total (A)	**6,55,000**		**6,50,000**		**13,05,000**
		HL	**Dr.LV**	**SGM**	**CNP**	**Total Amount**
2.	Other Non –Executive Directors: Fee for attending Board / Committee meetings Commission Others	55,000 -	20,000 -	15,000 -	10,000 -	1,00,000 -
	Total (B)	**55,000**	**20,000**	**15,000**	**10,000**	**1,00,000**
	Total (A) + (B)					**14,05,000**
	Overall Ceiling as per the Act					**191.07 lakhs**

RK - Mr R Ramakrishnan; SSK - Mr S Santhanakrishnan; HL - Mr H Lakshmanan; Dr. LV - Dr. Lakshmi Venu; CNP - Mr C N Prasad; SGM - Mr S G Murali;

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. In lakhs)

S.No	Particulars of Remuneration	CEO	CFO	CS	Total
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	89.40	30.96	7.50	127.86
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others	-	-	-	-
5.	Others	-	-	-	-
	Total	89.40	30.96	7.50	127.86

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

Place : Chennai
Date : 22nd April 2019

H Lakshmanan
Chairman

Annexure - IV

FORM No. AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Statement containing salient features of the financial statement of subsidiaries :-

S.No	Particulars	
	Name of the subsidiary	**Sundaram Holding USA Inc.,**
1.	Date on which subsidiary was acquired	9th September 2015
2.	Reporting period	1st April 2018 to 31st March 2019
3.	Reporting currency	USD
	Closing Exchange rate	INR 69.155/USD
4.	Share capital	337.28
5.	Reserves & Surplus	2.28
6.	Total assets	516.87
7.	Total Liabilities	516.87
8.	Investments	-
9.	Turnover	-
10.	Profit before taxation	(1.03)
11.	Provision for taxation	-
12.	Profit after taxation	(1.03)
13.	Proposed Dividend	-
14.	% of shareholding	75

Note:

1. *The figures of Sundaram Holding USA Inc includes the consolidation of its subsidiaries viz., Green Hills Land Holding LLC, Components Equipment Leasing LLC, Sundaram Clayton USA LLC and Premier Land Holding LLC.*
2. *Subsidiaries which have been liquidated or sold during the year – Nil.*

As per our report annexed

H Lakshmanan
Chairman

C N Prasad
Director

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. F23116

Place: Chennai
Date: 22-04-2019

Annexure - V

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

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

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

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

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

3. Web-link to the CSR policy and projects or programs - www.sundaramautocomponents.com

4. Composition of the CSR Committee.

Sl. No.	Name of the Directors (M/s.)	Designation	Status
1.	Mr H Lakshmanan	Non-Independent director	Chairman
2.	Dr. Lakshmi Venu	Non-Independent director	Member
3.	Mr R Ramakrishnan	Independent director	Member

5. Average net profit of the Company for last three financial years Rs. 31.84 Cr
6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 0.62 Cr
7. Details of CSR spent during the financial year
   (a) Total amount to be spent for the financial year Rs. 0.62 Cr
   (b) Amount unspent, if any Not Applicable
   (c) Manner in which the amount spent during the financial year is detailed below.

1.	Name of the Implementing Agency		Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road Chennai - 600 006 Tamil Nadu Phone No : 044-28332115 Mail ID : aj@scl.co.in
2.	CSR Project or activity identifiedas mentioned in Schedule VII to the Companies Act, 2013		• Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; • Promotion of Education, including special education and employment, enhancing vocation skills especially among children, women and livelihood enhancement projects; • Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; • ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and • rural development projects
3.	Sector in which the Project is covered		Economic Development, Education, Environment, Health and Infrastructure
4.	**Areas in which Projects / Programmes undertaken**		
	Local Area / Others		• Venkatagiri Mandal, Andhra Pradesh • Anbil village, Trichy district, Tamil Nadu
	State & district		- Nellore District, Andhra Pradesh - Trichy District, Tamil Nadu
	Amount outlay (budget) project or program-wise		Rs.1,940 Lakhs
5.	Amount spent on the projects or programmes		Rs.976 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.62 Lakhs)
6.	**Sub-heads**		
	Direct expenses On projects / programs		Rs.1652.99 Lakhs
	Overheads		Nil
7.	Cumulative expenditure upto the reporting period		Rs.1652.99 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.62 Lakhs)

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

   Not applicable

9. CSR Committee states the CSR activities being undertaken / proposed will be implemented and monitoring as per CSR Policy and is in compliance with CSR objectives and Policy of the Company.

   To discharge the duties cast under provisions of the Act, Members of the CSR Committee visit places where CSR activities were undertaken.

For and on behalf of the Board

Place : Chennai
Date : 22nd April 2019

H Lakshmanan
Chairman and Chairman of CSR Committee

Annexure - VI

FORM No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

   NIL

2. Details of material contract, arrangement or transaction at arm's length basis:
   (a) Name of the related party TVS Motor Company Limited
   (b) Nature of relationship Holding Company
   (c) Duration of the contracts/ arrangements/ transactions 2018-19
   (d) Date (s) of approval by the Board, if any: 25th January 2018

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	376.64
Rendering of Services	Share of cost of Salary, training expenses, rent, sharing of common expenses	At cost	0.86

For and on behalf of the Board

Place : Chennai
Date : 22nd April 2019

H Lakshmanan
Chairman

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2019

[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,
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]
Jayalakshmi Estates, No. 29(8), Haddows Road, Chennai-600006

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by SUNDARAM AUTO COMPONENTS LIMITED ('the Company') during the financial year from 1st April 2018 to 31st March 2019 ('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, forms and returns filed, and compliance related action taken by the Company during the year as well as after 31st March 2019 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 and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

In our opinion, during the audit period covering the financial year ended on 31st March 2019, 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 our letter of even date annexed to this report as 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 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) Foreign Exchange Management Act, 1999, and the rules and regulations made thereunder, to the extent of Overseas Direct Investment and External Commercial Borrowings (FEMA).

(iii) Secretarial Standards (SS-1) on "Meetings of the Board of Directors", Secretarial Standards (SS-2) on "General Meetings" and Secretarial Standards (SS-3) on "Dividend" issued by The Institute of Company Secretaries of India (Secretarial Standards).

1.2. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2019 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

(i) Complied with the applicable provisions of the Act and the Rules, mentioned in paragraph 1.1 (i) above, except for the delay of 30 days in filing Form SH-7 for Increase in Authorised capital pursuant to ordinary resolution passed at the 26th Annual General Meeting held on 15th June 2018;

(ii) Generally complied with the applicable rules and regulations under FEMA mentioned in paragraph 1.1 (ii) above; and

(iii) Generally complied with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) referred to in paragraph 1.1 (iii) above. Secretarial Standards on "Dividend" (SS-3), being non-mandatory has not been adopted by the Company.

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

(i) The Company, in view of being an unlisted wholly owned subsidiary 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; 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.

2. Board processes

We further report that:

2.1 Board constitution and balance

(i) The Board of Directors of the Company is duly constituted with a proper balance of Non-Executive Directors and Independent Directors. The Company does not have an Executive Director but has a Chief Executive Officer in terms of Section 203(1)(i) of the Act. The Board also has a woman director.

(ii) Re-appointment of Mr. H Lakshmanan as Chairman for a further term of 3 (three) years with effect from 19th April 2018; and Re-appointment of Mr. H Lakshmanan (DIN: 00057973) and Dr. Lakshmi Venu (DIN: 02702020), directors who retired by rotation at the 26th Annual General Meeting held on 15th June 2018, were carried out in compliance with the applicable provisions of the Companies Act, 2013, and the Rules made thereunder. There were no other changes in the Board of Directors during the year.

2.2 Board meetings

(i) Adequate notice was given to all the directors to plan their schedule for all the Board Meetings, other than 1 (one) meeting which was called at a shorter notice. Notice of Board meetings were sent atleast 7 (seven) days in advance, except in respect of 1 (one) meeting which was called at a shorter notice, at which meeting atleast 1 (one) Independent director was present.

(ii) Agenda and detailed notes on agenda were sent atleast seven days before all the Board meetings, other than 1 (one) meeting which was called at a shorter notice. However, agenda notes in respect of additional subjects and supplementary agenda notes and annexures in respect of the agenda items were either circulated separately or at the meeting.

2.3 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:

3.1 There are reasonably adequate systems and processes in the Company, commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules and regulations.

4. Specific events / actions

We further report that:

4.1 During the audit period, the following specific events and actions having a major bearing on the Company's affairs took place in pursuance of the above referred laws, rules, regulations and standards:

(i) Scheme of demerger of Automobile trading business division of the Company to TVS Motor Services Limited, was sanctioned by the National Company Law Tribunal, Chennai Bench, on 13th February 2019, effective from 1st April 2018.

(ii) Further investment of USD 14 million was made in the Company's foreign subsidiary Sundaram Holding USA, Inc. by way of subscription to 14 million common stock of USD 1 each at par.

For S. Krishnamurthy & Co
Company Secretaries

K. Sriram,
Partner
Membership No.F6312
Certificate of Practice No: 2215

Date : 22nd April 2019
Place : Chennai

Annexure - A to Secretarial Audit Report of even date

To,

The Members,
Sundaram Auto Components Limited, [CIN:U29249TN1992PLC051417]
Jayalakshmi Estates, No. 29(8), Haddows Road, Chennai-600006.

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2019 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 2019 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion/ certification obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have 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

K. Sriram,
Partner

Date : 22nd April 2019
Place : Chennai

Membership No.F6312
Certificate of Practice No: 2215

Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2019

To the Members of SUNDARAM AUTO COMPONENTS LIMITED

REPORT ON THE AUDIT OF THE STAND-ALONE FINANCIAL STATEMENTS

Opinion

We have audited the stand-alone financial statements of Sundaram Auto Components Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, 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 stand-alone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profits, other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that 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 operative 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, 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 reasonable be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    (d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position as at 31st March 2019 in its standalone financial statements – refer note 34 (i) to the financial statement.

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

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

3. With respect to the matter to be reported 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 excess of the limit laid down under Section 197 of the Act.

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

S. VENKATARAMAN
PARTNER
Membership No.023116

Place: Chennai
Date: 22nd April 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT – 31st March 2019 (Referred to in our report of even date)

i.

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

b. The Company has a regular program of physically verifying all the fixed assets at its plants/ office 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. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and on the basis of the examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventories have been physically verified by the management during the year. In our opinion the frequency of the physical verification is reasonable, the discrepancies noticed on verification between the physical stocks and the book stocks were not material and have been properly dealt with in the books of accounts.

iii. According to the information and explanations given to us, the Company has not granted loans to bodies corporate, covered in the register maintained under section 189 of the Companies Act, 2013 and therefore, the provisions of the clause 3(iii) of the Order are not applicable to the Company.

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 Act in respect making investments, as applicable. The Company has not granted any loan or provided any guarantee during the year.

v. According to the information and explanations given to us, the Company has not accepted deposits from public. Therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. According to the information and explanations given to us, 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. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.

vii. According to the records of the Company and based on the information and explanations given to us, in respect of statutory dues:

a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

b. Details of dues of Income Tax which have not been deposited as at 31st March, 2019 on account of dispute are given below:

Name of the statue/ (Nature of dues)	Period of Due	Rs. In Crores	Forum where dispute is pending
Income Tax Act 1961	2009-11	0.34	Commissioner of Income Tax (Appeal) Chennai

viii. On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings from Banks/financial institutions. The Company has not raised any monies against issue of debentures nor borrowed from Government.

ix. In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose to which they were obtained. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under para 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

S. VENKATARAMAN
PARTNER
Membership No.023116

Place: Chennai
Date: 22nd April 2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT – 31st March 2019 (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, Chennai ("the Company") as of March 31st, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st , 2019, 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
ICAI Regn. No.109208W

S. VENKATARAMAN
PARTNER
Membership No.023116

Place: Chennai
Date: 22nd April 2019

Balance Sheet as at 31st March 2019

Rupees in crores

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	2	240.58	181.79
Capital work in progress	3	3.70	45.02
Goodwill	4	2.20	2.20
Other intangible assets	4	0.49	0.20
Financial assets			
i. Investments	5	253.96	157.20
ii. Other Financial assets	6	0.49	0.45
Other non-current assets	7	41.01	46.87
			-
Total non-current assets		**542.43**	**433.73**
Current assets			
Inventories	8	28.35	31.57
Financial assets			
i. Trade receivables	9	58.79	79.06
ii. Cash and cash equivalents	10	1.24	0.87
iii. Other financial assets	11	0.58	-
Other current assets	12	34.16	23.62
Total current assets		**123.12**	**135.12**
Assets classified as discontinued operations		-	42.20
Total Assets		**665.55**	**611.05**
Equity and liabilities			
Equity			
Equity share capital	13	35.93	35.93
Other equity	14		
Reserves and surplus		312.43	310.44
Total equity		**348.36**	**346.37**
Liabilties			
Non-current liabilities			
Financial liabilities			
Borrowings	15	158.83	64.95
Provision - Employee benefit obligations	16	1.28	2.85
Deferred tax liabilities (Net)	17	16.11	12.97
Total non-current liabilities		**176.22**	**80.77**
Current liabilities			
Financial liabilities			
i. Borrowings	18	44.04	22.32
ii. Trade payables	19		
a.Total outstanding dues of MSME		4.67	3.26
b.Total outstanding dues of creditors other than MSME		56.41	73.64
iii. Other financial liabilities	20	11.03	1.70
Other current liabilities	21	23.65	44.36
Provision - Employee benefit obligations	16	1.17	0.06
Total current liabilities		**140.97**	**145.34**
Liabilities classified as discontinued operations		-	38.57
Total liabilities		**317.19**	**264.68**
Total equity and liabilities		**665.55**	**611.05**
Significant Accounting Policies	**1**		
(See accompanying notes to financial statements)			

As per our report annexed

H Lakshmanan
Chairman

C N Prasad
Director

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. F23116

Place: Chennai
Date: 22-04-2019

Statement of Profit and Loss for the year ended 31st March 2019

Rupees in crores

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Continuing Operations:			
Income			
Revenue from operations	22	599.70	1,142.37
Other income	23	1.46	1.00
Total income		**601.16**	**1,143.37**
Expenses			
Cost of material consumed	24	406.78	402.45
Purchase of stock in trade	24	-	432.94
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	24	(0.71)	92.87
Excise duty		-	18.28
Employee benefit expenses	25	78.13	70.29
Finance costs	26	12.23	4.86
Depreciation and amortisation expense	2 & 4	16.91	17.07
Other expenses	27	70.45	80.51
Total expenses		**583.79**	**1,119.27**
Profit before tax from continuing operations		**17.37**	**24.10**
Income tax expense			
Current tax	28	3.78	5.96
Deferred tax	28	4.26	1.27
Profit after tax from continuing operations (A)		**9.33**	**16.87**
Discontinued operations			
Profitbefore tax from discontinued operations		-	0.24
Tax expense of discontinued operations		-	0.06
Profitafter tax from discontinued operations (B)		**-**	**0.18**
Profit for the year (C=A+B)		**9.33**	**17.05**
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations arising on account of actuarial losses			
(i) Continuing operations		0.51	0.08
(ii) Discontinued operations		-	-
Change in fair value of equity instruments			
(i) Continuing operations		0.08	(2.46)
(ii) Discontinued operations		-	-
Income tax relating to these items			
(i) Continuing operations		0.21	(0.79)
(ii) Discontinued operations		-	-
B. Items that will be reclassified to profit or loss			
Fair value changes on cash flow hedges			
(i) Continuing operations		(2.59)	(0.85)
(ii) Discontinued operations		-	-
Income tax relating to these items			
(i) Continuing operations		0.90	0.29
(ii) Discontinued operations			
Other comprehensive income for the year, net of tax		(0.89)	(3.73)
Total comprehensive income for the period		8.44	13.32
Earnings per equity share of Rs. 10 each fully paid up	**35**		
Continuing operations			
(i) Basic and Diluted earnings per share (in Rupees)		2.60	8.92
Discontinued operations			
(i) Basic and Diluted earnings per share (in Rupees)		-	0.10
Continuing and discontinued operations			
(i) Basic and Diluted earnings per share (in Rupees)		2.60	9.02
Significant Accounting Policies	**1**		
(See accompanying notes to financial statements)			

As per our report annexed

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

H Lakshmanan
Chairman

C N Prasad
Director

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. F23116

Place: Chennai
Date: 22-04-2019

Cash Flow Statement

Rupees in crores

Details	Notes	Year ended March 31, 2019		Year ended March 31, 2018	
Cash flow from operating activities					
Profit before tax from continuing operations			17.37		24.10
Profit/(loss) before tax from discontinued operations					0.24
Adjustments for					
Depreciation and amortisation expense		16.91		17.07	
Loss on disposal of property, plant and equipment		0.17		0.01	
(Gain) on disposal of property, plant and equipment		-		(0.04)	
Impact of fair valuation of hedge instruments		(1.24)		1.60	
Insurance claim received		-		(0.53)	
Interest income classified as investing cash flows		(0.16)		(0.15)	
Finance costs		12.23		4.34	
			27.91		**22.30**
Change in operating assets and liabilities					
(Increase) / Decrease in trade receivables		20.27		22.16	
(Increase) / Decrease in Inventories		3.22		136.06	
(Increase) / Decrease in other financial assets		(0.62)		(0.35)	
(Increase) / Decrease in other non-current assets		(0.56)		0.10	
(Increase) / Decrease in other current assets		(3.70)		(9.79)	
Increase / (Decrease) in trade payables		(19.21)		(136.13)	
Increase / (Decrease) in provisions		(1.53)		(2.59)	
Increase / (Decrease) in financial liabilities		(1.12)		3.02	
Increase / (Decrease) in other current liabilities		(20.72)	(23.97)	(9.27)	3.22
Cash generated from operations			**21.31**		**49.86**
Less: Income taxes paid			4.07		6.23
Net cash inflow from operating activities			**17.24**		**43.63**
Cash flows from investing activities					
Payments for property, plant and equipment		(76.19)		(53.51)	
Payments for property, plant and equipment - Cwip		41.32		(43.48)	
Capital Advances Made		6.42		(32.87)	
Payments for purchase of investment		(96.75)		(132.26)	
Proceeds from sale of property, plant and equipment		0.05		(0.04)	
Interest received		0.16		0.15	
Net cash outflow from investing activities			**(124.99)**		**(262.01)**

Rupees in crores

Details	Notes	Year ended March 31, 2019		Year ended March 31, 2018	
Cash flows from financing activities					
Interest paid		(12.23)		(4.34)	
Dividends paid to company's shareholders		(2.34)		(5.21)	
Dividend Tax paid		(0.48)		(1.06)	
Proceeds from issue of share capital		-		171.01	
Receipt of Short term loan		5.78		15.03	
Availment / (repaid) of cash credit		16.73		(10.27)	
Term loan availed / (repaid)		83.82		64.95	
Net cash inflow (outflow) from financing activities			**91.28**		**230.11**
Net increase (decrease) in cash and cash equivalents			**(16.47)**		**11.73**
Cash and cash equivalents at the beginning of the financial year					
Cash and cash equivalents		0.97		0.94	
Cash credit balance		(7.30)	(6.33)	(19.00)	(18.06)
Cash and cash equivalents at end of the year					
Cash and cash equivalents		1.24		0.97	
Cash credit balance		(24.04)	(22.80)	(7.30)	(6.33)

Particulars	As at 01-04-2018	Cash flow	Foreign exchange movement	As at 31-03-2019
Non current borrowings (Including current maturities)	65.02	104.03	-	169.05
Current borrowings	22.32	21.72	-	44.04

Note :

(a) The transactions pursuant to the Scheme of Arrangement and demerger (refer note 37) have not been considered in above cash flow statement being non-cash transactions.

(b) Previous year's figures are regrouped or rearranged wherever considered necessary to conform to current year's Classification

As per our report annexed

H Lakshmanan
Chairman

C N Prasad
Director

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. F23116

Place: Chennai
Date: 22-04-2019

Statement of Changes in Equity

Rupees in crores

A.

EQUITY SHARE CAPITAL	Total
As at 01-04-2017	**14.55**
Changes in equity share capital	21.38
As at 31-03-2018	**35.93**
Changes in equity share capital	-
As at 31-03-2019	**35.93**

B. OTHER EQUITY

	General Reserve	Securities Premium Reserve	Equity Instruments Fair Value through Other Comprehensive Income	Hedging Reserve	Retained Earnings	Total
Balance as at April 1, 2017	**11.93**	**70.35**	-	-	**71.48**	**153.76**
Add : Profit for the period 2017-18	-	-	-	-	17.05	17.05
Other comprehensive income	-	-	(2.95)	(0.56)	(0.22)	(3.73)
Issue of equity shares	-	149.63	-	-	-	149.63
Sub-total A	**11.93**	**219.98**	**(2.95)**	**(0.56)**	**88.31**	**316.71**
Less : Distribution to shareholders						
2017-18 first and final dividend paid	-	-	-	-	5.21	5.21
Dividend distribution tax paid	-	-	-	-	1.06	1.06
Sub-total B	**-**	**-**	**-**	**-**	**6.27**	**6.27**
Balance as at March 31, 2018 C =(A - B)	**11.93**	**219.98**	**(2.95)**	**(0.56)**	**82.04**	**310.44**
Adjustment arising pursuant to the scheme of demerger and arrangement	(3.63)	-	-	-	-	(3.63)
Profit for the period 2018-19	-	-	-	-	9.33	9.33
Other comprehensive income for the year 2018-19	-	-	0.59	(1.69)	0.21	(0.89)
Sub-total D	**8.30**	**219.98**	**(2.36)**	**(2.25)**	**91.58**	**315.25**
Less : Distribution to shareholders						
2018-19 first and final dividend paid	-	-	-	-	2.34	2.34
Dividend distribution tax paid	-	-	-	-	0.48	0.48
Sub-total E	**-**	**-**	**-**	**-**	**2.82**	**2.82**
Balance as at March 31, 2019 F = (D - E)	**8.30**	**219.98**	**(2.36)**	**(2.25)**	**88.76**	**312.43**

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: Part of retained earnings was earlier utilised for declaration of dividends as per the erst while Companies Act, 1956. This is available for distribution to share holders.

As per our report annexed

H Lakshmanan
Chairman

C N Prasad
Director

For V .Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No. 109208W

Rajesh Oommen
Chief Executive Officer

J Ashok Chakravarthi
Chief Financial Officer

R G Dinesh
Company Secretary

S. Venkataraman
Partner
Membership No. F23116

Place: Chennai
Date: 22-04-2019

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 "Jayalakshmi Estates", 29, Haddows Road, Chennai - 600006, Tamil Nadu, India.

The Company manufactures injection moulded plastics components used in automobile industry and trades in automobiles. The Company has manufacturing plants located at Chennai and Hosur in Tamil Nadu, Mysore in Karnataka, Nalagarh in Himachal Pradesh and Bhiwadi in Rajasthan.

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.

Disclosure 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 decisions and accordingly detailsrelating to name of customers from whom receivables are due, the amount of inventories recognized as expense etc are not furnished.

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) Critical Estimates and judgements are made in respect of

Estimation of useful life of Property, Plant and Equipment – Refer note 1(f) and 1(g)

e) Revenue recognition

i) Sale of products:

Revenue from sale of products is recognised when the products are delivered to the dealer / customer or when delivered to the designated carrier and when risks and rewards of ownership pass to the dealers / customers, as per terms of contract. It includes Excise Duty but excludes Value Added Tax, Sales Tax and Service tax until Goods & Services Tax was introduced.For the rest of the year, Revenue excludes Goods & Services Tax.

Revenue is measured and recognized at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates. It includes excise duty but excludes Value Added Tax and Sales Tax.

ii) Dividend income:

Dividend from investments is recognised when the right to receive the same is established.

iii) Interest income:

Interest income is recognised on time proportion basis, determined by the amount outstanding and the rate applicable.

f) Property, Plant and Equipment

Freehold Land is stated at historical cost. All other items of property plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes excise duty, value added tax and service tax, wherever credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.All repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

g) Depreciation and amortization

i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shift) as evaluated by a Chartered Engineer, on straight line method, in accordance with Part A of Schedule II to the Companies Act 2013.

ii) The estimated useful life of the tangible fixed assets as assessed by the Chartered Engineer and followed by the Company are furnished below:

Description	Years
Factory building and other buildings	30
Material handling equipment	3
Plant and Equipment	10 to 15 years
Electrical equipment	15
Furniture and fixtures	16
Computers and information systems	3
Mobile phones	2
Vehicles	5

iii) Tools and dies used for manufacture of components for two wheelers are depreciated based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 3-5 years.

iv) Residual values and useful lives are reviewed, and depreciation is accordingly charged, at the end of each reporting period. (Presently, the company retains 5% of the cost of the asset as its residual value other than mobile phone)

v) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal.

vi) Depreciation in respect of tangible assets costing less than Rs.5,000/- is provided at 100%.

h) Intangible assets

i) Software and License fee

Intangible assets acquired are recorded at their acquisition cost and are amortised over its useful life, viz., 2 years in the case of software and license fee.

ii) Goodwill

Goodwill on acquisition of business is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

i) Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency using 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. 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 within other gains / (losses).

k) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of Raw materials, components, stores, spares, Work-in-process and Finished goods are ascertained on a moving average basis.

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 statement of profit and loss.

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 liability to pay Bonus is provided for in accordance with the provisions of the Payment of Bonus Act, 1965.

m) 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 in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable statement of profit and loss. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Where the Companyis entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (the Research and Development or other investment allowances), the Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward to the extent that there is a reasonable certainty of recovering/utilizing such unclaimed tax credits.

n) Government Grants

Government grants receivable as compensation for expenses or financial support are recognised in Statement of profit or loss for 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

In respect of assets acquired on lease, where the Company, as a lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of lease at fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and 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. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases acquired in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating lease. Payments made under operating leases are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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. Impairment is assessed taking into account cash inflows likely from use of such assets and their carrying value.

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) Other financial assets and Investments

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.

i) 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.

Measurement - 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 from other changes in fair value.

Investment in subsidiary / associate:

Investment in subsidiary/associate 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 amortised cost and FVOCI debt instruments. The impairment mythology applied depends on whether there has been significant increase in credit risk. Note 32 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognised from initial recognition of the receivables.

iv) De-recognition of financial assets

A financial asset is derecognised only when:

a)the Company has transferred the rights to receive cash flows from the financial asset or

b)the Company retains the contractual rights to receive the cash flows of the financial asset, but a contractual obligation exists to pay the such flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset.In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

v) Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in statement of profit and loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in statement of profit and loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

w) 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.

x) 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.

y) Investment properties:

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 cost were 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 company and the cost of the item is measured reliably.

z) 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.

aa) Discontinued operations:

Discontinued operations are excluded from the results of continuing operations and are presented separately as profit or loss from discontinued operations in the statement of profit and loss.

Assets and liabilities classified as discontinued operations are presented separately from other assets and liabilities in the balance sheet

(ab) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for new equity shares issued during the year (note 37)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(iii) Other Comprehensive Income is not considered for computing earnings per share.

Notes to Financial Statements - *(continued)*

Rupees in crores

2 Property, Plant & Equipment

Description	Property, Plant & Equipment							
	Free hold Land	Buildings*	Plant & equipment*	Furniture & fixtures	Office equipment	Computers	Vehicles	Total
Gross Carrying Amount								
As at 01-04-2018	12.05	51.06	152.23	5.90	1.18	2.32	0.63	225.37
Additions	-	19.63	53.72	0.73	0.76	0.64	0.03	75.51
Sub-total	**12.05**	**70.69**	**205.95**	**6.63**	**1.94**	**2.96**	**0.66**	**300.88**
Sales / deletion	-	-	0.30	-	-	0.18	0.00	0.48
Closing Gross Carrying Amount	**12.05**	**70.69**	**205.65**	**6.63**	**1.94**	**2.78**	**0.66**	**300.40**
Accumulated Depreciation								
Upto 31-03-2018	-	4.44	36.55	0.77	0.29	1.48	0.04	43.57
For the year	-	2.13	13.13	0.43	0.21	0.47	0.14	16.52
Sub-total	-	6.57	49.68	1.20	0.50	1.95	0.18	60.09
Withdrawn on assets sold/deleted	-	-	0.10	0.00	0.00	0.17	0.00	0.27
Closing accumulated depreciation	**-**	**6.57**	**49.58**	**1.20**	**0.50**	**1.78**	**0.18**	**59.82**
Net Carrying Amount								
As at 31-03-2019	**12.05**	**64.12**	**156.07**	**5.43**	**1.44**	**1.00**	**0.48**	**240.58**
Gross Carrying Amount								
As at 01-04-2017	5.11	45.46	114.24	4.80	1.09	2.05	0.13	172.88
Additions**	6.94	5.60	38.78	1.13	0.09	0.27	0.57	53.38
Sub-total	12.05	51.06	153.02	5.93	1.18	2.32	0.70	226.26
Sales / deletion	-	-	0.79	0.03	-	-	0.07	0.89
Closing Gross Carrying Amount	**12.05**	**51.06**	**152.23**	**5.90**	**1.18**	**2.32**	**0.63**	**225.37**
Accumulated Depreciation								
Upto 31-03-2017	-	2.62	23.55	0.42	0.18	0.93	-	27.70
For the year	-	1.82	13.88	0.36	0.11	0.55	0.11	16.84
Sub-total	-	4.44	37.43	0.78	0.29	1.48	0.11	44.54
Withdrawn on assets sold/deleted	-	-	0.88	0.01	-	-	0.07	0.96
Closing accumulated depreciation	**-**	**4.44**	**36.55**	**0.77**	**0.29**	**1.48**	**0.04**	**43.58**
Net Carrying Amount								
As at 31-03-2018	**12.05**	**46.62**	**115.68**	**5.13**	**0.89**	**0.84**	**0.59**	**181.79**

* During the financial year 2018-19 Rs. 4.86 Cr. interest has been capitalized.

3. Capital Work-In-Progress

Description	March 31, 2019	March 31, 2018
Capital work in progress (At cost)		
(a) Building		14.71
(b) Plant & equipment	1.67	29.99
(c) Pre-operative expense	2.04	0.32
Total	**3.70**	**45.02**

4. Goodwill & Other Intangible Assets

Description	Intangible Assets		
	Goodwill	Software	Total intangible assets
Gross Carrying Amount			
As at 01-04-2018	2.20	0.78	2.98
Additions		0.68	0.68
Sub-total	**2.20**	**1.46**	**3.66**
Sales / deletion	-	-	-
Closing Gross Carrying Amount	**2.20**	**1.46**	**3.66**
Accumulated amortisation			
Upto 31-03-2018	-	0.58	0.58
For the year		0.39	0.39
Sub-total	-	0.97	0.97
Withdrawn on assets sold/deleted	-	-	-
Closing accumulated amortization	**-**	**0.97**	**0.97**
Net Carrying Amount			
As at 31-03-2019	**2.20**	**0.49**	**2.69**
Gross Carrying Amount			
As at 01-04-2017	2.20	0.65	2.85
Additions**	-	0.13	0.13
Sub-total	2.20	0.78	2.98
Sales / deletion	-	-	-
Closing Gross Carrying Amount	**2.20**	**0.78**	**2.98**
Accumulated amortisation			
Upto 31-03-2017	-	0.35	0.35
For the year	-	0.23	0.23
Sub-total	-	0.58	0.58
Withdrawn on assets sold/deleted	-	-	-
Closing accumulated amortisation	**-**	**0.58**	**0.58**
Net Carrying Amount			
As at 31-03-2018	**2.20**	**0.20**	**2.40**

Notes to Financial Statements - *(continued)*

Rupees in crores

5 Investments

Sl. No.	Name of the body corporate	Subsidiary / associate	No. of shares / units As at 31-03-2019	No. of shares / units As at 31-03-2018	Face Value	Rupees in crores As at 31-03-2019	Rupees in crores As at 31-03-2018
(1)	(2)	(3)	(4)	(5)	(6)	(8)	(9)
	Investment in Equity Instruments Fair valued through OCI:						
	Unquoted:						
(i)	Green Infra Wind Energy Theni Limited		3,434,477	3,434,477	10.00	1.37	1.26
	Investment in Equity Instruments valued at Cost:						
	Unquoted:						
(ii)	Sundaram Holding USA, Inc., Delaware, USA	Subsidiary	38,000,000	24,000,000	1.00	251.26	155.59
	Total value of Equity Instruments (a)					**252.63**	**156.85**
(c)	**Other non-current Investments (Valued based on amortised cost method)**						
(i)	Life Insurance Corporation Pension Policy, Mumbai					0.36	0.34
(ii)	Mutual Fund - SBI growth fund - Quoted					0.01	0.01
	Total value of other non- current Investment (b)					**0.37**	**0.35**
	Other investments						
(iii)	Harita Accessories LLP					0.96	-
	Total value of other investments (c)					**0.96**	**-**
	Total					**253.96**	**157.20**
	Aggregate amount of quoted investments and market value thereof					-	-
	Aggregate amount of unquoted investments					253.96	157.20
	Aggregate amount of impairment in value of investments					-	-
	Total					**253.96**	**157.20**

	As at March 31, 2019	As at March 31, 2018
6 Financial Assets - Others		
Others		
Other deposits	0.49	0.45
Total other financial assets	**0.49**	**0.45**
7 Other non-current assets		
Capital advances*	27.23	33.65
<u>**Advances other than capital advances:**</u>		
Electricity Deposit	2.63	2.30
<u>**Other Advances:**</u>		
Prepayment for Lease	9.35	9.46
IT Recoverable - (Advance income tax net of provision)	1.71	1.46
Asset - Employee benefit obligations	0.09	-
Total other non-current assets	**41.01**	**46.87**

*includes an amount of Rs. 26.60 crores towards infrastructure development

	As at March 31, 2019	As at March 31, 2018
8 Inventories		
Raw materials and components	13.22	15.11
Goods in Transit [1] - Raw Materials and Components	2.10	3.92
Work-in-process	6.54	6.05
Finished goods	5.40	5.18
Stores and spares	1.09	1.31
Total Inventories	**28.35**	**31.57**

1. Held at bonded warehouse, pledged as security towards duty payment.

	As at March 31, 2019	As at March 31, 2018
9 Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	58.87	79.15
Total	58.87	79.15
Less: Provision for Impairment	0.08	0.09
Total	**58.79**	**79.06**

Notes to Financial Statements - *(continued)*

Rupees in crores

		As at March 31, 2019	As at March 31, 2018
10	**Cash and cash equivalents**		
	Balances with banks - Current account	1.13	0.84
	Deposits with maturity of less than three months	-	0.01
	Cash on hand	0.11	0.02
	Total cash and cash equivalents	**1.24**	**0.87**
11	**Other financial Assets**		
	Hedge Asset	0.58	
	Total other financial assets	**0.58**	**-**
12	**Other current assets**		
	GST/IT Receivable	16.21	18.39
	Other Advances:		
	Prepaid expense	3.10	2.13
	Prepayment of lease	0.10	0.10
	Advance to suppliers	13.16	0.32
	Employee advances	0.36	0.30
	Others		
	Claims receivables	1.23	2.38
	Total other current assets	**34.16**	**23.62**

13 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and fully paid up

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rs. In Cr	Number	Rs. In Cr
Authorised:				
Equity shares of Rs.10/- each	50,000,000	50.00	40,000,000	40.00
Issued, subscribed and paid up:				
Equity shares of Rs.10/- each	35,925,000	35.93	35,925,000	35.93
Total	**35,925,000**	**35.93**	**35,925,000**	**35.93**

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31-03-2019		As at 31-03-2018	
	Number	Rs. In Cr	Number	Rs. In Cr
Shares outstanding at the beginning of the year	35,925,000	35.93	14,550,000	14.55
Shares issued during the year	-	-	21,375,000	21.38
Shares outstanding at the end of the year	**35,925,000**	**35.93**	**35,925,000**	**35.93**

(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 31-03-2019		As at 31-03-2018	
	No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited, Chennai and by its six nominees	35,925,000	100.00	35,925,000	100.00

(e) Shareholders holding more than five percent at the end of the year (other than (d))

Name of shareholder	As at 31-03-2019	As at 31-03-2018
	No. of shares held	No. of shares held
	-	-

14	PARTICULARS	March 31, 2019	March 31, 2018
	General reserve	8.30	11.93
	Securties premium reserve	219.98	219.98
	Retained earnings	84.15	78.53
	Total	**312.43**	**310.44**

Notes to Financial Statements - *(continued)*

Rupees in crores

15. Non-Current Liabilities - Financial Liabilities - Borrowings

Description	Frequency	No. of instalments due	Maturity	As at 31-03-2019	As at 31-03-2018
Secured:					
Term loan from bank- External commercial borrowings (ECB)	Repayable in 7 equal half-yearly instalments USD 14,28,571 starting 30-Mar-2020	7	28 - Mar - 2023	68.76	64.66
Term loan from bank	Repayable in 12 equal Quarterly-yearly instalments INR 8.33 Cr starting June 2020	12	27 - June - 2023	100.00	-
Loan from fellow subsidiary	Repayable in 60 equal monthlyinstalments Rs.92093 starting 07-Aug- 2017 (EMI, Includes interest)	60	07- Jul - 2022	0.29	0.36
Total Borrowings :				169.05	65.02
Less : Current Maturities of long-term borrowings				10.22	0.07
(Refer Note No. 20)					
Total Non-Current Liabilities - Financial Liabilities - Borrowings				158.83	64.95

Details of securities created:

(i) Term loan from bank- External commercial borrowings -Hypothecation of Movable fixed assets

(ii) Term loan from bank -Exclusive charge on land and building and paripasu charge on plant and machinery

(iii) Loan from fellow subsidiary- Endorsement in the RC book of the vehicle

Description	Currency	Amount	Rate of Interest
Term loan from bank- External commercial borrowings	USD	10 Million	3months USD LIBOR + 1.37%
Term loan from bank	INR	1000 Million	8.75% (Link to 1 year MCLR + 35 basis points)
Loan from fellow subsidiary	INR	3.6 Million	IRR 13.08%

Provisions						
16. Employee benefit obligations	**March 31, 2019**			**March 31, 2018**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Pension	1.09	0.33	1.42	0.01	1.51	1.52
Leave Salary	0.08	0.95	1.03	0.05	1.03	1.08
Gratuity	-		-	-	0.30	0.30
Total employee benefit obligations	**1.17**	**1.28**	**2.45**	**0.06**	**2.85**	**2.91**

Asset						
Employee benefit obligations	**March 31, 2019**			**March 31, 2018**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Gratuity	-	0.09	0.09	-	-	-
Total employee benefit obligations	**-**	**0.09**	**0.09**	**-**	**-**	**-**

	Gratuity			**Pension**			**Leave Salary**		
Details	**Present value of obligation**	**Fair value of plan assets**	**Net amount**	**Present value of obligation**	**Fair value of plan assets**	**Net amount**	**Present value of obligation**	**Fair value of plan assets**	**Net amount**
April 1, 2017									
Opening values	3.73	3.24	(0.49)	1.33	-	(1.33)	0.95	-	(0.95)
Current service cost	0.46	-	(0.46)	0.06		(0.06)	0.02		(0.02)
Interest expense/(income)	0.27	0.23	(0.04)	0.10		(0.10)	0.03		(0.03)
Total amount recognised in profit or loss	**0.73**	**0.23**	**(0.50)**	**0.16**	**-**	**(0.16)**	**0.05**	**-**	**(0.05)**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.16)	(0.16)	-		-	-		-
(Gain)/loss from change in demographic assumptions	-	-	-	-		-	-		-
(Gain)/loss from change in financial assumptions	(0.33)	-	0.33	-		-	(0.10)		0.10
Experience (gains)/losses	0.05	-	(0.05)	0.03		(0.03)	0.18		(0.18)
Total amount recognised in other comprehensive income	**(0.28)**	**(0.16)**	**0.12**	**0.03**	**-**	**(0.03)**	**0.08**	**-**	**(0.08)**
Employer contributions	-	0.75	0.75			-			-
Benefit payments	-	(0.18)	(0.18)			-			-
March 31, 2018	**4.18**	**3.88**	**(0.30)**	**1.52**	**-**	**(1.52)**	**1.08**	**-**	**(1.08)**

Notes to Financial Statements - *(continued)*

Rupees in crores

Details	Gratuity			Pension			Leave Salary		
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2018									
Opening values	4.18	3.88	(0.30)	1.52	-	(1.52)	1.08	-	(1.08)
Current service cost	0.59	-	(0.59)	0.02		(0.02)	-		-
Interest expense/(income)	0.34	0.32	(0.01)	0.16		(0.16)	0.08		(0.08)
Total amount recognised in profit or loss	**0.93**	**0.32**	**(0.61)**	**0.18**	**-**	**(0.18)**	**0.08**	**-**	**(0.08)**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.39)	(0.39)	-	-	-	-	-	-
(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	(0.45)	-	0.45	(0.22)	-	0.22	(0.06)	-	0.06
Experience (gains)/losses	(0.32)	(0.00)	0.32	(0.06)	-	0.06	0.20	-	(0.20)
Total amount recognised in other comprehensive income	**(0.77)**	**(0.39)**	**0.38**	**(0.28)**	**-**	**0.28**	**0.14**	**-**	**(0.14)**
Employer contributions	-	0.62	0.62			-			-
Benefit payments	-	-	-			-	(0.28)		**0.28**
March 31, 2019	**4.34**	**4.43**	**0.09**	**1.42**	**-**	**(1.42)**	**1.03**	**-**	**(1.03)**

(i) Post-Employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Details	Gratuity		Pension		Leave Salary	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	7.71%	7.72%	7.50%	7.00%	7.68%	7.72%
Inflation	-	-	-	-	-	-
Salary growth rate	5.50%	6.00%	5.50%	6.00%	5.50%	6.00%
Pension growth rate	-	-	-	-	-	-
Attrition rate	-	-	-	-	-	-

Assumptions regarding future mortality for pension and medical benefits are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at 60 years.

(ii) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Grautity — **Impact on defined benefit obligation**

Details	Change inassumption	Increase inassumption	Decrease in assumption
	March 31, 2019	March 31, 2019	March 31, 2019
Discount rate	0.50%	-4.76%	5.18%
Salary growth rate	0.50%	5.27%	-4.88%
Attrition growth rate	5.00%	0.31%	-0.32%
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, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount rate	1.00%	1.00%	-16.94%	-11.33%	21.25%	6.77%
Salary growth rate	1.00%	1.00%	22.09%	2.21%	-17.75%	-7.56%
Attrition growth rate	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Life expectancy	5.00%	5.00%	-0.62%	-2.76%	0.64%	-2.82%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

(iii) Risk exposure

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets under perform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities. These are subject to interest rate risk and the fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The company intends to maintain the above investment mix in the continuing years.

Changes in bond yield: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an yields increase in the value of the plans' bond holdings

Inflation risks: In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life expectancy: The pension plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Notes to Financial Statements - *(continued)*

Rupees in crores

17. Deferred tax Liability / (Asset)

The balance comprises temporary differences attributable to:

Details	March 31,2019	March 31,2018
Depreciation	20.95	17.24
Provision for employee benefits	(1.03)	(0.86)
Provision for doubtful debts	(0.03)	(0.03)
Others	-	-
On Financial Insturments	(0.71)	(0.18)
Unused MAT credit entitlement	(3.07)	(3.20)
Net deferred tax liability / (Asset)	**16.11**	**12.97**

Movement in deferred tax Liability / (Asset)

Details	Depreciation	Provision for employee benefits	Provision for doubtful debts	Financial Instruments	Unused tax credits (MAT credit entitlement)	Others	Total
At April 1, 2017	12.45	(0.96)	(0.06)	(0.38)	-	0.13	11.18
(Charged)/credited:							
- to profit or loss	4.79	(0.20)	0.03	0.01	(3.21)	(0.13)	1.29
- to other comprehensive income	-	0.30	-	0.20	-	-	0.50
At March 31, 2018	**17.24**	**(0.86)**	**(0.03)**	**(0.17)**	**(3.21)**	**-**	**12.97**
(Charged)/credited:							
- to profit or loss	3.71	0.04	-	0.37	0.14	-	4.26
- to other comprehensive income	-	(0.21)	-	(0.90)	-	-	(1.11)
At March 31, 2019	**20.95**	**(1.03)**	**(0.03)**	**(0.70)**	**(3.07)**	**-**	**16.11**

18 Current Liabilities - Financial Liabilities - Borrowings

	March 31, 2019	March 31, 2018
Term loan from Banks		
Repayable on demand :		
Unsecured:		
- Bank 1 (Interest @ 9%)	10.00	5.01
- Bank 2 (Interest @ 8.55%)	10.00	10.00
Secured:		
Cash credit facility - (Interest @ 9.25%)	24.04	7.31
Total Borrowings under Current Liabilities	**44.04**	**22.32**

Details of securities created for Cash credit facility and repayable demand loan:

Hypothecation of book debts and inventories of the company, both present and future

19 Trade payables

	March 31, 2019	March 31, 2018
Dues to Micro and Small Enterprises **	4.67	3.26
Dues to enterprises other than Micro and Small Enterprises	56.41	73.64
Total trade payables	**61.08**	**76.90**

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information furnished by the vendor. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

20 Other financial liabilities

	March 31, 2019	March 31, 2018
Current		
Current Maturities of long term borrowings		
(i) Term loans from fellow subsidiary	0.07	0.07
(i) ECB loan	10.15	
Interest accrued #	0.81	0.03
Hedge liability		1.60
Total other current financial liabilities	**11.03**	**1.70**

Funds are made available with banks which have been appropriated subsequently

21 Other current liabilities

	March 31, 2019	March 31, 2018
Advance received from customers	6.06	15.83
Others:		
Statutory dues	14.24	24.00
Employee related	3.35	4.53
Total other current liabilities	**23.65**	**44.36**

Notes to Financial Statements - *(continued)*

Rupees in crores

	year ended 31-03-2019	year ended 31-03-2018
22 Revenue from operations		
Sale of two wheelers	-	540.04*
Sale of components	597.89	600.41
Other operating revenue	1.81	1.92
Total revenue	**599.70**	**1,142.37**
* Includes Excise duty upto June 2017		
23 Other income		
Interest income	0.16	0.15
Profit on sale of Fixed assets (Net)	-	0.04
Provision for doubtful debts no longer required	0.01	0.08
Other non-operating income	1.29	0.73
Total other income	**1.46**	**1.00**
24 Cost of Materials consumed:		
Opening stock of raw materials and components	19.03	12.73
Add: Purchases	400.97	408.75
	420.00	421.48
Less:Closing stock of raw materials and components	13.22	19.03
Consumption of raw materials and components	**406.78**	**402.45**
Purchases of stock-in-trade		
Automobiles	-	432.94
	-	**432.94**
Changes in inventories of finished goods, work-in-process and		
Stock-in-trade:		
Opening stock:		
Work-in-process	6.05	3.71
Stock-in-trade - Two Wheelers	-	96.70
Finished goods	5.18	3.69
(A)	**11.23**	**104.10**
Closingstock:		
Work-in-process	6.54	6.05
Stock-in-trade		-
Finished goods	5.40	5.18
(B)	**11.94**	**11.23**
(A)-(B)	**(0.71)**	**92.87**
25 Employee benefit expense		
Salaries, wages and bonus	65.00	56.56
Contribution to provident and other funds	2.48	3.79
Welfare expenses	10.65	9.94
Total employee benefit expense	**78.13**	**70.29**
26 Finance Costs		
Interest	12.23	4.34
Exchange fluctuations	-	0.52
Total finance costs	**12.23**	**4.86**

	year ended 31-03-2019	year ended 31-03-2018
27 Other expenses		
(a) Consumption of stores, spares and tools	3.76	3.82
(b) Power and fuel	21.68	18.95
(c) Rent	1.47	3.59
(d) Repairs - buildings	1.46	1.93
(e) Repairs - plant and equipment	10.23	12.29
(f) Repairs - Other assets	1.82	1.43
(g) Insurance	0.87	1.06
(h) Rates and taxes	0.73	0.86
(i) Audit fees	0.22	0.24
(j) Packing and freight charges	16.63	22.67
(k) Sitting fees	0.02	0.03
(l) Commission to independent Directors	0.12	0.18
(m) Loss on sale of fixed assets (Net)	0.17	0.01
(n) Foreign exchange loss (Net)	-	0.93
(r) Amount Spent towards corporate social responsibility	0.62	0.70
(s) Miscellaneous/ Other expenses	10.65	11.83
Total other expenses	**70.45**	**80.51**
28 Income tax expense		
(a) Income tax expense		
Current tax		
Current tax on profits for the year	3.83	5.11
Adjustments for current tax of prior periods	(0.05)	0.85
Total current tax expense	**3.78**	**5.96**
Deferred tax		
Unused tax (credit) [MAT credit entitlement]	-	(3.21)
Decrease (increase) in deferred tax assets		(0.35)
(Decrease) increase in deferred tax liabilities	4.26	4.83
Total deferred tax expense/(benefit)	**4.26**	**1.27**
Income tax expense	**8.04**	**7.23**
(b) Reconciliation of tax expense and the accounting profit multiplied by Indian tax rate:		
Profit before income tax expense	17.37	24.34
Provision for bad debts written back	(0.01)	(0.08)
Ind AS transition adjustment (1/5th)	(0.10)	(0.10)
Ind AS current year OCI adjustment	0.51	0.08
	17.77	**24.24**
Tax at Indian tax rate of 21.55% (2018-19 - 21.55%) (Company paid tax under section 115JB (Minimum Alternate Tax) of the Income Tax Act 1961	**3.83**	**5.11**
Tax relating to prior periods	(0.05)	0.85
Deferred tax liabilities	4.26	4.48
MAT Credit entitlements	-	(3.21)
Income tax expense	**8.04**	**7.23**

Notes to Financial Statements - *(continued)*

Rupees in crores

		As at year ended 31-03-2019	As at year ended 31-03-2018
29 (a)	**Related parties and their relationship for the financial year 2018-19**		
	Holding company		
	TVS Motor Company Limited, Chennai		
	Ultimate holding company		
	T V Sundram Iyengar & Sons Limited, Madurai		
	Sundaram - Clayton Limited, Chennai		
	Subsidiary		
	Sundaram Holding,USA Inc, Delaware, USA		
	Subsidiaries of subsidiary of reporting entity		
	Green Hills Land Holding LLC, USA		
	Component Equipment Leasing LLC, USA		
	Workspace Project LLC, USA		
	Premier Land Holding LLC, USA		
	Associate		
	Brakes India Private Limited, Chennai		
	TVS Logistics Services Limited, Madurai		
	Delphi-TVS Diesel System Limited, Chennai		
	Harita Accessories LLP, Chennai		
	Fellow subsidiaries		
	Sundaram-Clayton (USA) Limited, USA		
	Lucas-TVS Limited, Chennai		
	TVS Electronics Limited, Chennai		
	Sundaram Industries Private Limited, Madurai		
	TVS Motor Services Limited, Chennai		
	TVS Credit Services Limited, Chennai		
	P.T.TVS Motor Company, Indonesia		
	Group Member		
	Emerald Haven Realty Limited, Chennai (Formerly known as Green Earth Homes Limited)		
	Key Management personnel		
	Independent Directors		
	R. Ramakrishnan		
	S. Santhanakrishnan		
29 (b)	**Transactions with related parties:**		
(i)	**Purchase of goods**		
	- Holding Company - TVS Motor Company Ltd, Chennai	-	484.05
	Ultimate Holding Company - T V Sundram Iyengar & Sons Private Limited, Madurai	0.06	0.06
	- Associate - Brakes India Private Limited, Chennai	0.56	0.40
	- Fellow subsidiaries - Lucas TVS	0.05	-
(ii)	**Purchase of Investment**		
	- Sundaram Holdings USA Inc., Delaware, USA	95.67	131.36
(iii)	**Issue of Shares (including premium)**		
	- Holding Company - TVS Motor Company Ltd, Chennai	-	161.55
(iv)	**Sale of goods**		
	- Holding Company - TVS Motor Company Ltd, Chennai	373.94	376.25
	- Fellow Subsidiary - Lucas-TVS Limited, Chennai	0.16	0.13
	- Fellow subsidiary- P.T.TVS Motor Company, Indonesia	-	0.39
(v)	**Rendering of services**		
	- Ultimate holding company - Sundaram-Clayton Limited, Chennai	4.90	3.78
	- Group Member - Emerald Haven Reality Limited, Chennai	0.16	0.12
(vi)	**Receiving of services**		
	- Holding company - TVS Motor Company Limited, Chennai	1.02	0.75
	- Ultimate holding company - Sundaram-Clayton Limited, Chennai	3.47	2.82
	- Fellow subsidiaries		
	Lucas TVS Limited, Chennai	0.22	0.14
	TVS Electronics Limited, Chennai	0.07	0.04
	TVS Credit Services Limited, Chennai	0.04	3.07
	-Associate - 'TVS Logistics Services Limited, Madurai	0.02	0.15
	-Associate - "Delphi-TVS Diesel System Limited, Chennai	0.13	0.01
	Dividend paid - Holding Company - TVS Motor Company Limited, Chennai	2.34	5.21
29 (c)	**Balances with related parties:**		
(vii)	**Trade receivables**		
	- Holding company - TVS Motor Company Limited, Chennai	16.90	27.51
	- Ultimate holding company - Sundaram-Clayton Ltd, Chennai	0.77	1.22
	- Fellow subsidiaries		
	Lucas-TVS Limited, Chennai	0.21	0.06
	TVS Motor Services Limited, Chennai	0.87	-
	P.T.TVS Motor Company, Indonesia	0.03	0.04
	- Group Member - Emerald Haven Reality Limited, Chennai	0.03	0.02
(viii)	**Trade payables**		
	- Holding company - TVS Motor Company Limited, Chennai	0.76	0.26
	- Ultimate holding company - Sundaram-Clayton Ltd, Chennai	0.54	0.61
	- Fellow subsidiaries		
	Lucas-TVS Limited, Chennai	0.13	0.18
	TVS Motor Services Limited, Chennai	-	32.56
	TVS Credit Services Limited, Chennai	0.22	3.03
	- Associate		
	Brakes India Private Limited, Chennai	0.08	0.06
	Delphi-TVS Diesel System Limited, Chennai	0.05	-
	TVS Logistics Services Limited, Madurai	-	0.02
(ix)	**Commission to Key Management personnel**	0.12	0.18

NOTES TO ACCOUNTS

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 banksand financial institutions, as well as credit exposures to wholesale customers including outstanding receivables."

(i) Credit risk management

Credit risk is managed by the entity. For banks and financial institutions, only high rated banks/ institutions are accepted.

For other financial assets, The company assesses and manages credit risk based on internal credit rating system. The finance function consists of a separate team who assess and maintain an internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets

1 : High-quality assets, negligible credit risk

2 : Quality assets, low credit risk

3 : Standard assets, moderate credit risk

4 : Substandard assets, relatively high credit risk

5 : Low quality assets, very high credit risk

6 : Doubtful assets, credit-impaired

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk The company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are included -

- Internal credit rating
- External credit rating (as far as available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increase in credit risk on other financial instruments of the same borrower

"- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements"

- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in The company and changes in the operating results of the borrower.

"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 2019:

(a) Expected credit loss for loans, security deposits and investments

Particulars	Category	Asset group	Internal credit rating	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Security Deposits	1	0.49	-	-	0.49
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	58.79	0.08	58.87
Expected loss rate	-	100%	
Expected credit losses (Loss allowance provision)	-	(0.08)	(0.08)
Carrying amount of trade receivables (net of impairment)	**58.79**	**-**	**58.79**

Year ended 31 March 2018:

(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	0.45	-	-	0.45
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

NOTES TO ACCOUNTS - *(continued)*

(b) Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 180 days	Total
Gross carrying amount	78.97	0.09	79.06
Expected loss rate	-	100%	
Expected credit losses (Loss allowance provision)	-	(0.09)	(0.09)
Carrying amount of trade receivables (net of impairment)	**79.87**	**-**	**79.87**

(iv) Reconciliation of loss allowance provision – Trade receivables

Details	Amount in Crs
Loss allowance on 1 April 2018	0.09
Changes in loss allowance (net)	(0.01)
Loss allowance on 31 March 2019	**0.08**

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the entitys treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

Details	31 March, 2019	31 March, 2018
Floating rate		
"- Expiring within one year (bank overdraft and other facilities)"	10.96	27.69

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(ii) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

Particulars	**Maturity**	**Amount (Rs. Cr.)**	
		31-Mar-19	**31-Mar-18**
Term loan	> than 12 months	158.83	64.95
Short-term borrowings	< than 12 months	44.04	22.32
Trade payables	< than 12 months	61.08	76.90
Consideration payable for purchase of investment property	< than 12 months	-	-
Current maturitiesof term loan	< than 12 months	10.22	0.07
Interest accrued and due on loans	< than 12 months	0.81	0.03
Payable underhedge instruments	< than 12 months	-	1.60
Employee related	< than 12 months	3.35	4.53

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.

Rupees in crores

(C) Market risk

(i) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows

Thecompanys exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

	31 March 2019			**31 March 2018**	
Details	**USD**	**JPY**	**EURO**	**USD**	**JPY**
Financial liabilities					
Foreign currency loan	-	-	-	-	-
ECB loan from bank	68.76	-	-	64.66	-
Trade payables	6.04	-	0.07	4.67	7.34
Net exposure to foreign currency risk (liabilities)	**74.80**	**-**	**0.07**	**69.33**	**7.34**

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 2019	**31 March 2018**
USD sensitivity		
INR/USD Increases by 5%	0.30	0.23
INR/USD Decreases by 5%	(0.30)	(0.23)
JPY sensitivity		
INR/JPY Increases by 5%	-	0.38
INR/JPY Decreases by 5%	-	(0.38)
Euro sensitivity		
INR/USD Increases by 5%	0.00	-
INR/USD 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-Mar-19	31-Mar-18
Variable rate borrowings	54.26	22.39
Fixed rate borrowings	158.83	64.95

Sensitivity analysis

Details	Impact on profit	
	31 March 2019	**31 March 2018**
Interest rate		
Increases by 5%	(0.23)	(0.26)
Decreases by 5%	0.23	0.26

(D) Impact of hedging activities

Disclosure of effects of hedge accounting on financial position

Type of hedges and risks	Nominal Value of the hedging instruments	Carrying amount hedging instruments	Maturity Date	Hedge Ratio	Weighted Average price	Changes in fair value of hedging instrument
31st March 2019						
Forward Contracts	2.77	2.74	April 2019 to May 2019	1:1	INR/USD Rs.70.39	0.03
Interest rate swaps	65.175	69.16	28th March 2018	-	-	(1.19)

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

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
			to 28th March 2023			
Principal Only Swap	65.175	69.16	28th March 2018 to 28th March 2023	-	-	1.77
31st March 2018						
Forward Contracts	12.48	12.39	April 2018 to July 2018	1:1	INR/USD Rs.65.94 INR/ JPYRs.0.63	(0.09)
Interest rate swaps	65.175	66.03	28th March 2018 to 28th March 2023	-	-	(0.85)
Principal Only Swap	65.175	65.93	28th March 2018 to 28th March 2023	-	-	(0.75)

31 Capital management

(a) Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns forshareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may vary the amount of dividends 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, 2019	March 31, 2018
Net debt	211.85	86.47
Total equity	348.36	346.37
Net debt to equity ratio	**60.81%**	**24.96%**

(b) Dividends

	March 31, 2019	March 31, 2018
(i) Equity shares		
Interim dividends for the year ended 31 March 2019 of Rs.0.65 per fully paid share	2.34	-
Interim dividends for the year ended 31 March 2018 of Rs.1.45 per fully paid share		5.21
(ii) Dividends not recognised at the end of the reporting period	-	-

32 . Fair Value Measurements

Financial instruments by category

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	1.37	-	-	1.26	-
- Others				-		
Life Insurance Corporation Pension Policy, Mumbai	0.36	-	-	0.34	-	-
Mutual Fund investments	0.01	-	-	0.01	-	-
Deposits	-	-	0.49	-	-	0.45
Trade receivables	-	-	58.79	-	-	79.06
Loans	-	-	-	-	-	-
Cash and cash equivalents	-	-	1.24	-	-	0.87
Receivable under hedget instruments	-	0.58	-	-	-	-
Total financial assets	**0.37**	**1.95**	**60.52**	**0.35**	**1.26**	**80.38**
Financial liabilities						
Trade payables	-	-	61.08	-	-	76.90
Borrowings	-	-	202.87	-	-	86.91
Other payables - Consideration payable for purchase or investment property				-	-	-
Others				-	-	-
- Current Maturities of long term borrowings(Term loan)	-	-	10.22		-	0.07
- Interest accrued		-	0.81		-	0.03
- Payable under hedge instruments	-	-	-	1.60	-	-
- Employee related	-	-	3.35	-	-	4.53
Total financial liabilities	**-**	**-**	**278.33**	**1.60**	**-**	**168.44**

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

(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 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Life Insurance Corporation Pension Policy, Mumbai	5			0.36	0.36
Mutual Fund	5			0.01	0.01
Financial Investments at FVOCI:					
Receivable under hedget instruments	11	-		0.58	0.58
Total financial assets		**-**	**-**	**0.95**	**0.95**
Financial liabilities					
Payable under hedget instruments	20		-	-	-
Total financial liabilities			**-**	**-**	**-**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2019	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Others					
Deposits	6			0.49	**0.49**
Total financial assets		**-**	**-**	**0.49**	**0.49**
Financial Liabilities				-	**-**
Total financial liabilities		**-**	**-**	**-**	**-**

Financial assets and liabilities measured at fair value - recurring fair value measurements

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL:					
Life Insurance Corporation Pension Policy, Mumbai	5			0.34	0.34
Financial Investments at FVOCI:					
Total financial assets		**-**	**-**	**0.34**	**0.34**
Financial liabilities					
Payable under hedget instruments	20	-	-	1.60	1.60
Total financial liabilities		**-**	**-**	**1.60**	**1.60**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

At 31 March 2018	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investments					
Deposits	6			0.45	0.45
Total financial assets		**-**	**-**	**0.45**	**0.45**
Financial Liabilities					
Total financial liabilities		**-**	**-**	**-**	**-**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of foreign currency option contracts is determined using Black Scholes valuation model
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

Fair value measurements using significant unobservable inputs (level 3)

	Unlisted Securities	Pension Assets
As at 1 April 2018	-	0.34
Acquistion/(Disposal)	-	
Gains/losses recognised in profit or loss		0.02
Gains/losses recognised in OCI		
31-Mar-19	**-**	**0.36**

Valuation inputs and relationships to fair value

	Fair value as at			Probability-weighted range		
Particulars	**31-Mar-19**	**31-Mar-18**	**Significant unobservable inputs***	**31-Mar-19**	**31-Mar-18**	**Sensitivity**
Pension Asset	0.36	0.34	Risk adjusted discount rate	7.0%	7%	50 Basis point decrease in discount rate would have increased assets by Rs.0.02 crs and 50 Basis point increase in discount rate has would have decreased the asset by Rs.0.02 Crs

(v) Valuation processes

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once in every three months, in line with the group's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities, contingent considerations and indemnification asset used by the group are derived based on the the discount rates that are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset

(vi) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, deposits, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature and in-significant change in interest rate

33. Business combination

During 2015-16, the company acquired a automobile seat manufacturing business at Nalagarh, Himachal Pradesh. On the purchase of this business, assets and liabilities were recorded at fair values based on a chartered engineer's techinical valuation. Consideration paid in excess of net assets acquired has been treated as Goodwill.

Details	Rs. In Crs
Land & Building	4.33
Plant & Equipments	4.79
Current Assets	1.28
Sub total (1)	**10.40**
Current Liabilities (2)	(3.60)
Sub total(3)=(1)+(2)	**6.80**
Consideration Paid (4)	9.00
Goodwill (5)=(4)-(3)	**2.20**

Note:

(i) Goodwill is monitored by the managementtaking in to account the cash generted by the acquired business. As per the management assessment no impairment is warranted as the current level of operations and cash inflows acquired from the business is sufficient to cover the carrying value goodwill and net assets.

(ii) Following are the assumptions used by the management for the said assessment:

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

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	

Change in Useful life

33.a. During the year management reviewed the useful life of PPE and decided to revise the useful life of certain machinery from 10 years to 15 years in consultation with chartered enginer who confirmed after reviewing the extent of wear and tear of machine and its present condition. Such change is treated as change in an Accounting Estimate in accordance with Ind AS 8. The depreciation change is propestive from the current financial year.

Nature of Change - Revision in Useful life and consequentional revision of depreciation

Amount: Reduction of depreciation of Rs.4.79 Crores per year for the remaining part of the useful life.

PF contribution

33.b. There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019, on components/allowances paid to employees that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. The company is in the process of evaluating the method of computation of its PF contribution and would record any further effect in its financial statements, on receiving further clarification on the subject.

34. Other Disclosures

(i) Contingent liabilities

Details	31st March 2019	31st March 2018
(i) Claims against the company not acknowledged as debt	0.34	1.22
(ii) Other money for which the company is contingently liable on bill discounting	30.14	24.72
Total	**30.48**	**25.94**

(ii) Rental expenses relating to operating Lease

Details	31st March 2019	31st March 2018
Within one year	2.72	0.72
Later than one year but not later than 5 year	1.70	1.69
Later than 5 year	11.92	12.05
Total	**16.34**	**14.46**

(iii) Payment to Auditor

Details	31st March 2019	31st March 2018
Audit fee	0.17	0.17
Taxation matters	0.04	0.04
Certification matters**	0.02	0.03
Total	**0.23**	**0.24**
Miscellaneous expenses include travel and stay expenses of auditors	**0.04**	**0.03**

** Rs. 0.01 lakhs related to previous auditor certification fee

(iv) Expenditure incurred on Corporate Social Responsibility activities:

Details	31st March 2019	31st March 2018
(a) Gross amount required to be spent by the company during the year	0.62	0.70
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.62	0.70
Total	**0.62**	**0.70**

(v) 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 entity's 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

(vi) Segment Reporting:

The company operates in only one segment namely, manufacturing and selling of automobile parts.

35 Earnings per share

(a) Basic and diluted earnings per share	**31 March, 2019**	**31 March, 2018**
Basic and diluted earnings per share attributable to the equity holders of the Company (in Rupees)	2.60	9.02
(b) Earnings used in calculating earnings per share	**31 March, 2019**	**31 March, 2018**
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share	9.33	17.05
(c) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	35,925,000	18,910,959

36 Micro Small And Medium Enterprises Disclosure

	Year ended 31-03-2019	**Year ended 31-03-2018**
Trade payables includes amount due to Micro Small and Medium Enterprises		
Disclosure under Micro, Small and Medium Enterprises Development Act, 2006.		
1. The principal amount and interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year:		
(i) Principal (all are within agreed credit period and not due for payment)	4.67	3.26
(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

NOTES TO ACCOUNTS - *(continued)*

37 SCHEME OF ARRANGEMENT AND DEMERGER

The Scheme has been unanimously approved by the Board of Directors of M/s SUNDARAM AUTO COMPONENTS LIMITED (hereafter referred as " Demerged Company") vide resolution passed in the meeting held on 26.04.2018 and by the Board of Directors of the M/s. TVS MOTOR SERVICES LIMITED (hereafter referred as "Resulting company") vide resolution passed in the meeting held on 14.05.2018.

Pursuant to the scheme of Arrangement between M/s. Sundaram Automobile Components Limited ("Demerged Company") and M/s. TVS Motor Services Limited ("Resulting Company) and its shareholders, sanctioned by National Company Law Tribunal (NCLT), Chennai vide its order dated 15.02.2019 to demerge the automobile business of the Demerged Company and to transfer as a going concern and vest the same in the Resulting Company upon the coming into effect of this scheme.

Upon the scheme becoming effective ie 1st April 2018, the book value of assets and liabilities of the Demerged Company undertaking as appearing in the books of accounts of the Demerged Company are transferred to the Resulting Company shall be reduced from the book value of assets and liabilities of the Demerged Company

Excess of assets over liabilities amounting Rs. 3.63 Crores has been adjusted to the reserve of the company as detailed below:

Particulars	1st April 2018
ASSETS	
Non Current Investments	
Investment properties	35.22
Cash and Cash equivalents	0.13
Other current assets	6.84
Total Assets	**42.20**
LIABILITIES	
Other current liabilities	3.34
Other financial liabilities - Loan for Investment	35.22
Total liabilities	**38.57**
Excess of Assets over liabilities- Transferred to Retained earnings	**3.63**

The Board of Directors of Resulting Company on record date being a date on or subsequent to the effective date, without any further deed, issue and allot fully paid equity shares of Rs. 10 each of Resulting Company to the shareholders of Demerged Company in the ratio of 10,115 (Ten thousand one hundred and fifteen only) equity shares of Rs. 10/- each of the Resulting Company credited as fully paid-up, for every 1,00,000 (one lakh) equity shares of Rs. 10/- each fully paid-up held in the Demerged Company

Discontinued operations

The Automobile division financial statements of the Demerged Company for the year ended 31st March 2018 and assets and liabilities as at that date,being discontinued operations, have been restated and disclosed separately under discontinued operations as required by the Indian Accounting Standard 103- Business combinations

Rupees in crores

The period of discontinued operation- 7th September 2017 to 31st March 2018

Information in respect to discontinued operations ie., Automobile divison of Demerged Company

1) Balance sheet as at 31st March 2018- Refer above

2) Statement of profit or loss for the period from 7th Sep. 2017 to 31st March 2018

Particulars	
Revenue	52.55
Expenses	
Cost of material consumed	51.11
Employee benefit expenses	-
Other expenses	1.20
Profit before tax	0.24
Less: Tax expense	0.06
Profit before tax from discontinued operations	0.18
Other comprehensive Income	-
Items that will not be reclassified to profit or loss (net of tax)	-
Total comprehensive income for the year	-

3) Statement of cash flows for the year ended 31st March 2018

Net Cash flows from / (used in) Operating activities	0.18
Net Cash flows from / (used in) Investing activities	-
Net Cash flows from / (used in) Financing activities	
Net Cash flows from / (used in) during discontinued operations	0.18

4) Earnings per share

a)	Profit/(loss) after tax from continuing operations	16.87
b)	Profit/(loss) after tax from discontinued operations	0.18
c)	Profit/(loss) after tax from continuing and discontinued operations	17.05
d)	Weighted average number of equity shares for basic and diluted earnings per share (Nos.)	18,910,959
e)	Nominal value of each equity share	10.00
f)	Basic and diluted earnings per share - continuing operations (in Rupees)	8.92
g)	Basic and diluted earnings per share - discontinued operations (in Rupees)	0.10
h)	Basic and diluted earnings per share - continuing and discontinued operations (in Rupees)	9.02

NOTES TO ACCOUNTS - *(continued)*

Rupees in crores

38 Revenue from contracts with customers

1 Disaggregated revenue

Revenue from contracts with customers are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Company identifies the product lines, amongst others to indicate the factors as mentioned above. The details of revenue from contracts with customers on the basis of various product lines are as under :

Particulars	For the year ended 31-03-2019
A. Type of goods or service	
1. Components	597.89
2. Other operating revenue	1.81
	599.70
B. Timing of recognition of revenue	
1. At a point in time	599.70
2. Over time	
	599.70

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 31-03-2019
A.	Contract asset at the beginning of the period	-
	Add / (Less) :	
	Consideration recognised during the period	-
	Revenue recognized from contract asset	-
	Impairment allowance	-
	Contract assets at the end of the period	-

	Particulars	For the year ended 31-03-2019
B.	Contract liabilities at the beginning of the period	12.92
	Add / (Less) :	
	Consideration received during the year as advance	8.05
	Revenue recognized from contract liability	16.09
	Contract liabilities at the end of the period	4.87

i. Revenue recognised on the tooling contract is initially recognised as a contract asset. When the Company gets an unconditional right to receive payment, a trade receivables is accounted reversing the contract asset.

ii. 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 31-03-2019
1.	Contract price	599.72
2.	Adjustments :	
	Discounts	1.83
3.	Revenue from operations as per Statement of Profit and loss	597.89

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

39 Previous year's figures have been regrouped wherever necessary to confirm to the current year's classification.

As per our report annexed

H Lakshmanan Chairman	C N Prasad Director		For V .Sankar Aiyar & Co Chartered Accountants Firm Regn. No. 109208W
Rajesh Oommen Chief Executive Officer	J Ashok Chakravarthi Chief Financial Officer	R G Dinesh Company Secretary	S. Venkataraman Partner Membership No. F23116

Place: Chennai
Date: 22-04-2019

Directors' Report to the Shareholders of the Company

The directors have pleasure in presenting the tenth annual report on the progress of the Company together with the audited statement of accounts for the year ended 31st March 2019.

1. Financial Results

The highlights of the financial performance of the Company are given below:

(Rs. in lakhs)

Particulars	Year ended 31-03-2019	Year ended 31-03-2018
Revenue from Operations	28.62	5,255.13
Other Income	101.47	4,395.37
Total	**130.09**	**9650.50**
Purchases of Stock-in trade	27.18	5110.82
Finance Cost	1629.89	9,087.26
Administrative & other expenses	56.53	3063.38
Profit / (Loss) before tax	(1583.51)	(7610.94)
Less:		
- Provision for tax		
Add:	(950.96)	(1,296.54)
- Deferred Tax Asset		
Profit / (Loss) after tax	(632.55)	(6314.40)
Other Comprehensive Income (net of tax)	221.52	-
Total Comprehensive Income for the year	(411.02)	(6314.40)

2. Dividend

The board of directors does not recommend any dividend for the year under consideration, in view of the loss sustained by the Company for the year ended 31st March 2019.

3. Scheme of Arrangement for Demerger of Automobile Trading Division (the Scheme) between Sundaram Auto Components Limited (SACL) and the Company

The National Law Company Tribunal (NCLT), Chennai has approved the Scheme vide its order dated 15th February 2019, the Company acquired automobile trading division along with its relative assets and liabilities from SACL, effective 1st April 2018. The Scheme was filed with the Registrar of Companies on 20th February 2019 and became effective from that date.

As per the Scheme, the Company has allotted 36,33,814 equity shares of Rs.10/- each to TVS Motor Company Limited (TVSM), as consideration for the transfer of automobile trading division, on 27th February 2019. Since both the Company and SACL are the wholly owned subsidiaries of TVS Motor Company Limited (TVSM), further allotment of shares by the Company to TVSM, has not affected the wholly owned subsidiary status of both SACL and the Company.

Paid up capital

The Company has re-classified 50,00,000 (Fifty Lakhs Only) Non-Cumulative Redeemable Preference shares of face value of Rs. 10/- each into 50,00,000 (Fifty Lakhs Only) equity shares of Rs. 10/- each aggregating to total equity capital of Rs. 10,00,00,000 (Rupees Ten Crores Only), to enable the Company to allot equity shares and thereby the paid up equity capital of the Company stood increased to Rs. 8.63 Cr consisting of 86,33,814 equity shares of Rs.10/- each and preference share capital remained as 613.01 Cr consisting of 61,30,10,000 Non-Cumulative Redeemable Preference Shares (NCRPS) of Rs.10/- each during the year ended 31st March 2019.

4. Material changes and commitments

The Company filed a Scheme of Arrangement with NCLT, Chennai for redeeming its NCRPS by transferring its investment of 13,36,51,475 (Thirteen Crore Thirty Six Lakhs Fifty One Thousand Four Hundred and Seventy Five) equity shares of INR 10 (Rupees Ten) each in TVS CS (out of the total investment in 13,47,41,600 equity shares of TVS CS held by the Company), to TVSM, in proportion to the Preference Shares holding in the total paid-up capital of the Company.

NCLT, Chennai has passed orders on 16th April 2019. The Scheme was filed with the Registrar of Companies on 09th May 2019 and became effective from that date. However, as per the directions of the Reserve Bank of India, TVS Credit Services Limited, the subsidiary company, being an Non-Banking Financial Company, has to make a public notice in English and regional Newspaper for the transfer of control from the Company to TVSM while transferring shares of TVS CS.

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.

7. 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 Audit Committee and 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 the risk mitigation

8. Related Party Transactions

All contracts / arrangements entered by the Company during the financial year with related parties were in the ordinary course of business and at arm's length in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014. Pursuant to the provisions of section 134(h) of the 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 Indian Accounting Standard 24 have been provided in Notes to the financial statements.

9. Significant changes in Accounting Policy

The Company has been disclosing its investment in equity shares of TVS Credit Services Ltd at cost which is not reflective of the underlying value of the said equity shares. In order to provide reliable and more relevant information about the entity's financial position, the Board has decided to disclose its investments in its subsidiary, at fair value. Hence, the Company has, in terms of Ind AS 8, changed its accounting policy of disclosing the equity shares of TVS Credit Services Ltd from cost to fair value. As prescribed by Ind AS 8, the change has been applied retrospectively. In accordance with Ind AS 1, the company has in addition to preparing the Balance Sheet for the year ended 31st March 2019 and 31st March 2018, also prepared a Balance Sheet as at 1st April 2017. The amount of the resulting adjustment relating to prior periods is made in the retained earnings as on 1st April 2017 and as at 31st March 2018

10. Directors' responsibility statement

Pursuant to the requirement of Section 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the year ended 31st March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March 2019 on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. Directors

Independent Directors (IDs)

The Board of Directors of the Company comprises of two Independent Directors viz., Mr L Bhadri and Ms Sasikala Varadachari and as required under sub-section 6 of Section 149 of the Act 2013, the Company received necessary declarations from IDs that they meet the criteria of independence as provided therein.

Separate meeting of Independent Directors (IDs):

During the year under review, a separate meeting of IDs was held on 20th March 2019 and all the Independent Directors were present at the Meeting.

A complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to them to facilitate their review / evaluation through a set of questionnaire.

The IDs were fully kept informed of the Company's activities in all its spheres.

Woman Director

In terms of Section 149 of the Act 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have a woman Director on its Board.

In view of the above, Ms Sasikala Varadachari continues to be on the Board of the Company as an Independent Woman Director.

Directors liable to retire by rotation

In terms of Article 21 of the Articles of Association of the Company, all the directors other than the independent directors, viz., Mr V N Venkatanathan, Mr Arvind Balaji, Mr S G Murali and Mr K N Radhakrishnan, retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Policy on Directors appointment and remuneration of directors, Key Managerial Personnel (KMPs)

In accordance with Section 178 of the Act, 2013 the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that executive directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

Remuneration Policy

Directors:

NRC will recommend the remuneration for executive and non-executive directors. This will be then approved by the board and shareholders. Prior approval of shareholders will be obtained, whenever required, in case of remuneration to non-executive directors.

The non-executive independent directors are appointed to the board of the Company in terms of regulatory requirements.

Key Managerial Personnel:

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee.

The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

The annual variable pay of senior executives is linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

Criteria for Board Membership

Directors:

The Company will generally consider (i) their relevant experience in Finance/ Law/ Management/ Administration/ Research/ Corporate Governance/ Technical Operations or other disciplines related to company's business, (ii) having the highest personal and professional ethics, integrity and values and (iii) their willingness to devote sufficient time and energy in carrying out their duties and responsibilities.

Independent Directors:

Independent Director is a director who has no direct or indirect pecuniary relationship with the Company and or any of its officers. They should meet all criteria specified in Section 149(7) of the Act, 2013 and rules made thereunder.

Number of board meetings held

During the year under review, the board met six times on 14th May 2018, 9th July 2018, 6th August 2018, 8th November 2018, 21st January 2019 and 11th March 2019 and the gap between two meetings did not exceed one hundred and twenty days.

Key Managerial Personnel (KMPs)

During the year under review, Mr K Sridhar resigned as Company Secretary of the Company effective 5th July 2018. Consequent to his resignation, Mr S Sudarshan was appointed as Company Secretary effective 6th August 2018 and resigned with effect from 31st December 2018. Subsequently, Mr J Ashwin was appointed as Company Secretary effective 11th March 2019.

As on 31st March 2019, Mr G Venkatraman, Chief Executive Officer, Mr V Gopalakrishnan, Chief Financial Officer and Mr J Ashwin, Company Secretary are KMPs of the Company in terms of Section 2(51) and Section 203 of the Companies Act, 2013.

Corporate Governance

Audit Committee:

In terms of Section 177 of the Companies Act, 2013 (Act, 2013), the Audit Committee of the Company is required to consist of minimum of three members, with majority of independent directors.

The present committee consists of Mr Arvind Balaji, non-executive and non-independent director, Mr L Bhadri and Ms Sasikala Varadachari, (ID) as its members. Thus, the composition of the audit committee is in accordance with the requirements of the Act and the Committee meets periodically to discuss and review such matters as required under the applicable provisions of the Act, 2013.

Nomination and Remuneration Committee:

In terms of Section 178 of the Act, 2013, the Nomination and Remuneration Committee is required to consist of minimum of three members, of which not less than one-half shall be independent directors.

The Committee consists of Mr Arvind Balaji, non-executive and non-independent director, Mr L Bhadri and Ms Sasikala Varadachari, (ID) as its members.

The Committee has a Nomination and Remuneration Policy to govern the terms of nomination / appointment and remuneration of (i) directors; and (ii) key managerial personnel of the Company.

Remuneration criteria to Directors:

All the directors are non-executive directors. They have not received any remuneration from the Company.

Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility Committee consists of the following directors namely, Mr V N Venkatanathan, Mr S G Murali and Mr L Bhadri, as members. As per Section 135 of the Companies Act, 2013, the Company is not required to spend any amount towards CSR activities.

Evaluation of the board, committees and directors

In terms of Section 134 of the Companies Act 2013 and the rules made there-under, the board has carried out evaluation of its own performance and that of its committees and individual directors.

The board discussed and assessed its own composition, size, mix of skills and experience, its meeting sequence effectiveness of discussion, decision making, follow up action, quality of information and the performance and reporting by the various committees. Besides, the board considered both its characteristics and the effectiveness of its performance in carrying out its role and responsibilities in the context of the nature, scope, complexity and risk profile of the Company.

The evaluation of individual directors was made on the following criteria, namely (i) attendance for the meetings, participation and independence during the meetings, (ii) interaction with management, (iii) role and accountability of the board and knowledge and proficiency etc.

The evaluation of each committee, namely audit committee, nomination and remuneration committee and corporate social responsibility, were evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against the terms of reference, time spent by the committees in considered matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to function effectively, with full participation by all its members and members of the management.

12. Deposits

The Company has not accepted any deposit from the public within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2018.

13. Auditors

Statutory Auditors

M/s. V Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No.109208W allotted by the Institute of Chartered Accountants of India, who were re-appointed as statutory auditors of the Company for the second term of five consecutive years at the AGM held on 30th September 2014, subject to ratification in every 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 Auditors.

In terms of the above provisions, M/s V Sankar Aiyar & Co, Chartered Accountants, have completed their final year in the second term of five consecutive years.

The board at its meeting held on 29th April, 2019 have appointed M/s Raghavan Chaudhuri & Narayanan, Chartered Accountants, Bengaluru, having Firm Registration No. 00761S allotted by the Institute of Chartered Accountants of India as statutory auditors for a period of five years subject to approval of the members in the ensuing general meeting of the company.

The Company has obtained necessary certificate under Section 141 of the Act conveying their eligibility for being Statutory Auditors of the Company for the year 2019-20.

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 2018-19, 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, appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2019-20.

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. Subsidiary Companies

The following companies are the subsidiaries of the Company for the period 2018-19.

Subsidiaries

S.No	Name of the Companies
1.	TVS Credit Services Limited
Subsidiaries of TVS Credit Services Limited	
2.	TVS Two Wheeler Mall Private Limited
3.	TVS Micro Finance Private Limited
4.	Harita ARC Private Limited
5.	Harita Collection Services Private Ltd
6.	TVS Commodity Financial Solutions Pvt Ltd
7.	TVS Housing Finance Private Limited

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 prepare and files consolidated financial with the Registrar of Companies. However, the salient features of the financial statement of the Subsidiaries in Form AOC-I, is attached to the financial statements in terms of Section 129(3) of the Companies Act 2013 (the Act, 2013) read with Rule 5 of the Companies (Accounts) Rules, 2014.

15. Disclosures

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

The Company has no activity relating to conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or outgo, in terms of the requirements of Section 134(3) (m) of the Act 2013 read with the Companies (Accounts) Rules 2014.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure – I to this report.

Employee's remuneration:

There is no employee receiving the remuneration in excess of the limits prescribed under Section 197 of the 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 2018-19.

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 2018-19.

Please refer note no. 4 to Notes on accounts for the financial year 2018-19, 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.

16. Acknowledgement

The directors wish to thank the shareholders of the Company for their co-operation and support and also place on record their appreciation of the services and assistance rendered by the bankers of the Company.

For and on behalf of the Board

Place: Chennai	V N Venkatanathan	L Bhadri
Date: 29th April 2019	Director	Director
	DIN: 00059273	DIN: 06829886

Annexure - I

Form No. MGT-9

Extract of Annual Return for the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U50404TN2009PLC071075
ii)	Registration Date	:	23.03.2009
iii)	Name of the Company	:	TVS Motor Services Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006. Ph. No: 044 28272233
vi)	Whether listed company	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, No.29, Haddows Road, Chennai – 600006 Tel: 044 28284959 Email: raman@scl.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Maintenance and Repair of Motor Vehicles	45200	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name	Address of the Company	CIN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act 2013
1.	TVS Motor Company Limited	"Jayalakshmi Estates", No.29, Haddows Road, Chennai–600 006	L35921TN1992PLC022845	Holding Company	100% Held by the Company	2(46)
2.	TVS Credit Services Limited		U65920TN2008PLC069758	Subsidiary Company	75.61% Held by the Company	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2018)				No. of Shares held at the end of the year (as on 31st March 2019)				Change in shareholding during the year
	Demat	Physical	Total %	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.		50,00,000	100	100	-	86,33,814	100	100	-
Total Shareholding of Promoter (A)		**50,00,000**	**100**	**100**	-	**86,33,814**	**100**	**100**	-
B. Public Shareholding		-	-	-	-	-	-	-	
1. Institutions									
Financial Institutions		-	-	-	-	-	-	-	-
Sub-total (B)(1)		-	-	-	-	-	-	-	-
2. Non- Institutions		-	-	-	-	-	-	-	
a) individuals		-	-	-	-	-	-	-	
i) Indian		-	-	-	-	-	-	-	-
Sub-total (B)(2):-		-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)		-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs		-	-	-	-	-	-	-	-
Grand Total (A+B+C)		**50,00,000**	**100**	**100**	-	**86,33,814**	**100**	**100**	-

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	TVS Motor Company Limited along with its nominees	50,00,000	100	Nil	86,33,814	100	Nil	-

(iii) Change in Promoters' Shareholding

Particulars	Equity Shareholding at the beginning of the year		Cumulative Equity Shareholding during the year	
	No. of Equity shares	% of total Equity shares of the Company	No. of Equity shares	% of total Equity shares of the Company
TVS Motor Company Limited				
At the beginning of the year	49,99,994		49,99,994	100
Add: Allotment of Shares dt. 27.02.2019	36,33,814	-	36,33,814	-
At the end of the year	86,33,808	-	86,33,808	100.00

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

Name of the Director / KMP (M/s.)	Opening Balance		% of total shares of the Company	Cumulative		Closing Balance	
	No. of shares	(% of the total share capital)		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
V N Venkatanathan*	1	0.00	0.00	1	0.00	1	0.00
H Lakshmanan*	1	0.00	0.00	1	0.00	1	0.00
K Gopala Desikan*	1	0.00	0.00	1	0.00	1	0.00
R Raja Prakash*	1	0.00	0.00	1	0.00	1	0.00
K S Srinivasan*	1	0.00	0.00	1	0.00	1	0.00
N Srinivasa Ramanujam*	1	0.00	0.00	1	0.00	1	0.00

* Shares held as nominees of TVS Motor Company Limited.

(v) Shareholding of Directors and Key Managerial Personnel: NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has not borrowed any amount during the year under review. Hence the furnishing of details relating to Indebtedness does not arise.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to Managing Director, Whole-Time Director and/or Manager:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

B. Remuneration to other directors: Not Applicable

C. Remuneration to KMP (Chief Executive Officer, Chief Financial Officer and Company Secretary): NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any provisions of the laws against the Company or its directors or other officers in default during the year

For and on behalf of the Board

Place : Chennai	V N VENKATANATHAN	L BHADRI
Date : 29th April 2019	Director	Director
	DIN: 00059273	DIN: 06829886

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 Rs. in Lakhs)

#	Particulars	Name of the Company						
1	Name of the subsidiary	TVS Credit Services Limited	TVS Two Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Ltd	TVS Commodity Financial Solutions Pvt Ltd	TVS Housing Finance Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR	INR
4	Share capital / Contribution	17820.57	0.25	0.25	0.25	0.25	0.25	1200
5	Reserves & Surplus	97288.79	(0.46)	(0.46)	(0.46)	(0.47)	(0.46)	59.84
6	Total assets	875009.76	0.25	0.25	0.25	0.25	0.25	1281.38
7	Total Liabilities	875009.76	0.25	0.25	0.25	0.25	0.25	1281.38
8	Investments	1201.25	-	-	-	-	-	-
9	Turnover	160132.04	-	-	-	-	-	-
10	Profit/(Loss) before taxation	21596.62	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	74.56
11	Provision for taxation	6766.83	-	-	-	-	-	24.52
12	Profit/(Loss) after taxation	14829.79	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	50.04
13	Proposed Dividend	-	-	-	-	-	-	-
14	% of shareholding	75.61%	100% held by TVS Credit Services Limited					

V N Venkatanathan
Director

L Bhadri
Director

G Venkatraman
Chief Executive Officer

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

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 29th April 2019

FORM NO.MR-3
SECRETARIAL AUDIT REPORT OF TVS MOTOR SERVICES LIMITED
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019
[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	CIN: U50404TN2009PLC071075
TVS MOTOR SERVICES LIMITED,	Authorised Capital:Rs.625,00,00,000/-
No.29, Haddows Road,	Paid up Capital: Rs.621,64,38,140/-
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 MOTOR SERVICES LIMITED, (CIN: U50404TN2009PLC071075 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2019 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;

iii) The Company being unlisted public limited company, the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder are not applicable;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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') 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, 1992; (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (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; and (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not applicable 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.

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 Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

ii) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However on perusal of the minutes of the board or audit committee meetings, it was observed that there was no dissenting note made by any of the member.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The company has

i) Constituted Nomination and Remuneration Committee of Directors and has formulated "Nomination and Remuneration Policy' in terms of Section 178 of the Companies Act, 2013 and the Rules made thereunder;

ii) Constituted the Audit Committee of directors in terms of Section 177 of the Companies Act, 2013;

iii) Constituted Corporate Social Responsibility Committee (CSR) to formulate and recommend to the board a Corporate Social Responsibility Policy, prepare and recommend a list of CSR projects/ programs, which the company plans to undertake. However, since the company has incurred loss during the preceding three financial years, the company is not liable to spend any amount in pursuance of its Corporate Social Responsibility Policy as required under Section 135(4) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014.

iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the board, may threaten the existence of the company;

v) Considered and approved the "Code of Business Conduct and Ethics" of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;

vi) has appointed woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

I further report that from the information and explanations furnished to me, during the audit period the company has

i) in the Extra Ordinary General Meeting held on 23rd February, 2019 reclassified the authorised share capital the authorised share capital into 1,00,00,000 (One Crore) equity shares of Rs.10/- each aggregating to Rs.10,00,00,000/- (Rupees ten crores only) and 61,50,00,000 (Sixty Crores fity lakhs) Non-Cumulative Redeemable Preference Shares of Rs.10/- each aggregating to Rs.615,00,00,000/- (Rupees six hundred and fifteen crores only) within the overall authorised share capital of Rs.625,00,000/- (Rupees six hundred and twenty five crores only).

ii) pursuant to the scheme of demerger of Automobile Trading Division of Sundaram Auto Components Ltd. and consequent transfer of assets and liabilities to the company vide Order No.CP 24 and 25/CAA/2019 of NCLT Chennai dated 15th February, 2019, the company has allotted 36,66,814 equity shares of Rs.10/- each aggregating to Rs.3,63,38,140/- (Rupees three crores sixty three lakhs eighty eight thousand one hundred and forty only) in dematerialized form to M/s.TVS Motor Company Ltd. for consideration other than cash for vesting the aforesaid assets and liabilities of Automobile Division with the Company. Besides this the company has not made any Public / Right / Preferential issue of shares/ debentures/ sweat equity etc.

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) obtained the order of the Scheme of Arrangement of Demerger vide Order No.CP 24 and 25/CAA/2019 of NCLT Chennai dated 15th February, 2019, for demerger of Automobile Trading Division of Sundaram Auto Components Ltd. and consequent transfer of assets and liabilities to the company and the company has filed Form INC-28 with the Registrar of Companies and has complied with all the provisions of the Act in relation thereto. Besides this there are no Merger/ amalgamation/reconstruction etc. took place during the year under review.

vii) No Foreign technical collaborations have been entered into during the year under review.

Place: Chennai
Date: 9th April, 2019

T.N.SRIDHARAN
Practising Company Secretary
C.P.No.4191

To
The Members
TVS MOTOR SERVICES LIMITED,
No.29, Haddows Road,
Chennai 600 006

CIN: U50404TN2009PLC071075
Authorised Capital:Rs.625,00,00,000/-
Paid up Capital: Rs.621,64,38,140/-

My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Chennai
Date: 9th April, 2019

T.N.SRIDHARAN
Practising Company Secretary
C.P.No.4191

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

To the Members of TVS Motor Services Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the stand-alone financial statements of TVS Motor Services Limited ("the Company"), which comprise the stand-alone balance sheet as at 31st March 2019, the statement of profit and loss(including Other Comprehensive Income), standalone Statement of changes in Equity and 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for 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, Corporate Governance and Shareholder's information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the stand-alone 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 stand-alone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the stand-alone 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 Stand-alone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 SA 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 stand-alone financial statements.

As part of an audit in accordance with SA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the stand-alone 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. 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 with reference to financial statements in place and the operative 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 stand-alone 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 stand-alone financial statements, including the disclosures, and whether the stand-alone 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 reasonable be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position as at 31st March 2019 in its standalone financial statements – refer note 34 (i) to the financial statement.

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

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

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

S. VENKATARAMAN
Partner
Membership No. 34319

Place : Chennai
Date : 8th April, 2019

Annexure "A" to Independent Auditors' Report 31st March 2019
(Referred to in our report of even date)

(i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets (investment property).

b) The fixed assets (investment property) of the Company consist of Land. We are informed by the Management that the same were verified during the year and in our view the periodicity is reasonable. No material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties (investment property) are held in the name of the company, except in the case of the Land with a book value of Rs.5,542 lakhs wherein the Company holds unregistered agreement to sell in its name.

(ii) The Company is not a manufacturing or trading Company and does not have any raw materials, spare parts and finished goods. Hence Clauses (a), (b), and (c) of para 3 (ii) of the Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships and other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Hence clauses (a), (b), and (c) of Para 3 (iii) of the Order are not applicable.

(iv) According to the information and explanations given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of investments made. The Company has not granted any loan or provided guarantee or security during the year.

(v) The Company has not accepted any deposits from the public, within the meaning of Section 73 to 76 or any other relevant provisions of the Act and Rules framed there under.

(vi) The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014.

(vii) a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues of Income tax and Cess. There is no liability in respect of Provident Fund, Employees' State Insurance, duty of Customs and Goods and Service Tax. There are no arrears of Income tax, and Cess outstanding as at 31st March 2019 for a period of more than six months from the date it becomes payable.

b. According to the information and explanations given to us and on the records of the Company, the dues of Income Tax, which have not been deposited on account of any dispute, are as follows:

Name of the Statue/ (Nature of dues)	Period of dues	Amount (In Lakhs)	Forum where dispute is pending
Income Tax Act, 1961	2011-12	1.06	Commissioner of Income Tax – (Appeals)
	2012-13	0.35	
Orissa Entry Tax	2008-09 to 2012-13	2.03	Pending in High Court of Orissa, subject to appeal being filed by Commercial Tax Department.

(viii) The company has not borrowed loan. Further, the requirement to report under Clause (viii) of para 3 of the Order does not arise.

(ix) The Company has not raised any monies by way of initial public offer or further public offer (including debt instruments) and has not borrowed any term loans. Hence, the requirement to report under Clause (ix) of para 3 of the Order does not arise.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid managerial remuneration as referred to Section 197 of the Act.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

S. VENKATARAMAN
Partner
Membership No. 34319

Place : Chennai
Date : 8th April, 2019

Annexure "B" to Independent Auditors' Report 31st March 2019

(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 Services Limited, Chennai ("the Company") as of March 31st, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st , 2019, 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
ICAI Regn. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 8th April, 2019

BALANCE SHEET AS AT 31st March 2019

(Rs. In Lakhs)

	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Assets				
Non-current assets				
Capital work in progress	2	569.75	569.75	569.75
Investment property	3	9,029.61	9,029.61	5,879.60
Financial assets				
i. Investments	4	120,657.30	120,347.05	114,241.30
Income Tax Assets (Net)	5	1.17	3.73	0.78
Deferred Tax assets	6	6,180.81	5,259.05	4,005.71
Total non-current assets		**136,438.64**	**135,209.19**	**124,697.14**
Current assets				
Financial assets				
i. Trade Receivables	7	804.89	747.17	-
i. Cash and cash equivalents	8	292.56	248.86	156.04
ii. Other receivables	9	6,298.05	6,288.05	9,539.66
Other current assets	10	693.07	685.54	-
Total current assets		**8,088.57**	**7,969.61**	**9,695.70**
Total Assets		**144,527.20**	**143,178.79**	**134,392.84**
Equity and liabilities				
Equity				
Equity share capital	11	863.38	500.00	200.00
Other Equity				
Share application money pending allotment	12	-	363.38	-
Reserves and surplus	13	22,106.98	22,739.53	20,704.54
Other reserves	14	177.91	(43.61)	(43.61)
Total equity		**23,148.28**	**23,559.30**	**20,860.93**
Liabilties				
Non-current liabilities				
Financial liabilities				
i. Borrowings	15	104,248.15	104,248.15	96,671.60
ii. Other financial liabilities	16	11,016.40	13,532.27	16,183.09
Total non-current liabilities		**115,264.55**	**117,780.42**	**112,854.69**
Current liabilities				
Financial liabilities				
i. Borrowing	17	4,311.08	1.01	-
ii Trade payables	18	207.43	264.79	3.00
iii. Other financial liabilities	19	460.40	561.23	270.89
Other current liabilities	20	1,135.46	1,012.05	403.33
Total current liabilities		**6,114.38**	**1,839.08**	**677.22**
Total liabilities		**121,378.93**	**119,619.49**	**113,531.91**
Total equity and liabilities		**144,527.21**	**143,178.80**	**134,392.84**
Significant accounting policies	1			

V N Venkatanathan
Director

L Bhadri
Director

G Venkatraman
Chief Executive Officer

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

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 8th April 2019

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2019

(Rs. In Lakhs)

	Notes	1st April 2018 to 31st March 2019	1st April 2017 to 31st March 2018
Income			
Revenue from operations	21	28.62	5,255.13
Other income	22	101.47	4,395.37
Total income		**130.09**	**9,650.50**
Expenses			
Purchases of stock-in-trade	23	27.18	5,110.82
Finance costs	24	1,629.89	9,087.26
Other expenses	25	56.53	3,063.38
Total expenses		**1,713.60**	**17,261.45**
Profit/(loss) before tax		**(1,583.51)**	**(7,610.94)**
Income tax expense	26		
Current tax		-	-
Deferred tax		(950.96)	(1,296.54)
Profit/(loss) for the year		**(632.55)**	**(6,314.40)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in fair value of FVOCI equity instruments		250.73	-
Income taxes on the above		(29.20)	-
Other comprehensive income for the year, net of tax		**221.52**	**-**
Total comprehensive income for the year		**(411.02)**	**(6,314.40)**
Significant accounting policies	**1**		
Earnings per equity share (Basic/ diluted earning per share)	27	(7.33)	(89.55)

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

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Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 8th April 2019

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2019

(Rs. In Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Profit before income tax	(1,583.51)	(7,610.94)
Adjustments for		
Gain on transfer of land	-	(3,775.25)
Unwinding of discount		(618.99)
Fair valuation of Preference share		7,576.55
Unwinding of discount on security deposits	1,617.58	1,502.57
Long Term Capital Loss/ gain on Sale of Investments	(101.47)	2,903.47
Fair value of 6% Pref share		
Fair Valuation Loss on Mutual Funds	-	
Operating Profit Before Working Capital Changes	**(67.41)**	**(22.60)**
Change in operating assets and liabilities		
(Increase)/decrease in other current assets	(7.53)	11,653.45
(Increase)/decrease in other financial liabilities	(4,291.63)	(14,729.02)
(Increase)/decrease in trade current assets	(67.72)	2,504.34
(Increase)/decrease in other current liabilities	123.41	608.73
Cash generated from operations	**(4,310.88)**	**14.90**
Income taxes paid	(2.55)	(2.95)
Net cash inflow from operating activities	**(4,308.33)**	**11.95**
Cash flows from investing activities		
Investment	41.96	(592.54)
Investment Property		372.41
Net cash outflow from investing activities	**41.96**	**(220.13)**

Cash flows from financing activities		
Proceeds from issue of Share capital	-	**300.00**
Proceed from issue of Preference share		**-**
Proceeds/(Repayment) of Borrowings (Short)	4,310.07	**1.01**
Net cash inflow (outflow) from financing activities	**4,310.07**	**301.01**
Net increase (decrease) in cash and cash equivalents	**43.70**	**92.82**
Cash and cash equivalents at the beginning of the financial year	248.86	**156.04**
Cash and cash equivalents at end of the year	292.56	**248.86**

V N Venkatanathan
Director

L Bhadri
Director

G Venkatraman
Chief Executive Officer

As per our report annexed
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Partner
Membership No.: 23116

Chennai
Dated: 8th April 2019

Statement of Changes in Equity

I. Equity Share Capital

(Rs. In Lakhs)

	Notes	Amounts
Balance as at April 1. 2017		**200.00**
Changes in equity share capital during the year	11	**300.00**
Balance as at March 31, 2018		**500.00**
Changes in equity share capital during the year	11	**363.38**
Balance as at March 31, 2019		**863.38**

II) Other equity

	Notes	Reserves and surplus		Other reserves	Share application money pending allotment	Total
		Retained earnings	Capital reserve	FVOCI - Equity instruments		
Balance as at April 1, 2016		**(26,002.27)**		**(67.4)**		**(26,069.67)**
Profit for the period	13	(6,824.07)		**-**		**(6,824.07)**
Changes in Accounting Policy	13	53,530.88				**53,530.88**
Other comprehensive income	14	-		23.79		**23.79**
Balance as at March 31, 2017		**20,704.54**	**-**	**(43.61)**	**-**	**20,660.93**
Profit for the period	13	(6,314.40)	-	-		**(6,314.40)**
Changes in Accounting policy	13	8,373.48				**8,373.48**
Other comprehensive income	14	-	-	-		**-**
Arising on business combination	13	-	(24.09)	-	363.38	**339.29**
Balance as at March 31, 2018		**22,763.62**	**(24.09)**	**(43.61)**	**363.38**	**23,059.31**
Profit for the period	13	(632.55)		-	-	**(632.55)**
Other comprehensive income	14	-		221.52		**221.52**
Allotment of shares	12	-	-	-	(363.38)	**(363.38)**
Balance as at March 31, 2019		**22,131.08**	**(24.09)**	**177.91**	**-**	**22,284.90**

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

V N Venkatanathan
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J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 8th April 2019

1. Significant Accounting Policies forming part of Financial Statements

COMPANY BACKGROUND

TVS Motor Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India. The company is the holding company of TVS Credit Services Limited

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. 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 group 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.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of its investment properties recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

e. 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, 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.

f. 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:

The Company applies the expected credit loss (ECL) model for recognising impairment loss on financial assets. With respect to trade receivables, the Company measures the loss allowance at an amount equal to lifetime expected credit losses. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Note 29 details how the company 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.

4. De-recognition of financial assets:

A financial asset is derecognised only when:

The Company has transferred the rights to receive cash flows from the financial asset or the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

g. 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.

h. Functional Currency:

a) Functional and presentation currencies:

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupees (INR) and all values are rounded off to nearest lakhs except where otherwise indicated.

b) Transactions and balances

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss

i. Goods and Service Tax Input Credit

Eligible Goods and Service Tax input credit is accounted as receivable when the underlying service is received, as per the Goods and Service Tax Act Rules applicable to Non-Banking Financial activities.

j. 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.

k. Borrowings cost:

Borrowing costs are expensed in the period in which they are incurred.

l 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.

m. 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.

n. 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.

o. 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.

p. 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.

q. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker

r. 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.

s. 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.

t. Equity

Equity shares are classified as equity, Distributions to holders of an equity instrumentare recognised by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.

u. Business Combination

Business combinations involving entities under common control are accounted for using the pooling of interests method as follows:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information shall be restated only from that date.

(iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

(v) The identity of the reserves are preserved and the reserves of the transferor becomes the reserves of transferee.

(vi) The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

Notes to Balance Sheet

(Rs. In Lakhs)

2 Capital work in progress

	March 31, 2019	March 31, 2018	April 1, 2017
Capital work in progress	569.75	569.75	569.75
Total Capital work in progress	**569.75**	**569.75**	**569.75**

3 Investment Property

Particulars	Gross Value				
	As at 1st April 2018	Additions during the year due to business combination	Additions during the year	Deletions during the year	As at 31st March 2019
Land*	9,029.61	-	-	-	9,029.61
Total	**9,029.61**		**-**	**-**	**9,029.61**

Fair Value of the land as at 31/03/2019 Rs.44,601.00 Lakhs (31/03/2018 Rs.44,601.00 Lakhs)

Particulars	Gross Value				
	As at 1st April 2017	Additions during the year due to business combination	Additions during the year	Deletions during the year	As at 31st March 2018
Land*	5,879.70	3,522.31	-	372.41	9,029.61
Total	**5,879.70**		**-**	**372.41**	**9,029.61**

Fair Value of the land as at 31/03/2018 Rs.44,601.00 Lakhs (31/03/2017 Rs.11,602.42 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.

4 Investments

	March 31, 2019	March 31, 2018	April 1, 2017
Unquoted			
Investment in equity instrument of subsidiary carried at cost			
TVS Credit Services Limited			
13,47,41,600 (PY 13,47,41,600) equity shares of Rs.10 each fully paid up	105,654.41	105,403.68	96,987.00
Investment in equity shares carried at FVOCI			
Phi Research Private Ltd	300.70	300.70	300.70
Investment Carried at FVTPL			
Investment in CIG Reality Fund	35.00	35.00	35.00
(5,00,000(PY 5,00,000) units of Rs 10 each)			
Investment in Urban Infra Opportunities Fund	9.86	58.61	84.99
(250 (PY 250) units of Rs 1,00,000 each)			
Investment Carried at Amortised Cost			
Investment in Zero Coupon Bond	0.00	14,549.05	16,833.61
Investment in 6% Preferance shares of CBCL	14,657.32	-	
Total Financial Assets-Investments	**120,657.30**	**120,347.05**	**114,241.30**

	March 31, 2019	March 31, 2018	April 1, 2017
Agreegate amount of quoted investments and market value thereof		-	
Agreegate amount of unquoted investments	**120,657.30**	**120,347.05**	**114,241.30**
Total	**120,657.30**	**120,347.05**	**114,241.30**

5 Income Tax Assets (Net)

	March 31, 2019	March 31, 2018	April 1, 2017
Income Tax Assets (Net)	1.18	3.73	0.78
Total Other- Income Tax Assets	**1.18**	**3.73**	**0.78**

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

6 Deferred tax Liabilities/(asset)

The balance comprises temporary differences attributable to:

	March 31, 2019	March 31, 2018	April 1, 2017
Depreciation			
Fair valuation of financial liabilties	(4,296.59)	(3,731.41)	(2,259.37)
Fair valuation of financial asset	(411.74)	(452.70)	(688.67)
Invesment Property	**(1,472.47)**	(1,074.93)	(1,057.67)
Net deferred tax Liabilities/(asset)	**(6,180.81)**	**(5,259.05)**	**(4,005.71)**

Movement in deferred tax assets/(liabilities)	Investment Property	Fair valuation of financial asset	Fair valuation of financial liabilties	Total
Opening Balance	**(1,057.67)**	**(688.67)**	**(2,259.37)**	**(4,005.70)**
Charged/(credited):				
- to profit or loss	(17.26)	192.76	(1,472.04)	(1,296.54)
- FV of TVCS Shares		43.20		43.20
- to other comprehensive income	-		-	-
At March 31, 2018	**(1,074.93)**	**(452.70)**	**(3,731.41)**	**(5,259.05)**
Charged/(credited):				
- to profit or loss	(397.54)	11.76	(565.18)	(950.96)
- to other comprehensive income		29.20		29.20
At March 31, 2019	**(1,472.47)**	**(411.74)**	**(4,296.59)**	**(6,180.81)**

Note:-

Deferred Tax assets been recognised on certain losses. The group has concluded tax assets will be recoverable against future taxable income.

7 Trade Receivables

	March 31, 2019	March 31, 2018	April 1, 2017
Trade Receivables considered good - unsecured	804.89	747.17	-
Total Trade Receivables	**804.89**	**747.17**	**-**

8 Cash and cash equivalents

	March 31, 2019	March 31, 2018	April 1, 2017
Balances with banks	226.05	182.35	89.53
Cash on Hand	66.51	66.51	66.51
Total cash and cash equivalents	**292.56**	**248.86**	**156.04**

9 Other financial assets

	March 31, 2019	March 31, 2018	April 1, 2017
Secured			
Receivable towards sale of property and other assets	6,298.05	6,288.05	9539.66
Total Other receivables	**6,298.05**	**6,288.05**	**9,539.66**

10 Other Current assets

	March 31, 2019	March 31, 2018	April 1, 2017
Balance with GST/ Service Tax Department	693.07	685.54	-
Advance to vendors		-	
Total Other Current assets	**693.07**	**685.54**	**-**

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

11 Equity share capital

i) Authorised, issued, subscribed & fully paid equity share capital

	Number of shares	Amount (in Lakh)
86,33,814 nos (Previous year: 50,00,000 nos) of Equity shares of Rs.10 each		
As at 1 April 2017	2,000,000	200.00
Increase during the year	3,000,000	300.00
As at 31 March 2018	**5,000,000**	**500.00**
Increase during the year	3,633,814	363.38
As at 31 March 2019	**8,633,814**	**863.38**

ii) Reconciliation of equity share outstanding at the beginning and end of the year

	Note	Number of shares	Equity share capital (par value)
As at 1 April 2017		**2,000,000**	**200.00**
Add: Addition		3,000,000	300.00
As at 31 March 2018		**5,000,000**	**500.00**
Add: Acquisition of fellow subsidiary *	34	3,633,814	363.38
As at 31 March 2019		**8,633,814**	**863.38**

** On 28 February, 2019, the company allotted shares to the shareholders of Sundaram Auto Components Limited as a consideration for the acquisition of their automobile business. Refer Note 34 for details of acquisition.*

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-19		31-Mar-18		31-Mar-17	
	Share holding %	Number of shares	Share holding %	Number of shares	Share holding %	Number of shares
TVS Motor Company Limited (w.e.f. 7th September 2017)	100%	8,633,808	100%	5,000,000		
TVS Motor Foundation					81%	1,619,950

* 6 equity shares of the Company are held by the nominees of the holding company

iv) Details of other shareholders holding more than 5% shares in the company

March 31, 2019	**Share holding percentage**	**Number of shares**	**Amount (In Lakhs)**
TVS Motor Company Limited	100%	8,633,808	86.34
Total		**8,633,808**	**86.34**
March 31, 2018	**Share holding percentage**	**Number of shares**	**Amount (In Lakhs)**
TVS Motor Company Limited	100%	5,000,000	500.00
Total		**5,000,000**	**500.00**
March 31, 2017	**Share holding percentage**	**Number of shares**	**Amount (In Lakhs)**
TVS Motor Foundation	81%	1,619,950	162.00
TVS Motor Company Limited	19%	380,000	38.00
Total		**5,000,000**	**500.00**

Notes to Balance Sheet (Contd.)

(Rs. In Lakhs)

12 Share application money pending allotment

	March 31, 2019	March 31, 2018	April 1, 2017
Opening balance	363.38	-	-
Add : Arising on business combination (Note 34)	-	363.38	-
Less : Allotment of shares	(363.38)		
Closing Balance	-	363.38	-

13 Reserves and surplus

	March 31, 2019	March 31, 2018	April 1, 2017
Retained earnings	22,131.07	22,763.62	20,704.54
Captial reserves	(24.09)	(24.09)	-
Total reserves and surplus	**22,106.98**	**22,739.53**	**20,704.54**

a) Retained earnings

Opening balance	22,763.62	20,704.54	(26,002.27)
Net profit for the period	(632.55)	(6,314.40)	(6,824.07)
Add : Changes in Accounting policy (refer Note 35)	-	8,373.48	53,530.88
Closing balance	**22,131.07**	**22,763.62**	**20,704.54**

b) Capital reserve

Opening balance	(24.09)	-	-
Add: Arising on business combination (Note 34)	-	(24.09)	-
Closing balance	**(24.09)**	**(24.09)**	**-**

Note

Retained earnings: Company's cumulative earnings since its formation minus the dividends/capitalisation.

Capital Reserve: Gain on common control business combination has been credited capital reserve

14 Other reserves

FVOCI-Equity Instruments

	March 31, 2019	March 31, 2018	April 1, 2017
Opening balance	(43.61)	(43.61)	(67.40)
Other Compreshensive income (net of tax)	221.52	-	23.79
Closing Balance	177.91	(43.61)	(43.61)

15 Borrowings

	March 31, 2019	March 31, 2018	April 1, 2017
Non Cumulative Redeemable Preference shares	104,248.15	104,248.15	96,671.60
Total borrowings	**104,248.15**	**104,248.15**	**96,671.60**

During the FY 2016-17, the Company allotted 50 Lacs no of non cumulative redeemable preference shares of Rs.10/- each at par to TVS Motor Company Limited, the existing share holders of the Company, valuing Rs.500 lakhs.The holder of the Preference Shares shall be entitled to redeem the said Preference Shares at a premium of 70% of the face value of the Preference Shares at the end of the 9th year, from the date of allottment of respective lot. The Investors, will have an option, in lieu of the redemption of such Preference Shares held by them in the Company, to have such number of Equity Shares in the 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 share holders in full and final settlement of such redemption.

16 Other financial liabilities

Non- Current

	March 31, 2019	March 31, 2018	April 1, 2017
Payable towards purchase of Investments	11,016.40	13,532.27	16183.09
Total non current financial liabilities	**11,016.40**	**13,532.27**	**16,183.09**

17 Other Financial Liabilities

Borrowings

	March 31, 2019	March 31, 2018	April 1, 2017
Short term borrowing from banks	-	1.01	-
Short term Loan from others	4,311.08		-
Total non current financial liabilities	**4,311.08**	**1.01**	**-**

18 Trade payables

Current

	March 31, 2019	March 31, 2018	April 1, 2017
Total Outstanding dues of Micro Enterprises and Small Enterprises *	-	-	
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	207.43	264.79	3.00
Total trade payables	**207.43**	**264.79**	**3.00**

* 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.

(Rs. In Lakhs)

19 Financial liabilities

Current

	March 31, 2019	March 31, 2018	April 1, 2017
Payable for purchase of investments and investment property	266.79	360.29	121.00
Payable to Holding company	-	7.32	-
Stale Cheques	53.28	53.28	-
Payable - others	140.34	140.34	149.89
Total other current financial liabilities	**460.40**	**561.23**	**270.89**

20 Other current liabilities

	March 31, 2019	March 31, 2018	April 1, 2017
Statutory Dues	894.18	824.49	0.05
Advance from customers	53.72	-	
Others	187.56	187.56	403.28
Total other current liabilities	**1,135.46**	**1,012.05**	**403.33**

21 Revenue from operation

	1st April 2018 to 31st March 2019	1st April 2017 to 31st March 2018
Sale of automobile	28.62	5,255.13
Total revenue from operation	**28.62**	**5,255.13**

22 Other income

	1st April 2018 to 31st March 2019	1st April 2017 to 31st March 2018
Other Non Operating Income	-	4,394.24
Profit on transfer of TVSCS Share	-	-
Fair Valuation gain on sale of ZCB	101.47	
Fair valuation gain on mutual fund investments	-	1.13
Total other income	**101.47**	**4,395.37**

23 Purchases of stock-in-trade

	1st April 2018 to 31st March 2019	1st April 2017 to 31st March 2018
Automobiles	27.18	5,110.82
Total Purchases of stock-in-trade	**27.18**	**5,110.82**

24 Finance Cost

	1st April 2018 to 31st March 2019	1st April 2017 to 31st March 2018
Other Borrowing Cost	1,629.89	9,087.26
Total finance cost	**1,629.89**	**9,087.26**

25 Other expenses

	1st April 2018 to 31st March 2019	1st April 2017 to 31st March 2018
Rates and Taxes	2.45	3.55
Payment to Auditor* (Refer below note)	5.75	3.75
Consultancy Fees	48.05	34.25
Wealth tax pertaining to previous years		
Fair valuation loss on mutual fund investments		
Power and fuel	-	0.26
Packing and freight charges	-	95.08
Rent	-	22.38
Long Term Capital Loss on Sale of Investments	-	2,903.47
Share Transfer Agent Fees	0.05	-
Other expenses	0.23	0.63
Total other expenses	**56.53**	**3,063.38**

***Payment to auditors**

	1st April 2018 to 31st March 2019	1st April 2017 to 31st March 2018
As Statutory auditors		3.75
In other capacities		
Taxation matters	5.75	-
Total payment to auditors	**5.75**	**3.75**

26 Income tax expense

(a) Income tax expense

	1st April 2018 to 31st March 2019	1st April 2017 to 31st March 2018
Current tax	-	-
Current tax on profits for the year	-	-
Total current tax expense		**-**
Deferred tax		
Decrease (increase) in deferred tax assets	(385.78)	175.50
(Decrease) increase in deferred tax liabilities	(565.18)	(1,472.04)
Total deferred tax expense/(benefit)	**(950.96)**	**(1,296.54)**

Income tax expense	**(950.96)**	**(1,296.54)**

27 Earnings per share

	March 31, 2019	March 31, 2018
(a) Basic and diluted earnings per share		
Basic and diluted earnings per share attributable to the equity holders of the company (in rupees)	(7.33)	(89.55)
(b) Reconciliations of earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share (Rs in lakhs)	(632.55)	(6,314.40)
(c) Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share (in numbers)	86	71

(Rs. In Lakhs)

28 Fair value measurements

Financial instruments by category									
	March 31, 2019			March 31, 2018			April 1, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Investments									
- Equity instruments	-	300.70	-	-	300.70	-	-	300.70	-
- Other funds	44.86	-	-	93.61	-	-	119.99	-	-
- Equity shares of TVS Credit Services to be transferred	104,248.15	-	-	104,248.15	-	-	96,202.33	-	-
- Equity shares of TVS Credit Services to be retained	-	1,406.26	-	-	1,155.53	-	-	784.67	-
- Zero Coupon bond	-	-	-	-	-	14,549.05	-	-	16,833.61
- 6% Preferance shares	-	-	14,657.32	-	-	-	-	-	-
Trade receivable			804.89			747.17			-
Cash and cash equivalents	-	-	292.56	-	-	248.86	-	-	156.04
Receivable towards sale of property	-	-	6,298.05	-	-	6,288.05	-	-	9,539.55
Total financial assets	**104,293.01**	**1,706.96**	**22,052.82**	**104,341.76**	**1,456.23**	**21,833.13**	**96,322.32**	**1,085.37**	**26,529.20**
Financial liabilities									
Borrowings	104,248.15	-	-	104,248.15	-	-	96,671.60	-	-
Trade payables	-	-	207.43	-	-	264.79	-	-	3.00
Payable towards purchase of Investments	-	-	11,016.40	-	-	13,532.27	-	-	16,183.09
Other financial liabiity	-	-	460.40	-	-	561.23	-	-	270.89
Total financial liabilities	**104,248.15**	**-**	**11,684.24**	**104,248.15**	**-**	**14,358.28**	**96,671.60**	**-**	**16,456.97**

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 2019	At 31 March 2018	At 1 April 2017
Level 3 Measurements				
Financial Assets				
Investments	4	345.56	394.31	420.69
Total financial Assets		**345.56**	**394.31**	**420.69**
Financial liabilities				
Borrowings	15	104,248.15	104,248.15	96,671.60
Total financial liabilities		**104,248.15**	**104,248.15**	**96,671.60**

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

Particulars	Notes	At 31 March 2019	At 31 March 2018	At 1 April 2017
Level 3 Measurements				
Financial assets				
Zero Coupon bond	4	-	14,929.05	17,338.62
6% Preferance shares	4	13,771.43	-	-
Total financial assets		**13,771.43**	**14,929.05**	**17,338.62**
Financial liabilities				
Payable towards purchase of Investments	16	11,435.13	13,357.16	15,942.60
Total financial liabilities		**11,435.13**	**13,357.16**	**15,942.60**

(Rs. In Lakhs)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, included in level 3.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the use of entity specific growth rates and discount rates applicable to the entity

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2

(iii) Fair value measurements using significant unobservable inputs (level 3)

	Preference shares
As at 1 April 2017	**96,671.60**
Issue/ (redemption)	**-**
Gains/losses recognised in profit or loss	**7,576.55**
Gains/losses recognised in OCI	**-**
As at 1 April 2018	**104,248.15**
Issue/ (redemption)	-
Gains/losses recognised in profit or loss	-
Gains/losses recognised in OCI	-
31-Mar-19	**104,248.15**

(iv) Valuation inputs and relationships to fair value

	Fair value as at			Significant unobservable inputs*	Probability-weighted range for the year end			Sensitivity
Particulars	**31-Mar-19**	**31-Mar-18**	**1-Apr-17**		**31-Mar-19**	**31-Mar-18**	**1-Apr-17**	
Preference shares	104,248.15	104,248.15	96,671.60	a) Earnings growth rate b) Risk adjusted discount rate		20-30% 18.32%	20-30% 17.80%	If the growth rate increases by 5% and reduction in discount rate by 50bps, the value of preference shares will increase by 2% and vice versa.

(Rs. In Lakhs)

(v) Valuation processes

Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset and Earnings growth factor.

Risk adjustments have been derieved based on the market risk premium adjusted for companies relevered financial data

(vi) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-19		31-Mar-18		1-Apr-17	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Zero Coupon bond	-	-	14,549.05	14,929.05	16,833.61	17,338.62
6% Preferance shares	14,657.32	13,771.43				
Cash and cash equivalents	292.56	292.56	248.86	248.86	156.04	156.04
Receivable towards sale of property	6,298.05	6,298.05	6,288.05	6,288.05	9,539.55	9,539.55
Total financial assets	**21,247.92**	**20,362.03**	**21,085.96**	**21,465.95**	**26,529.20**	**27,034.21**
Financial Liabilities						
Trade payables	207.43	207.43	264.79	264.79	3.00	3.00
Payable towards purchase of Investments	11,016.40	11,435.13	13,532.27	13,357.16	16,183.09	15,942.60
Other financial liability	460.40	460.40	561.23	561.23	270.89	270.89
Total financial liabilities	**11,684.24**	**12,102.97**	**14,358.28**	**14,183.18**	**16,456.97**	**16,216.48**

The carrying amounts of trade receivables, receivables for sale of property, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.
For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

29 Financial risk management **Rs. (In Lakhs)**

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 2019	Less than 3 months	Between 3 Month and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Non-derivatives					
Payable towards purchase of Investments		4,133.33	4,133.33	4,770.67	13,037.33
Trade payables	207.43	-	-	-	207.43
Other financial liabilities	460.40	-	-	-	460.40
Total non-derivative liabilities	**667.84**	**4,133.33**	**4,133.33**	**4,770.67**	**13,705.17**

31 March 2018	Less than 3 months	Between 3 Month and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Non-derivatives					
Payable towards purchase of Investments		3,434.03	3,434.03	10,302.08	17,170.14
Trade payables	264.79	-	-	-	264.79
Other financial liabilities	561.23	-	-	-	561.23
Total non-derivative liabilities	**826.02**	**3,434.03**	**3,434.03**	**10,302.08**	**17,996.16**

1 April 2017	Less than 3 months	Between 3 Month and 1 year	Between 1 and 2 years	Greater than 2 years	Total
Non-derivatives					
Payable towards purchase of Investments		-	7,107.84	14,215.68	21,323.52
Trade payables	3.00	-	-	-	3.00
Other financial liabilities	270.89	-	-	-	270.89
Total non-derivative liabilities	**273.89**	**-**	**7,107.84**	**14,215.68**	**21,597.41**

(Rs. In Lakhs)

30 Capital management

Risk management

The company's objectives when managing capital are to

• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

• maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, The company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, The company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the balance sheet).

The company's strategy is to maintain a optimal gearing ratio. The gearing ratios were as follows:

	March 31, 2019	March 31, 2018	April 1, 2017
Net debt	104,248.15	104,248.15	96,671.60
Total equity	(23,148.28)	(23,559.31)	(20,860.93)
Net debt to equity ratio	-	-	-

31 Segment information

Description of segments and principal activities

The Company has identified its board of directors as chief operating decision maker (CODM) .They review the entire operations of the entity as one.Hence, the Company has only one operating segment which are all as reflected in the financial statements as at and for the year ended March 31, 2018.

32 Contingent Liabilities not provided for

Particulars	March 31,2019	March 31,2018	April 1,2017
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	1.06
for the AY 2012-13	0.35	0.35	0.35

(Rs. In Lakhs)

33 Related party transactions

(a) Holding Entity

Name of entity

TVS Motor Company Limited (Effective 7th Sep'17), Chennai

TVS Motor Foundation (Until 6th Sep'17), Chennai

(b) Ultimate Holding Entity

Sundaram-Clayton Limited, Chennai

T V Sundaram Iyengar & Sons Private Limited, Madurai

(c) Subsidiaries

Name of entity

TVS Credit Services Limited, Chennai

Harita Collection Services Private Limited, Chennai

Harita ARC Services Private Limited, Chennai

TVS Micro Finance Private Limited, Chennai

TVS Commodity Financial Solutions Private Limited, Chennai

TVS Two Wheeler Mall Private Limited, Chennai

TVS Housing Finance Private Limited, Chennai

(d) Fellow Subsidiaries involving transactions

Sundaram Auto Components Limited, Chennai

(e)Transactions with related parties

The following transactions occurred with related parties:

	March 31, 2019	March 31, 2018
TVS Credit Services Limited		
Reimbursement of Expenditure and sale of land	-	4,400.89
Repayment towards purchase of investment	4,133.33	4,153.39
Interest on payable towards purchase of investment	1,617.58	1,502.57
TVS Motor company		
Equity Investment	363.38	300.00
Issue of Preference shares	-	-
Sundaram Auto Components Limited (acquisition of automobile division)	-	339.29

(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, 2019	March 31, 2018
Payables:		
TVS Credit Services Limited	11,283.19	13,799.06
Receivables:		
Sundaram Auto Components Limited	-	3,522.31

34 Business Combinations

(a) Summary of acquisition

The Board of Directors, approved a scheme of arrangement pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, as may be applicable ("the Scheme") with appointed date as April 1, 2018.

Pursuant to the order from The National Company Law Tribunal Division Bench, Chennai dated February 15, 2019 (effective date), the Company (resulting company) acquired the automobile business of Sundaram Auto Components Limited (demerged company). The acquisition will enable the Company to enter into the automobile dealers market in India.

The merger has been accounted under the "pooling of interests" method in accordance with Appendix C of Ind AS 103 - "Business Combinations" and comparatives have been restated from September 7, 2017 being the date on which common control was established.

In accordance with the said scheme :

(a) The assets and liabilities of the demerged undertaking as on September 7, 2017 have been taken over by the resulting company and have been recorded at their respective book values.

(b) The Company shall allot 10,115 fully paid-up equity shares of Rs. 10 each of the resulting company to the equity shareholders of demerged undertaking for every 100,000 equity shares held by them in the demerged undertaking.

(c) The excess of the net assets of demerged undertaking acquired and recorded by the resulting company, after considering the consideration paid has been debited to General reserve.

(d) The details of assets and liabilities acquired pursuant to the Scheme and treatment of the difference between the net assets acquired and consideration paid by the Company is given below:

	Amount	
A. Net assets transferred		
Investment properties	3,522	
Current assets	11,720	
Current liabilities	(14,903)	339.29
B. Consideration in respect of the scheme		
Issue of equity shares (3,633,814 shares in the ratio of 10,115 shares for every 100,000 shares of demerged company)		363.38
C. Excess of purchase consideration over the net assets recognised as negative capital reserve		(24.09)

(Rs. In Lakhs)

35 Change in Accounting Policy

The Company has been disclosing its investment in equity shares of TVS Credit Services Ltd at cost which is not reflective of the underlying value of the said equity shares. In order to provide reliable and more relevant information about the entity's financial position, the Company has, in terms of Ind AS 8, changed its accounting policy of disclosing the equity shares of TVS Credit Services Ltd from cost to fair value. As prescribed by Ind AS 8, the change has been applied retrospectively. In accordance with Ind AS 1, the company has in addition to preparing the Balance Sheet for the year ended 31st March 2019 and 31st March 2018, also prepared a Balance Sheet as at 1st April 2017. The amount of the resulting adjustment relating to prior periods is made in the retained earnings as on 1st April 2017 and as at 31st March 2018

The resulting adjustment relating to prior periods in retained earnings is as follows:

Other Equityas on April 1,2017

Particulars	Amount in Lakhs
Balance as on April 1, 2017	**(32,826.34)**
Add: Change in Accounting polices made in financial year 2018-19 - Fair Valueof investment made in Subsudiary	53,581.37
Less: Deferred tax liability	50.49
Restated Balance as at April1, 2017	**20,704.54**

Other Equityas on March 31,2018

Particulars	Amount in Lakhs
Balance as on March 31, 2018	**(39,140.74)**
Add: Change in Accounting polices made in financial year 2018-19 - Fair Valueof investment made in Subsudiary for April 1, 2017	53,530.88
Add: Change in Accounting polices made in financial year 2018-19 - Fair Valueof investment made in Subsudiary for March 31,2018	8,416.68
Less: Deferred tax liability	43.20
Restated Balance as on March 31, 2018	**22,763.62**

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

V N Venkatanathan
Director

L Bhadri
Director

G Venkatraman
Chief Executive Officer

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 8th April 2019

BOARD OF DIRECTORS

Venu Srinivasan, Chairman
R Ramakrishnan
T K Balaji
Sudarshan Venu
K N Radhakrishnan
V Srinivasa Rangan
Sasikala Varadachari

AUDIT COMMITTEE

R Ramakrishnan
V Srinivasa Rangan
K N Radhakrishnan

NOMINATION AND REMUNERATION COMMITTEE

R Ramakrishnan
V Srinivasa Rangan
K N Radhakrishnan

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Venu Srinivasan, Chairman
R Ramakrishnan
K N Radhakrishnan

RISK MANAGEMENT COMMITTEE

R Ramakrishnan
Sasikala Varadachari
K N Radhakrishnan

ASSET LIABILITY MANAGEMENT COMMITTEE

R Ramakrishnan
Sudarshan Venu
Sasikala Varadachari

CHIEF EXECUTIVE OFFICER

G Venkatraman

CHIEF FINANCIAL OFFICER

V Gopalakrishnan

COMPANY SECRETARY

J Ashwin

FINANCIAL INSTITUTION

Housing Development Finance Corporation Limited

STATUTORY AUDITORS

V Sankar Aiyar & Co., Chartered Accountants
2C, Court Chambers, 35 New Marine Lines,
Mumbai - 400 020
Tel: (91 22) 2200 4465 / 2206 7440
Email: mumbai@vsa.co.in, chennai@vsa.co.in

SECRETARIAL AUDITOR

T N Sridharan
No. 4, Viswanathan Street, Vivekananda Nagar,
Ambattur, Chennai - 600 053
Tel: 044 - 26581508
Email: tn_sridhar@yahoo.com

REGISTERED OFFICE

"Jayalakshmi Estates"
29, Haddows Road
Chennai - 600 006, Tamilnadu, India.
Tel.: 044 - 28272233 Fax: 044 - 28257121
CIN: U65920TN2008PLC069758
Email: corpsec@scl.co.in
Website: www.tvscredit.com

BANKERS

Axis Bank Limited
Aditya Birla Finance Limited
Bank of Baroda
Bank of India
Bank Of Maharashtra
BNP Paribas
Canara Bank
Central Bank of India
Citicorp Finance India Ltd
Corporation Bank
CTBC Bank Limited
DCBbank Limited
Deutsche Bank
Federal Bank Limited
HDFC Bank Limited
HSBC Bank Limited
ICICI Bank Limited
IDBIBank Limited
Indian Bank
Karnataka Bank
Karur Vysya Bank Limited
Oriental Bank of Commerce
Punjab & Sindh Bank
South Indian Bank Limited
State Bank of India
Syndicate Bank
Tata Capital Limited
UCO Bank
Union Bank of India

Directors' Report to the Shareholders

The Directors have pleasure in presenting the Eleventh Annual Report and the audited accounts of the Company for the year ended March 31, 2019.

1. BUSINESS AND FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company are given below:

(Rs. in crores)

Particulars	Year ended	
	31-03-2019	31-03-2018
	Ind-AS	Ind-AS*
Revenue from Operations	1,601.32	1,252.41
Other Income	32.85	26.88
Total	**1,634.17**	**1,279.29**
Finance Costs	557.46	418.40
Fees & Commission, Employee benefit, administrative & Other Operating Expenses	661.08	511.91
Depreciation and amortisation expenses	15.22	9.98
Impairment and loss on de-recognition of financial instruments	184.45	132.48
Total	**1,418.20**	**1,072.79**
Profit / (Loss) before tax	**215.97**	**206.50**
Less: Tax expense		
- Current Tax	82.39	71.67
- Deferred Tax	(14.72)	(3.52)
Profit / (Loss) after tax	**148.30**	**138.35**
Other Comprehensive Income	(0.60)	(0.73)
Total Comprehensive Income	**147.70**	**137.67**
Balance brought forward from previous year	240.65	102.99
Surplus / (Deficit) carried to Balance sheet	**388.35**	**240.65**

*restated as per Ind-AS

The Company's overall disbursements registered a growth of 44% at Rs. 7,067 Cr as compared to Rs. 4,899 Cr in the previous year.

During the year under review, the assets under management stood at Rs. 8,335 Cr as against Rs. 6,152 Cr during the previous year registering a growth of 34%. Total income during the financial year FY 2019 increased to Rs. 1634.17 Cr from Rs. 1279.29 Cr (as per Ind-AS) during the financial year, an increase of 28% over the previous year. The profit before tax for the year has also improved and stood at Rs. 215.97 Cr as against Rs. 206.50 Cr (as per Ind-AS) during the previous year. The ratio of net non-performing assets (Stage 3 assets categorisation as per Ind-AS) to advances as on March 31, 2019 stood at 2.06% as against 2.25% as on March 31, 2018 based on Ind-AS restated Expected Credit Loss (ECL) provisioning norms of the Company.

Above financial performance are based on Indian Accounting Standards (Ind-AS). The company has adopted Ind-AS from April 1, 2018 with effective transition date of April 1, 2017 pursuant to MCA notification dated March 31, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on October 11, 2018. The financial statements up to year ended March 31, 2018 were prepared in accordance with the erstwhile accounting standards notified under the Act read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended) and other generally accepted accounting principles in India. Accordingly, the impact of transition has been recorded in the opening reserves as on April 1, 2017 and the corresponding adjustments pertaining to comparative previous period have been restated / reclassified in order to conform to current period presentation.

Refer Note 39 & 40 for an explanation on the transition from erstwhile accounting standards to Ind-AS and resultant change in the Company's financial position.

Key performances during the financial year

The company disbursed Rs. 3,265 crores of two wheeler loans as against Rs. 2,511 crores in the previous year, registering a growth of 30%. The Company continues to be the leading financier for TVS Motor Company Ltd.

The Company disbursed Rs. 1,123 crores of used car loans as against Rs. 1,129 crores in the previous year by focusing more on profitable areas.

The Company disbursed Rs. 832 crores in overall tractor segment as against Rs. 765 crores in the previous year, registering a growth of 9%.

In consumer durable, the Company in its first year of full operations disbursed Rs. 1,046 crores to 5.3 lakh customers.

The Company scaled up its used commercial vehicle finance and disbursed Rs. 268 crores during the current year.

The Company also did cross selling business to its existing customers to the tune of Rs 479 crores as against Rs 416 crores during the previous year registering a growth of 15%.

In line with Company's long term vision of being preferred financier with diversified and profitable portfolio, the company added MSME financing during the year. Accordingly, the Company has started pilot of MSME financing through 2 branches in Tamilnadu and Karnataka in addition to financing through alliances programmes and creating opportunities in online market place to fund suppliers and traders.

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Outlook

India's real gross domestic product (GDP) is expected to grow at 7.0% in FY19 as against 7.2% in FY18. "Agriculture sector, Forestry and Fishing" sector is estimated to grow at 3.8% (Gross Value Added - GVA) in FY19 as against 3.4% in the previous year. The growth of the "Manufacturing" sector is expected to accelerate to 8.3% this fiscal, up from 5.7% in FY18. The estimated growth in GVA for the "Service" sector is placed at 7.5 per cent as against growth of 8.1% in the previous year.

Retail inflation measured by the headline Consumer Price Index (CPI) is expected to decline to 3.5% in FY19 from 3.6% in FY18, primarily due to decline in food inflation. The negative inflation in pulses, vegetables and sugar has pulled down the food inflation. RBI has cut the repo rate by 25 basis points in its first bi-monthly policy statement in April'19 due to continuous subdued inflation and slower than expected GDP growth. This is the second consecutive rate cut by RBI. Current Account Deficit (CAD) is expected to touch 2.6% of GDP for the year FY19 primarily on account of rise in services trade surplus, weakened foreign capital flows due to tightening global financial conditions and continuous depreciation of Indian currency.

Outlook - The RBI's Monetary Policy Committee has assessed the GDP growth at 7.2% in FY20 due to combination of weakening of domestic investment activity; moderation of growth in the global economy might impact India's exports and possible downside risk from monsoon, citing risk from El Nino conditions. CRISIL is expecting the food inflation to pick-up and average 4% in FY20. CAD is expected to moderate to 2.4% in FY20 due to expected import growth to ease further due to lower oil prices.

The focus of the Interim Budget 2019 was on the rural sector which is a positive development as it would support rural incomes and investment, and in turn provide a further push to aggregate demand and economic activities.

Industry Developments

1. Non-Banking Finance Companies (NBFCs)

NBFCs in India have managed to witness robust credit growth in the past few years due to a) Flexible technology driven business operations to cater to retail clients individually at the fastest turnaround time b) Cost-efficient business model c) Last mile connectivity with individual retail customer which enabled them to understand precise customer needs and d) Lower ticket size disbursements along with better underwriting practices ensured limited risk of defaults.

After witnessing healthy growth over the past few years, the non-bank credit growth had slowdown in H2 of FY19 due to brief period of liquidity challenge. NBFCs will continue to grow given their greater focus on retail segments.

However managing liquidity and prudent asset liability management will be the focus areas in the near term.

It is expected that the retail NBFCs credit would register growth of 15% to 17% in FY20.

2. Two wheeler

The domestic two wheeler market sales has grown by ~5% in FY19 viz a viz growth of 15% in FY18. The first half of the year saw a growth of 10% but on the other hand ,second half saw a decline of 0.8% led by slowdown in retail demand on account of increased insurance costs, retail finance crunch and fuel price escalation. Scooter sales was flat in FY19 as compared to FY18, motorcycle grew by ~8% and moped has gained some momentum and grew by 2.4% viz a viz de-growth of 4% in FY18. Recent Government actions on improving income for farmers and lower middle class can support improved consumption. Higher product costs due to safety regulation and higher year ending inventory across industry can impact the industry in the initial part of FY20. Consequently, the growth in two wheeler industry is expected to be around 6% to 8% over FY 19.

NBFC credit to the two-wheeler segment grew at a CAGR of 28% during April 2014-March 2018, while bank credit grew at a CAGR of 21%. Consequently, the NBFC share increased to over 69% in March 2018 from 64% in March 2014. ICRA estimates the credit penetration in this segment to have increased to over 40% at present from around 30% in March 2014 and expects the same to improve further to 45-50% over the next 2-3 years. NBFC credit to this segment is, therefore, expected to grow at ~28-30% in FY2019 and FY2020, supported by an increase in the loan size and improvement in financing penetration.

3. Passenger Vehicle

Passenger vehicle market has grown by 2.7 YoY bases and sold 3.4 million units in FY19. Utility vehicles registered a growth of 2.08% in FY19 compared to growth of 21% in FY18. Low growth in domestic sales of car is mainly due to dull festive season, floods in Kerala, increase in price of fuel and increase in price of car . In FY20, the growth of passenger vehicle is likely to improve and expected to grow at 5% on YoY basis.India's used car market will continue to grow ~15% in FY20. Increase in cost of new vehicle post BS VI will lead to higher growth in the used car sales on the back of higher replacement. Share of small cars has been on an increasing trend and constitutes 46-50% of the overall used car market in value terms.

NBFC credit to the PV segment stood at ~Rs. 1.17 trillion as on December 31, 2018, registering a YoY growth of 10% (10% growth in FY2018 and FY2017). The growth was supported by the focus of NBFCs on semi-urban and rural borrowers and the used car segment. The used car market is estimated to grow but the finance penetration continues to be lower. The share of the used car segment in the NBFC PV portfolio increased to 26% in December 2018 from 21% in March 2015.

4. Tractor

The domestic tractor industry continues to register a healthy growth in volumes, with the overall industry volume growth at 10-12% in FY19 even though the industry volumes already touched a new peak of 7.1 lakh units in FY18. The thrust on rural spending and infrastructure creation is expected to provide support to rural incomes over the short to medium term. On long term, the industry is estimated to grow at a CAGR of 8-9% with the long term industry drivers remain intact. Tractor Finance growth in FY20 is expected to be about 13-15%.

5. Consumer durable

Consumer Durable industry is expected to increase at a 9 per cent CAGR to reach Rs 3.15 trillion in FY22 owing to increase in consumer spending. The replacement cycle of consumer durable market is shortening, which could drive growth in some product segments, augmenting volume growth. Rising spending habits, technology advancement and evolving lifestyles are driving demand for consumer durables in India.

6. Commercial vehicle

Commercial vehicle market witnessed a double digit growth in two consecutive years and has registered a growth of ~18% across all categories in FY19 driven by increase in spend on capital goods and renewal of existing CV fleet.LCV segment has grown by ~20% with healthy demand from consumption driven sectors and e-commerce logistics sector as well as the replacement cycle. M&HCV grew by ~15% in FY19. The new CV industry is likely to grow by 10% in FY20. Industry is likely to witness advancement of demand for vehicles in H2 FY20 due to expected price increase from Apr'20 due to implementation of BS VI emission norms. Impact of implementation of scrappage policy needs to be studied. Used Vehicle market is expected to grow at healthy pace. Used goods vehicle is expected to clock a robust 11-13% CAGR and used bus market is expected to grow at moderate 3-5% over next three years.

New CV AUM growth for NBFCs in FY20 is expected to be 10-12% vis-à-vis 18-20% in FY2019, while Used CV AUM is expected to improve to 17-19% from 14-16% in FY2019.

7. MSME

The MSME sector contributes to the country's socio-economic development by providing large employment opportunities in rural and backward areas, reducing regional imbalances, and assuring equitable distribution of national wealth and income. There are close to 51 million MSME units in the country that employ about 117 million people across various sectors, constituting 40% of the workforce. The MSME share to the total Gross Domestic Product (GDP) is about 37% and they also contribute to 43% of exports based on the data maintained by Ministry of Commerce.

SME segment lending grew 12.4% on-year to Rs 15.9 trillion in fiscal 2018. Given broad macroeconomic indicators, MSME credit growth is expected to grow at a compounded annual growth rate (CAGR) of ~11% over the next 2 years.

Opportunities

Even though NBFCs have been diversifying into various lending segments – niche presence in few specific segments has remained a key success mantra for most NBFCs. With increasing presence across geographies, relatively faster turnaround time and adaption of new technology platforms, there is wider scope for NBFCs to improve their retail finance penetrations. Cross-selling of existing products, mining of existing customers and generating fee-based income has also been the emerging opportunities.

Emerging technology driven business models provides good opportunity to transform the lending and underwriting landscape by improving productivity, lowering cost, expansion of target market segment and geographical reach.

Threats

The Central Statistics Office (CSO) recently revised its GDP growth estimate for fiscal 2019 downwards by 20 bps to 7.0% from 7.2% in fiscal 2018. However, moderation in growth in global economy, potential increase in crude prices and the rising probability of a sub-normal monsoon could pose a challenge to both growth and inflation outlook.

Due to time gap of moderation of liquidity situation in NBFCs, spreads will be under pressure from higher borrowing cost in FY20. The asset quality and earnings profile are expected to face headwinds with business growth slowing down and some key asset classes likely to witness increased credit related pressures. Operating profitability could contract, and credit cost could increase if the portfolio growth remains more moderate than in the past.

New Regulatory Framework – Reserve Bank of India

Reserve Bank of India has issued following important guidelines to NBFCs during the year:

- Master KYC directions, 2016 have been amended in accordance with changes carried out in the Prevention of Money Laundering (PML) rules vide Gazette Notification G.S.R. 538(E).
- NBFCs to classify their exposure to all MSMEs as per 180 days past due criterion, as a 'Standard' asset.
- Co-origination of loans by Banks and NBFC-ND-SIs for lending to priority sector subject to stipulated features.
- All participants, other than individuals, undertaking transactions in the markets regulated by RBI viz., Government securities markets, money

markets for any instrument with a maturity of one year or less and non-derivative forex markets) shall obtain Legal Entity Identifier (LEI) codes.

- Relaxation on the guidelines to NBFCs on securitisation transactions with regard to Minimum Holding Period (MHP) requirements subject to stipulated prudential requirements.
- Guidelines on Loan system for delivery of Bank Credit – Effective 1st April 2019, a minimum level of 'loan component' of 40% of the sanctioned fund based working capital limits and 60% with effect from 1st July 2019.
- Filing of Security Interest relating to Immovable (other than equitable mortgage), Movable and Intangible Assets in CERSAI.
- Ombudsman Scheme for Digital Transactions, 2019.
- External Commercial Borrowings (ECB) policy – New ECB framework – Eligible borrowers have been expanded to include all entities to receive FDI. Accordingly, NBFCs eligible to receive FDIs included for ECBs.
- Harmonisation of different categories of NBFCs – RBI merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC).
- Interest subvention scheme for MSMEs to the extent of 2% per annum to increase productivity and providing incentives to MSMEs for on boarding on GST platform.
- Risk weights for exposures to NBFCs – Banks' exposures to all NBFCs excluding CICs will be risk weighted as per the ratings assigned by the rating agencies instead of 100% risk weights assigned previously.

Key initiatives during the year

1. Alternative Sourcing models and Network expansion

The Company is present in 22 States and Union Territories with 114 offices covering more than 3000+ distribution networks. In the drive to improve the service level to its customers, digitize its service offerings and process flows, the Company uses web based platforms, mobile applications and tablets for loan processing and collections. The Company is investing in fintech projects and data analytics which helps in faster primary decision making at the time of customer underwriting and life cycle management thereafter.

The Company implemented the following major technology initiatives through robust IT network systems and point of sale solutions.

- Upgraded the core Loan Origination system to current enhanced version.
- The company has launched Tab based applications for self on boarding and instant processing of two wheeler and consumer durable loans with rule engine based sanctions.
- Use of alternate data from multiple credit bureaus has been introduced for approval of loans through web based straight through process (STP) in used car financing segment.

Also in Used Car Finance, the company is scaling up reduction of dealer dependent model by venturing into direct sourcing model through self and digital programs.

In the Used tractor segment, alternate channels through referral agents were scaled up for demand generation. In-house blue book credit evaluation model has been scaled up for Tractor financing.

2. Recovery Management

The Company has implemented tele-calling process based on collection score technique to improve easy self-pay method by the customers. Statistical tools are used extensively to improve predictability in resolutions of delinquent customers and residual management to minimise loss to the company. Data analytics are being used for allocation of collectibles to the field resulting in cost optimisation and improved productivity. The Company has given alternate payment methods to encourage customers to make cash less payment through payment gateways and tie up with other digital platforms.

The Company simplified the collection updating process by automating through Robotics Process Automation (RPA). The Company also introduced image based ACH mandate registration process for Consumer durable financing to expedite process timelines.

3. Quality

In the journey towards excellence, the Company continues to focus on quality. The Company carries out periodic assessment of gaps and takes immediate actions to address such identified gaps which have resulted in strengthening the process across the Company. The Company obtained ISO Quality ISO9001/2008 and ISMS 27001:2013 certification in 2017 for all processing hubs and central operations. During FY 2019, ISMS 27001:2013 recertification obtained with coverage of all hubs of the company.

Information Technology

- ➢ Developing cyber security initiatives in line with its 3 year roadmap
- ➢ Mobile application "Security testing" process implemented using new cloud security testing solutions
- ➢ Implemented the Reserve Bank of IndiaInformation Technologyframework recommendations for the NBFC sectorand ensuredcompliance to the same

The Company will continue to focus on data privacy and information security. With growth in business and geographical expansion, the Company is investing in artificial intelligence and machine learning systems to strengthen its internal financial control framework and fraud control systems.

Marketing

The company continues to strive to create best in class user experience for its customers and channel partners through digital points likeSaathi app, revamping its website and conducting NPS and brand health researches. The Company also implemented innovative ambient branding among its top 100 two wheeler dealership and focussed consumer durable dealerships in order to increase brand visibility and saliency. In partnership with NGO, the company provided vocational training to customers and their families in Tier 3/Tier 4 towns towards enriching their lives and empowering their aspirations. The Company also increased its engagement with customers through campaigns on social media channels.

Human Resources

People remain the most valuable assets of the Company. The Company has developed a robust human resource management framework to maximise employee performance. The Company is professionally managed with senior management team having rich experience and long tenure with the Company. The Company has created succession roadmap to build leadership pipeline and also has undertaken many initiatives to develop organisational leadership and culture. The Company uses contemporary technology and automation for recruitment process, training and performance monitoring to improve productivity. The Company has also launched continuous employee recognition and training programs to develop a talented workforce to meet day to day business challenges. The cornerstone of our people strategy is to ensure that talent development, internal mobility, promotion, rewards and performance work in a well synchronised manner to reinforce our values - Nurturing, Innovation and Empowerment.

The Company duly complied with all the statutory compliances related to employment and labour laws. As on 31st March 2019, the Company had 12,345 employees on its rolls.

CAUTIONARY STATEMENT

Statements in the above 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, among others, economic conditions affecting demand/supply and price conditions in the domesticmarkets in which the Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

3. 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.

4. PUBLIC DEPOSITS

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2019.

The Company shall not raise public deposits without prior written approval of the RBI, as per the conditions attached to the Certificate of Registration issued by RBI.

5. SHARE CAPITAL

During the year under review, the board of directors issued and allotted 1,13,20,000 equity shares of Rs.10/- each at a premium of Rs. 96/- per share aggregating to Rs. 119.99 Cr to TVS Motor Company Limited on a preferential basis.

The paid up capital of the Company accordingly stood increased from Rs. 166.88 Cr (16,68,85,700) equity shares of Rs.10/- each) to Rs.178.20 Cr (17,82,05,700 equity shares of Rs.10/- each) as on 31st March 2019.

6. FUNDING

With equity infusion, participation from NBFCs, banks and financial institutions in the form of Tier 1 (Perpetual Debt Instrument) and Tier 2 capital (Subordinated Debt), the Company has an adequate Capital Adequacy Ratio (CAR) and Prudent Asset Liability Mix (ALM). The CAR as on 31st March 2019 stood at 17.51%. As on 31st March 2019, cumulative ALM mismatch (within 1 year Bucket) turned positive around 3% as against accepted mismatch of 15% as per RBI Guidelines.

The Company rating has been maintained as AA- by CRISIL for long term loans and A1+ by CRSIL and ICRA for its short term debt program.

During the year, the Company borrowed Rs. 3,750 crores (including long & short term borrowings) to meet its business requirement. During Q3FY19, cost of funds has risen across NBFC sector with increase in market rates as well as rise in MCLR by bank due to liquidity conditions. However, the company has taken various initiatives to raise funds at the cost commensurate with its rating by way of funding mix with borrowings from Public sector banks, Private sector banks, Financial Institutions and Capital Markets.

All interest and principal repayments were paid on time. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

During the year the Company also raised Rs. 100 crores in the form of Subordinated debt, on private placement basis to augment Tier II capital of the Company. The Subordinated debt is rated AA- by CRISIL and has a maturity period of 5 years and 6 months.

With the diversification of business into MSME loans, consumer durable, used commercial vehicles and other segments, the funding programme is managed effectively to meet the business requirements at competitive rates.

7. SUBSIDIARY COMPANIES

The following companies are the subsidiaries of the company for the period 2018-19.

Subsidiaries

S.No	Name of the Companies
1.	TVS Two Wheeler Mall Private Limited
2.	TVS Micro Finance Private Limited
3.	Harita ARC Private Limited
4.	Harita Collection Services Private Ltd
5.	TVS Commodity Financial Solutions Pvt Ltd
6.	TVS Housing Finance Private Limited

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, subject to the consent of the members of the Company for not presenting consolidated financial statements since its intermediate holding company viz., TVS Motor Company Limited would be filing consolidated financial statements with the Registrar of Companies. Hence the Company has availed the exemption and not presented the consolidated financial statements.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the year ended 31st March 2019, 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 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March 2019 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.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Declaration of independence

All the existing IDs have declared that they meet all the criteria of independence as provided under Section 149(6) of the Act 2013. The detailed terms of appointment of IDs is disclosed on the Company's website in the following link https://www.tvscredit.com/

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 IDs was held on 11th March 2019. All IDs were present and they were enlightened about the objectives and process involved in evaluating the performance of board, Non-IDs, Chairman and timeliness of flow of information from management.

A complete feedback on Non-Independent Directors and details of various activities undertaken by the Company were provided to them to facilitate their review / evaluation through a set of questionnaire.

The IDs were fully kept informed of the Company's activities in all its spheres.

Non-Independent Directors (Non-IDs)

IDs were accomplished with the criteria and methodology and inputs for evaluation of Non-IDs namely, M/s. Venu Srinivasan, Sudarshan Venu, T K Balaji, and K N Radhakrishnan, directors.

IDs evaluated the performance of all Non-IDs individually, through a set of questionnaires, reviewing their attributes towards overall level of contribution to the Company's growth.

IDs were completely satisfied with the versatile performance of all Non-IDs.

Chairman

The IDs placed on record, their appreciation of Chairman's visionary leadership and appreciated him as a driving force for sustaining high ethical standard and transparency in boardroom discussions and actions.

They have also recorded about the growth story of the Company under the leadership of Chairman and significant increase in topline & profit in a short span of time.

Board

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

The board upon evaluation concluded that it is well balanced in terms of diversity of experience and had an expert in each domain viz., Leadership / Strategy, Industry Experience, Finance, Governance, Legal and Regulatory. The Company endeavours to have a diverse board representing a range of experience at policy-making levels in business and technology.

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

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

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

All IDs have expressed their overall satisfaction with the support received from the management and the excellent work done by the management during the last year.

The IDs appreciated the management for their hard work and commitment to meet the corporate goals and also expressed that the relationship between the top management and board is smooth and seamless.

Directors liable to retire by rotation

In terms of Section 152 of the Act 2013, two-third of the total number of directors i.e., excluding IDs, are liable to retire by rotation and out of which, one-third is liable to retire by rotation at every annual general meeting.

Mr Sudarshan Venu and Mr K N Radhakrishnan, non-executive and non-independent directors, who are liable to retire at the ensuing AGM and being eligible, offer themselves for re-appointment.

The Nomination and Remuneration Committee at their meeting held on 29th April 2019 recommended the re-appointment of Mr Sudarshan Venu and Mr K N Radhakrishnan as directors of the Company.

Directors and Key Managerial Personnel

During the year under review, Mr Anupam Thareja resigned as director of the Company effective 11th October 2018.

Mr S Santhanakrishnan ceased to be an independent director of the Company with effect from 28th July 2018 consequent to the expiry of his second term as director.

During the year under review, Mr S Sudarshan resigned as Company Secretary of the Company effective 31st December 2018. Consequent to his resignation Mr J Ashwin was appointed as Company Secretary effective 11th March 2019.

Policy on Directors appointment and remuneration of Directors, Key Managerial Personnel

In accordance with Section 178 of the Act 2013 the Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy (NRC Policy) to ensure that 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.

Nomination and Remuneration Policy

<u>Directors:</u>

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 2018-19, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution was obtained at the seventh annual general meeting held on 29th July 2015, in terms of Sections 197 and 198 and any other applicable provisions of the Act 2013.

<u>Commission:</u>

The Company benefits from the expertise, advise and inputs provided by the IDs. The IDs devote their valuable time in deliberating on strategic and critical issues in the course of the board / committee meetings of the Company and give their valuable advice, suggestions and guidance to the management of the Company, from time to time and hence IDs are being paid by way of commission.

As approved by the shareholders at the annual general meeting of the Company held on 29th July 2015, Non-executive and Independent Directors are being paid commission, subject to a maximum, as determined by the board, for each such director from the financial year 1st April 2015.

A commission of Rs. 12 lakhs per annum is payable to each such IDs, who serve as members of the audit committee as well and Rs. 9 lakhs per annum to other IDs. The amount of commission for every financial year will be decided by the board, as approved by the shareholders at the AGM held on 29th July 2015, subject to the limit of 1% in the aggregate of net profits of the Company, as calculated pursuant to Section 198 of the Act 2013.

<u>Key Managerial Personnel:</u>

The remuneration of employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company's policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits and performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package of the industry.

Criteria for Board Membership

<u>Directors:</u>

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.

<u>Independent Directors:</u>

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.

Key Managerial Personnel (KMP)

Mr G Venkatraman, Chief Executive Officer, Mr V Gopalakrishnan, Chief Financial Officer and Mr J Ashwin Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

During the year under review, Mr K Sridhar resigned as Company Secretary of the Company effective 5th July 2018. Consequent to his resignation, Mr S Sudarshan was appointed as Company Secretary effective 7th August 2018 and resigned with effect from 31st December 2018. Subsequently, Mr J Ashwin was appointed as Company Secretary effective 11th March 2019.

As on 31st March 2019, Mr G Venkatraman, Chief Executive Officer, Mr V Gopalakrishnan, Chief Financial Officer and Mr J Ashwin, Company Secretary are KMPs of the Company in terms of Section 2(51) and Section 203 of the Companies Act, 2013.

Corporate Governance

Board Meetings:

During the year under review, the board met five times on 30th April 2018,7th August 2018, 22nd October 2018, 21st January 2019 and 11th March 2019 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:

Audit Committee:

In terms of Section 177 of the Act 2013, the Audit Committee should consist of minimum of three members, with majority of independent directors.

All members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts, etc.

The following directors are the members of Audit Committee of the Company as on the date of this Report:

1. Mr R Ramakrishnan, Chairman
2. Mr V Srinivasa Rangan, Independent Director
3. Mr K N Radhakrishnan, Non-Executive Non-Independent Director

During the year under review, the committee met 4 times on 30th April 2018, 7th August 2018, 22nd October 2018 and 21st January 2019.

Nomination and Remuneration Committee:

In terms of Section 178 of the Act 2013, the Nomination and Remuneration Committee should consist of minimum of three members, of which not less than one-half shall be independent directors.

The following are the members of Nomination and Remuneration Committee of the Company as on the date of this Report:

1. Mr R Ramakrishnan, Chairman
2. Mr V Srinivasa Rangan, Independent Director
3. Mr K N Radhakrishnan, Non-Executive Non-Independent Director

During the year under review, the committee met 3 times on 30th April 2018, 7th August 2018 and 11th March 2019.

Remuneration criteria to Directors:

The non - executive / independent director(s) receive remuneration by way of fees for attending meetings of board or any committee in which director(s) is member.

In addition to the sitting fees, the non - executive independent director(s) shall be entitled to commission from the Company subject to the monetary limit approved by shareholders of the Company and aggregate commission amount would not exceed the limit as prescribed under the provisions of the Act 2013.

Corporate Social Responsibility Committee (CSR):

The following directors are the members of CSR committee of the Company as on the date of this report:

1. Mr Venu Srinivasan, chairman.
2. Mr R Ramakrishnan, independent director.
3. Mr K N Radhakrishnan, Non-Executive Non-Independent Director.

Based on the recommendation of the CSR Committee, the board has approved the projects / programs to be carried out as CSR activities by Srinivasan Services Trust (SST) by undertaking these programmes / projects, in compliance with the CSR policy of the Company and contributed Rs. 260 lakhs constituting 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2018-2019.

SST, over 23 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.

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

The committee met on 30th April 2018 to approve the CSR Report for the financial year 2017-18 and recommending the CSR spending for the financial year 2018-19.

Asset Liability Management Committee (ALCO):

The Company constituted an Asset Liability Management Committee (ALCO), in terms of Guidelines issued by RBI to NBFCs for effective risk management in its portfolios.

The following directors are the members of ALCO committee of the Company as on the date of this report:

1. Mr R Ramakrishnan, chairman.
2. Mr Sudarshan Venu, non-executive non-independent director.
3. Mr S Santhanakrishnan, independent director.

During the year under review, the committee met 10 times on 30th April 2018, 7th August 2018, 17th September 2018, 8th October 2018, 29th October 2018, 23rd November 2018, 10th December 2018, 28th December 2018, 7th February 2019 and 26th February 2019.

Risk Management Committee:

The Company being in the business of financing of two wheelers, cars and tractors has to manage various risks. These risks include credit risk, liquidity risk, interest rate risk and operational risk.

The Company has constituted a Risk Management Committee (RMC) to review on an on-going basis the measures adopted by the Company for the identification, measurement, monitoring and mitigation of the risks involved in various areas of the Company's functioning.

The Company has laid down procedures to inform board about the risk assessment and mitigation procedures, to ensure that executive management controls risk through means of a properly defined framework.

The Company has a robust asset-liability management model to ascertain and manage interest rate and liquidity risks are being discussed and reviewed periodically at meetings of RMC. This Committee meets periodically and oversee the risk management activities of the Company.

The Company continues to invest substantially in personnel, technology and infrastructure towards improved process efficiencies and mitigate business risks.

The following directors are the members of RMC of the Company as on the date of this report:

1. Mr R Ramakrishnan, chairman.
2. Ms Sasikala Varadachari, independent director.
3. Mr K N Radhakrishnan, Non-Executive Non-Independent Director.

During the year under review, the committee met 4 times on 30th April 2018, 7th August 2018, 22nd October 2018 and 11th March 2019.

Information Technology (IT) Strategy Committee:

In line with the information technology / information systems directions issued by RBI vide their circular dated 8th June 2017, in addition to IT Governance, 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 with the following members:

Mr R Ramakrishnan, Independent Director (Chairman)

Mr Sudarshan Venu, Director (Member)

Mr K N Radhakrishnan, Director (Member)

Mr G Venkatraman, Chief Executive Officer

Mr V Gopalakrishnan, Chief Financial Officer

Mr C Arulanandam, Chief Technology Officer

During the year under review, the committee met 2 times on 18th June 2018 and 19th December 2018.

Senior Management Committee

The Company constituted the Senior Management Committee to ensure adherence and compliance by monitoring and controlling the outsourcing activities engaged by the company in accordance with the requirements of RBI guidelines issued on 9th November 2017 in this regard

During the year under review, the committee met 4 times on 15th June 2018, 12th September 2018, 19th December 2018 and 11th March 2019.

10. 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 Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations.

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.

Internal audit reports are discussed with the management and are reviewed by the audit committee of the board which also reviews the adequacy and effectiveness of the internal controls. The Company's internal control system is commensurate with its size, nature and operations.

11. AUDITORS

Statutory Auditors:

M/s. V Sankar Aiyar & Co., Chartered Accountants, Mumbai, having Firm Registration No.109208W allotted by the Institute of Chartered Accountants of India, who were re-appointed as statutory auditors of the Company for the second term of five consecutive years at the AGM held on 14th July 2014, subject to ratification in every 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 Auditors.

In terms of the above provisions, M/s V Sankar Aiyar & Co, Chartered Accountants, have completed their final year in the second term of five consecutive years.

The board at its meeting held on 29th April, 2019 have appointed M/s Raghavan Chaudhuri & Narayanan, Chartered Accountants as statutory auditors for a period of five years subject to approval of the members at the ensuing general meeting of the company.

The Company has obtained necessary certificate under Section 141 of the Act conveying their eligibility for being Statutory Auditors of the Company for the year 2019-20.

The Auditors' Report for the financial year 2018-19 does not contain any qualifications, reservations and adverse remarks and the same is attached with the annual financial statements.

Secretarial Auditor:

Mr T N Sridharan, Practicing Company Secretary, Chennai, was appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2018-19.

As required under Section 204 of the Act, 2013, the Secretarial Audit Report for the year 2018-19, given by him is attached to this report. The Secretarial Audit Report does not contain any qualifications, reservations or other remarks.

The Board at its meeting held on 29th April 2019 has re-appointed Mr T N Sridharan, Practicing Company Secretary as Secretarial Auditor for the financial year 2019-20.

12. CORPORATE 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 of the group viz., Trust, Value and Service.

The Company constantly endeavours to improve on these aspects. The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the board of the committees of the members of the Board.

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.

13. ADHERENCE TO RBI NORMS AND STANDARDS

The Company has fulfilled the prudential norms and standards as laid down by RBI pertaining to income recognition, provisioning of non-performing assets and capital adequacy. The capital adequacy ratio of the Company is 17.51% 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 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 housing finance system.

The Company has put in place all the Committees prescribed by RBI and have formulated a comprehensive Corporate Governance Policy. The Company has instituted a mechanism to monitor and review adherence to the Fair Practices Code, KYC norms, and Investment & Credit policies as approved by the Board of Directors.

14. POLICY ON VIGIL MECHANISM

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

The policy also provides a direct access to the Chairperson of the Audit Committee to make protective disclosures to the management about grievances or violation of the Company's Code of Business Conduct and Ethics. The policy is disclosed on the Company's website in the following link https://www.tvscredit.com/

STATUTORY STATEMENTS

(i) Information on conservation of energy, technology absorption, foreign exchange etc.:

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 FY 2018-19 is Rs. 15.55 cr (previous year Rs. 14.72 cr). The Company did not have any foreign exchange earnings.

(ii) 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.

(iii) 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.

(iv) Annual Return:

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

(v) Employees' remuneration:

Details of Employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in Annexure-II. In terms of first proviso to Section 136(1) of the Act, 2013 the Annual Report, excluding the aforesaid annexure is being sent to the Shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company as mentioned in the Notice of AGM and any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

(vi) Details of related party transactions:

All contracts / arrangements entered by the Company during the period ended 31st March 2019 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.

Hence, no particulars are being provided in Form AOC-2. Related Party disclosures, as per the Indian Accounting Standards have been provided in Note No 41.8 to the financial statements.

(vii) Details of loans / guarantees / investments made:

Furnishing the details of investments under Section 186 of the Act 2013 for the financial year 2018-19 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.

(viii) Reporting of fraud:

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

(ix) 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.

(x) 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 gratefully acknowledge the continued support and co-operation received from the holding Companies, namely TVS Motor Services Limited, TVS Motor Company Limited and other investors. The directors thank the bankers, investing institutions, customers and dealers of TVS Motor Company Limited and Tractors and Farm Equipment Limited 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

Place: Chennai
Date: 29th April 2019

Venu Srinivasan
Chairman

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65920TN2008PLC069758
ii)	Registration Date	:	05.11.2008
iii)	Name of the Company	:	TVS Credit Services Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company / Limited by shares
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No. 29, Haddows Road, Chennai - 600006. Ph. No: 044 28272233
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1st Floor, No.29 (Old No.8),Haddows Road, Chennai - 600 006 Tel. : 044 - 2828 4959 Fax : 044 - 2825 7121

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Retail Financial Services	65921	99%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name and Address of the Company	Registered Office	CIN	Holding / Subsidiary	% of shares held	Applicable Section of the Companies Act 2013
1.	TVS Motor Services Limited	"Jayalakshmi Estates", No.29, Haddows Road, Chennai–600 006	U50404TN2009PLC071075	Holding Company	Holds 75.61% in the Company	2(46)
2	TVS Two Wheeler Mall Private Limited		U65923TN2017PTC118211	Subsidiary Company	Holds 100%	2(87)
3	TVS Micro Finance Private Limited		U65929TN2017PTC118238			
4	Harita ARC Private Limited		U65999TN2017PTC118296			
5	Harita Collection Services Private Ltd		U65100TN2017PTC118290			
6	TVS Commodity Financial Solutions Pvt Ltd		U65929TN2017PTC118316			
7	TVS Housing Finance Private Limited		U65999TN2017PTC118512			

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2018)				No. of Shares held at the end of the year (as on 31st March 2019)				Change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.		14,17,51,353	14,17,51,353	84.94	-	15,30,71,353	15,30,71,353	85.90	0.96
Total Shareholding of Promoter (A)		14,17,51,353	14,17,51,353	84.94	-	15,30,71,353	15,30,71,353	85.90	0.96
B. Public Shareholding									
1. Institutions									
Financial Institutions		50,00,000	50,00,000	3.00	-	50,00,000	50,00,000	2.81	(0.19)
Sub-total(B)(1)		50,00,000	50,00,000	3.00	-	50,00,000	50,00,000	2.81	(0.19)
2. Non- Institutions									
a) Bodies Corp.									
i) Indian		2,01,34,347	2,01,34,347	12.06	-	2,01,34,347	2,01,34,347	11.30	(0.76)
Sub-total (B)(2):-		2,01,34,347	2,01,34,347	12.06	-	2,01,34,347	2,01,34,347	11.30	(0.76)
Total Public Shareholding (B)=(B)(1)+ (B)(2)		2,51,34,347	2,51,34,347	15.06	-	2,51,34,347	2,51,34,347	14.10	(0.96)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total(A+B+C)	**-**	**16,68,85,700**	**16,68,85,700**	**100.00**	-	**17,82,05,700**	**17,82,05,700**	**100.00**	-

(ii) Shareholding of Promoters:

Name of the Director / KMP (M/s.)	Opening Balance as on 01.04.2018 (% of the total share capital)	Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance as on 31.03.2019	
						No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Services Limited (along with its 6 nominees)	13,47,41,600 (80.74)	-	-	-	-	-	-	13,47,41,600	75.61
TVS Motor Company Limited	70,09,753	07.08.2018	Allotment	23,58,490	1.39	9,368,243	5.54	1,83,29,753	10.29
		03.10.2018		28,30,180	1.65	12,198,423	7.09		
		10.12.2018		33,01,880	1.88	15,500,303	8.84		
		11.03.2019		28,29,450	1.58	18,329,753	10.29		

(iii) Change in Promoters' Shareholding

Name of the Director / KMP (M/s.)	Opening Balance as on 01.04.2018		Date of Dealing / Allotment	Allotment/ Purchase or Sales	No. of shares	% of total shares of the Company	Cumulative		Closing Balance as on 31.03.2019	
	No. of shares	% of the total share capital					No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
TVS Motor Company Limited	70,09,753	4.20	07.08.2018	Allotment	23,58,490	1.39	9,368,243	5.54	1,83,29,753	10.29
			03.10.2018		28,30,180	1.64	12,198,423	7.09		
			10.12.2018		33,01,880	1.88	15,500,303	8.84		
			11.03.2019		28,29,450	1.58	18,329,753	10.29		

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

Name of the Shareholder	Opening Balance as on 01.04.2018		Cumulative		Closing Balance as on 31.03.2019	
	No. of shares	(% of the total share capital)	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Lucas-TVS Limited	1,13,37,297	6.93	-	-	1,13,37,297	6.36
Sundaram-Clayton Limited	21,80,250	1.33	-	-	21,80,250	1.22
Housing Development Finance Corporation Limited	50,00,000	3.89	-	-	50,00,000	2.81
Phi Research Private Limited	35,00,000	2.10	-	-	35,00,000	1.96
Phi Capital Services LLP	31,16,800	1.87	-	-	31,16,800	1.75

(v) Shareholding of Directors and key managerial personnel: NIL

v. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	4253.80	1222.67	5476.47
ii) Interest accrued but not due	4.83	4.18	9.02
Total (i+ii)	**4258.63**	**1226.85**	**5485.49**
Change in Indebtedness during the financial year			
• Addition	3845.34	275.72	4121.05
• Reduction	2051.04	224.02	2275.05
Net Change	**1794.30**	**51.70**	**1846.00**
Indebtedness at the end of the financial year			
i) Principal Amount	6045.56	1272.20	7317.76
ii) Interest accrued but not due	7.37	6.35	13.72
Total (i+ii)	**6052.93**	**1278.55**	**7331.48**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors:

S.No	Particulars of Remuneration	Name of Directors				Total Amount (in Rs.)
		RK	VSR	SSK*	SKV	
1.	Independent Directors Fee for attending board / committee meetings Commission	 2,30,000 12,00,000	 80,000 12,00,000	 20,000 3,91,233	 1,20,000 9,00,000	 4,50,000 36,91,233
	Total	**14,30,000**	**12,80,000**	**4,31,233**	**10,20,000**	**41,41,233**

		VS	TKB	AT#	SV	KNR	Total Amount (in Rs.)
2.	Other Non –Executive Directors Fee for attending board / committee meetings Commission	10,000	10,000	20,000	90,000	1,30,000	2,60,000
	Total	**10,000**	**10,000**	**20,000**	**90,000**	**1,30,000**	**2,60,000**
	Total Remuneration						**44,01,233**
	Overall Ceiling as per the Act	**Rs.2201.08 Lakhs**					

RK - Mr R Ramakrishnan; VSR – Mr V Srinivasa Rangan; SSK - Mr S Santhanakrishnan; SKV – Ms Sasikala Varadachari; VS – Mr Venu Srinivasan; TKB – Mr T K Balaji; AT – Mr Anupam Thareja; SV – Mr Sudarshan Venu; KNR – K N Radhakrishnan

* upto 28th July 2018 # upto 22nd October 2018

C. Remuneration to KMP:

(Rs. in lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel					
		CEO	CFO	Company Secretary			Total
				K Sridhar#	S Sudarshan*	J Ashwin $	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	267.59	87.99	8.06	2.46	0.57	366.67
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.06	-	-	-	0.06
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-	-	-
5.	Others, Contribution to Provident and other funds	-	-	0.25	0.11	0.02	0.38
	Total	**267.59**	**88.05**	**8.31**	**2.57**	**0.59**	**367.11**

Resigned as Company Secretary w.e.f 5th July, 2018

* Appointed as Company Secretary w.e.f 7th August. 2018 and resigned w.e.f 31st December, 2018.

$ Appointed as Company Secretary w.e.f 11th March, 2019.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: N.A

For and on behalf of the Board

Place : Chennai
Date : 29th April 2019

VENU SRINIVASAN
Chairman

Annexure - III

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

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

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

2. Overview of projects or programmes being undertaken:

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

3. Web-link to the CSR policy and projects or programmes - http://www.tvscredit.co.in.

4. Composition of the CSR Committee.

#	Name of the Member (M/s.)	Designation	Status
1.	Venu Srinivasan	Non-Independent Director	Chairman
2.	R Ramakrishnan	Independent Director	Member
3.	K N Radhakrishnan	Non-Independent Director	Member

5. Average net profit of the Company for last three financial years — Rs. 128.24 Cr
6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) — Rs.2.56 Cr
7. Details of CSR spent during the financial year
   (a) Total amount spent for the financial year — Rs.2.60 Cr
   (b) Amount unspent, if any — Not Applicable
   (c) Manner in which the amount spent during the financial year is detailed below.

S.No.		
S.No.	Name of the Implementing Agency	Srinivasan Services Trust Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006, Tamil Nadu Phone No: 044-2833 2155 Mail ID: swaran@tvssst.org
1.	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act 2013	(i) Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; (ii) Promotion of Education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects; (iii) Promoting gender equality, empowering women and measures for reducing inequalities faced by socially and economically backward groups; (iv) ensuring environment sustainability, ecological balance, animal welfare, agroforestry, conservation of natural resources and maintain quality of soil, air and water; and (v) rural development projects
2.	Sector in which the Project is covered	Economic Development, Education, Environment, Health and Infrastructure
3.	Areas in which Projects / Programmes undertaken:	
	Local Area / Others:	• Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills • Mysore and Chamrajanagar • Himachal Pradesh
	State & district:	- Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts - Karnataka : Mysore, Bangalore Urban, and Chamrajanagar districts - Himachal Pradesh : Solan district
	Amount outlay (budget) project or program-wise:	Rs. 1940 lakhs
4.	Amount spent on the projects or programmes:	Rs. 260 lakhs
5.	Sub-heads:	
	Direct expenses on projects / programs:	Rs. 1652.99 lakhs (including contribution of the Company of Rs. 260 lakhs)
	Overheads:	Nil
	Cumulative expenditure upto the reporting period:	Rs. 1652.99 lakhs (including contribution of the Company of Rs. 260 lakhs)

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

   - **Not applicable**

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

   To discharge the duties cast under provisions of the Act, members of the CSR Committee visit places where SST is doing service.

For and on behalf of the Board

Place: Chennai
Date: 29th April 2019

Venu Srinivasan
Chairman & Chairman of CSR Committee

Annexure IV

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 Rs. in Lakhs)

#	Particulars	Name of the Company					
1	Name of the subsidiary	TVS Two Wheeler Mall Private Limited	TVS Micro Finance Private Limited	Harita ARC Private Limited	Harita Collection Services Private Ltd	TVS Commodity Financial Solutions Pvt Ltd	TVS Housing Finance Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019	01.04.2018 to 31.03.2019
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR
4	Share capital / Contribution	0.25	0.25	0.25	0.25	0.25	1200.00
5	Reserves & Surplus	(0.46)	(0.46)	(0.46)	(0.47)	(0.46)	59.84
6	Total assets	0.25	0.25	0.25	0.25	0.25	1281.38
7	Total Liabilities	0.25	0.25	0.25	0.25	0.25	1281.38
8	Investments	-	-	-	-	-	-
9	Turnover	-	-	-	-	-	-
10	Profit/(Loss) before taxation	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	74.56
11	Provision for taxation	-	-	-	-	-	24.52
12	Profit/(Loss) after taxation	(0.15)	(0.15)	(0.15)	(0.15)	(0.15)	50.04
13	Proposed Dividend	-	-	-	-	-	-
14	% of shareholding	100%	100%	100%	100%	100%	100%

As per our report of even date

Venu Srinivasan
Chairman

G.Venkatraman
Chief Executive Officer

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

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.Venkataraman
Partner
Membership No. 023116

Place:Chennai
Date: April 29, 2019

REPORT ON CORPORATE GOVERNANCE

As a TVS Group Company, 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 and Service.

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

The Company would constantly endeavour to improve on these aspects.The Company ensures good governance through the implementation of effective policies and procedures, which is mandated and reviewed by the board and the duly constituted committees of the Board.

A summary of the corporate governance measures adopted by the Company is given below:

i) The Board of Directors along with its Committees provide leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

ii) The size of the Board is commensurate with the size and business of the Company. As on 31st March 2019, the board comprises of seven Directors, viz.,

S.No.	Name of the directors (M/s.)	Designation
1.	Venu Srinivasan	Non-Executive Chairman
2.	Sudarshan Venu	Non-Executive Director
3.	T K Balaji	Non-Executive Director
4.	K N Radhakrishnan	Non-Executive Director
5.	R Ramakrishnan	Non-Executive Independent Director
6.	V Srinivasa Rangan	Non-Executive Independent Director
7.	Sasikala Varadachari	Non-Executive Independent Director

iii) 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, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee and Information Technology (IT) Strategy Committee.

a. Audit Committee:

The Company has in place the 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 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.

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.

The Audit Committee of the Company consists of the following Directors:

S.No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	V Srinivasa Rangan	Member
3.	K N Radhakrishnan	Member

b. 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 the performance 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 on a continual basis.

The Nomination and Remuneration Committee of the Company consists of the following directors:

S.No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	V Srinivasa Rangan	Member
3.	K N Radhakrishnan	Member

c. Risk Management Committee:

The Company has laid down procedures to inform board about the risk assessment and mitigation procedures, to ensure that executive management controls risk through means of a properly defined framework.

This Committee ensures that the risks associated with the functioning of the Company are identified, controlled and mitigated and also lay procedures regarding managing and mitigating the risk through integrated risk management systems, strategies and mechanism.

In conformity with the Corporate Governance guidelines issued by RBI vide its circular (DNBR (PD) CC.No.053/03.10.119/2015-16) the Committee meets periodically to review the effectiveness of progressive risk management system that has been put in place, to review the risk management practices , policies and risk mitigation/minimization plans, engagement of services of external consultant by covering gap assessment of risk practices,risk mitigation and to strengthen the existing Risk Management framework.

The Risk Management Committee of the Company consists of the following directors:

S.No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	Sasikala Varadachari	Member
3.	K N Radhakrishnan	Member

d. 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.

The ALCO consists of the following directors:

S.No.	Name of the Directors (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	Sudarshan Venu	Member
3.	Sasikala Varadachari	Member

e. Information Technology (IT) Strategy Committee:

The Company constituted an Information Technology (IT) Strategy Committee, in accordance with the information technology / information systems directions issued by RBI vide their circular dated 8th June 2017 to effectively identify measure, monitor and control risks, reviewing and monitoring IT resources, risks and controls.

The IT Strategy Committee consists of the following directors and officials:

S.No.	Name (M/s.)	Status
1.	R Ramakrishnan	Chairman
2.	Sudarshan Venu	Member
3.	K N Radhakrishnan	Member
4.	G Venkatraman	Chief Executive Officer
5.	V Gopalakrishnan	Chief Financial Officer
6.	C Arulanandam	Chief Technology Officer

f. Senior Management Committee

The Company constituted the Senior Management Committee to ensure adherence and compliance by monitoring and controlling the outsourcing activities engaged by the company in accordance with the requirements of RBI guidelines issued on 9th November 2017 in this regard.

Related Party Transactions Policy

The Company has formulated a policy on related party transactions (RPTs). The Audit Committee reviews and approves said transactions between the Company and related parties, as defined under the 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/

Attendance of directors at Meetings of the Board, Audit Committee (including attendance through video conferencing) and Annual General Meeting (AGM) held during the year:

S. No	Name of Director (M/s.)	Board Meetings		Audit Committee Meetings		Whether present at previous AGM held on 18th June 2018
		Held	Attended	Held	Attended	
1.	Venu Srinivasan	5	1	-	-	Yes
2.	R Ramakrishnan	5	5	4	4	Yes
3.	T K Balaji	5	1	-	-	No
4.	Sudarshan Venu	5	3	-	-	No
5.	V Srinivasa Rangan	5	3	4	3	No
6.	K N Radhakrishnan	5	5	4	4	No
7.	Sasikala Varadachari	5	5	-	-	Yes

iv) 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.

v) The Company has adopted a Code of conduct for employees of the Company and due care is taken that the employees adhere to it.

vi) 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.

vii) 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.

viii) The Company proposes to pay commission to the Non-executive directors (NEDs) of the Company for the year ended 31st March 2019. None of the NEDs holds equity shares of the Company.

ix) Sitting fees for attending the meetings of the Board and Committees of the Board are paid to NEDs within the maximum prescribed limits. Sitting fees paid to NEDs for the meetings held during 2018-19 are as follows:-

S.No.	Name of the directors (M/s.)	Sitting Fees (Amount in Rs.)
1.	Venu Srinivasan	10,000
2.	R Ramakrishnan	2,20,000
3.	T K Balaji	10,000
4.	Sudarshan Venu	1,00,000
5.	S Santhanakrishnan	40,000
6.	Anupam Thareja	40,000
7.	V Srinivasa Rangan	70,000
8.	K N Radhakrishnan	1,10,000
9.	Sasikala Varadachari	1,00,000

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/

FORM NO.MR-3

SECRETARIAL AUDIT REPORT OF TVS CREDIT SERVICES LIMITED

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019

[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, Authorised Capital: Rs.200,00,00,000/-
CIN: U65920TN2008PLC069758 Paid up capital: Rs. 178,20,57,000/-
No.29, Haddows Road,
Chennai 600 006

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by TVS CREDIT SERVICES LIMITED, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliance and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2019 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iii) The Company being unlisted public limited company, the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;

iv) The Company having not received any Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings is not applicable;

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') 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, 2009;(d)The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (d)The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;(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; and (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not applicable to the Company.

vi) Any other laws as applicable to the Company which inter alia includes:-

1) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

2) Contract Labour (Regulations & Abolition) Act,1970

3) Compliance with the requirements of Foreign Exchange Management Act and Non Banking Finance Companies (Reserve Bank) Directions 1998 with regard to non-acceptance of Deposits from Public;

4) Compliance under Prevention of Money Laundering Act, (PMLA) 2002 for the purpose of compliance with the obligations under Know your Customer Norms/ Anti Money Laundering (AMC) standards& fair pricing code (FPC) and Combating of Finance of Terrorism (CFT) obligations under PMLA,2002.

5) Motor Vehicles Act, 1938;

6) Income Tax Act, 1961 and the Income Tax Rules, 1962 and Finance Act;

7) Profession Tax, 1992;

8) Labour laws like Equal Remuneration Act, 1976 and rules made thereunder; Employees Provident Fund and Miscellaneous Provisions Act, 1952 & Employees Provident Fund Scheme, 1952; Apprentice Act, 1961; Employees' State Insurance Act, 1948; Payment of Wages Act, 1936; Payment of Gratuity Act, 1972 & the Payment of Gratuity (Central) Rules, 1972.; Payment of Bonus Act, 1965 & the Payment of Bonus Rules, 1975 and other applicable employee welfare or labour legislations covering the company and its establishments;

9) Goods and Services Tax & Rules made thereunder;

10) Indian & State Stamp Act and Rules;

11) Competition Act, 2002;

12) Trade & Merchandise Marks Act, 1958;

13) Patents Act, 1970

14) Copyright Act, 1957 or any licences issued thereunder.

I have also examined compliance with the applicable clauses of the following:

i) The Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms ofsub-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 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 the Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. It was observed on verification of records and based on the information furnished to me that an amount of Rs.2.60 Cr, constituting 2% of average net profits for the immediate past three financial years, hasbeen spent for the financial year 2018-19on the projects/programs that have been identified to be undertaken for this purpose through Srinivasan Services Trust (SST), an independent Trust (NGO) in existence since 1996;

iv) Considered and recorded the Risk Management Policy followed by the Company in terms of Section 134(3)(n) of the Companies Act, 2013 including identification therein of elements of risk, if any, which in the opinion of the board, may threaten the existence of the company;

v) Considered and approved the “Code of Business Conduct and Ethics” of the Company framed in terms of Section 149 read with Schedule IV of the Companies Act, 2013;

vi) Constituted Asset Liability Management Committee as required to be formed as per RBI directions for Non-Banking Finance Companies as part of their overall system for effective risk management in their various portfolios.

vii) has appointed woman director in compliance with the provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

viii) has provided Vigil Mechanism and approved Whistle Blower Policy in terms of Section 177(9) of Companies Act, 2013.

ix) has complied with the provisions of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

I further report that from the information and explanations furnished to me, during the audit period the company has

i) made Preferential allotment of 1,13,20,000 equity shares of Rs.10/- each at a premium of Rs.96/- per equity share on private placement basis during the year to M/s.TVS Motor Company Ltd. comprised in four allotments on the following dates and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

Date of allotment	No. of Equity shares allotted	Nominal value of shares @ Rs.10/- per share (Rs.)	Premium @ Rs.96/- per equity share (Rs.)	Total Amount of preferential allotment (Rs.)
07/08/2018	23,58,490	2,35,84,900/-	22,64,15,040/-	24,99,99,940/-
03/10/2018	28,30,180	2,83,01,800/-	27,16,97,280/-	29,99,99,080/-
10/12/2018	33,01,880	3,30,18,800/-	31,69,80,480/-	34,99,99,280/-
11/03/2019	28,29,450	2,82,94,500/-	27,16,27,200/-	29,99,21,700/-

ii) pursuant to the approval of board of directors at their meeting held on 21st January 2019 and the approval of the shareholders at the Extra-Ordinary General Meeting held on 23rd March 2018 andprovisions of Section 39,71 and other provisions, applicable, if any, of the Companies Act, 2013 read with the Companies (Prospectus and allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 made allotment of 2,000 Nos. of10.90% coupon, subordinated debt in the form of fully paid-up, rate, unlisted,unsecured, rated, redeemable non-convertible debentures of face value of Rs. 5,00,000/- (Rupees five lakhs only) each to M/s. Tata Capital Financial Services Limited, from whom the Company has received subscription money aggregating to Rs.100,00,00,000 (Rupees One Hundred Crores Only)and has complied with the provisions of the Companies Act, 2013 and the rules made thereunder.

iii) not done any Redemption/ buyback of securities;

iv) no Merger/ amalgamation/reconstruction etc. took place during the year under review.

Place: Chennai.
Date:10th April 2019

T N Sridharan
Company Secretary
Certificate of Practice No. 4191

To
The Members
TVS CREDIT SERVICES LIMITED,
No.29, Haddows Road,
Chennai 600 006

Authorised Capital: Rs.200,00,00,000/-
Paid up capital: Rs. 178,20,57,000/-

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:10th April 2019

T N Sridharan
Company Secretary
Certificate of Practice No. 4191

Independent Auditors'Report

To the Members of TVS Credit Services Ltd

Report on the Standalone Financial Statements

Opinion

We have audited the stand-alone financial statements of TVS Credit Services Limited ("the Company"), which comprise the stand-alone balance sheet as at 31st March 2019, the statement of profit and loss(including Other Comprehensive Income), standalone Statement of changes in Equity and statement of cash flows for the year then ended, and notes to thestand-alone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaidstand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profits,other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of thesestand-alone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 SA 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 stand-alone financial statements.

As part of an audit in accordance with SA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the stand-alone 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. 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 with reference to financial statements in place and the operative 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 stand-alone 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 stand-alone financial statements, including the disclosures, and whether the stand-alone 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 reasonable be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position as at 31st March 2019 in its standalone financial statements – Refer Note 41.4 to the Standalone financial statements.

(ii) The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts.

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Annexure "A" to Independent Auditors' Report 31st March 2019
(Referred to in our report of even date)

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

(b) The company has a regular program of physically verifying all its fixed assets at all its locations 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. Pursuant to programme, certain fixed assets were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.

(ii) The Company is in the business of lending and hence does not have physical inventories. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The Company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of Clause (iii) of the paragraph 3 of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loan and making Investments, as applicable. The Company has not provided any guarantees or securities.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of the paragraph 3 of the Order are not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is no liability in respect of duty of Customs. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess were in arrears as at 31St March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company, the dues of Service Tax which have not been deposited on account of any dispute are as follows:

Name of the Statute/ (Nature of dues)	Period of Dues	Amount (Rs. in Crs.)	Forum where dispute is pending
Finance Act, 1994 (Service Tax)	2011 to 2015	1.89	Central Excise and Service Tax Appellate Tribunal, Chennai
Finance Act, 1994 (Service Tax)	2015-16	1.22	Commissioner (Appeals)

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions, Banks and debenture holders. There are no borrowings from Government.

(ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the company by its officers or employees, except for 53 cases of frauds (individual case not exceeding Rs. 1 Crore) in the nature of 'fraudulent encashment/ manipulation of books of accounts' amounting to Rs. 2.01 Crores (since collected Rs. 0.60 Crores), on the Company have been noticed and reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has made preferential allotment of shares and the requirements of Section 42 of the Act have been complied with. Further, the amounts raised have been used for the purpose for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the certificate of registration dated 13th April 2010

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Annexure "B" to Independent Auditors' Report 31st March 2019

(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 Credit Services Limited, Chennai ("the Company") as of March 31st, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st , 2019, 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
ICAI Regn. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

BALANCE SHEET AS AT 31st March 2019

Rs. In crores

	Particulars	Note No	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
	ASSETS				
1	**Financial Assets**				
(a)	Cash and Cash Equivalents	2	77.04	45.49	155.91
(b)	Bank balances other than (a) above	3	27.27	54.21	91.98
(c)	Derivative Financial Instruments	4	15.03	1.29	-
(d)	Receivables				
	i) Trade Receivables	5	52.10	21.60	16.76
(e)	Loans	6	8,224.91	6,130.35	4,926.79
(f)	Investments	7	12.01	12.01	-
(g)	Other Financial Assets	8	136.04	157.64	170.28
	Total		**8,544.40**	**6,422.59**	**5,361.72**
2	**Non Financial Assets**				
(a)	Current Tax Assets (Net)	9	6.76	6.69	-
(b)	Deferred Tax Assets (Net)	10	68.65	53.60	49.69
(c)	Investment Property	11	85.16	85.86	37.72
(d)	Property, Plant and Equipment	12	21.04	16.85	15.78
(e)	Other Intangible Assets	12	8.46	1.94	1.73
(f)	Other Non Financial Assets	13	15.65	18.52	9.53
	Total		**205.70**	**183.46**	**114.45**
	Total Assets		**8,750.10**	**6,606.05**	**5,476.17**
	LIABILITIES AND EQUTY				
	LIABILITIES				
1	**Financial Liabilities**				
(a)	Derivative Financial Instruments	4	-	-	17.53
(b)	Payables				
	I. Trade Payables				
	i) Total outstanding dues of creditors other than micro enterprises and small enterprises	14	139.87	137.73	178.66
(c)	Debt Securities	15	492.44	394.01	692.04
(d)	Borrowings other than debt securities	16	6,185.56	4,519.82	3,431.63
(e)	Subordinated Liabilities	17	639.76	562.63	382.57
(f)	Other financial liabilities	18	105.12	69.98	76.21
	Total		**7,562.76**	**5,684.17**	**4,778.64**
2	**Non-Financial Liabilities**				
(a)	Current tax liabilities (Net)	9		-	5.67
(b)	Provisions	19	21.59	22.26	15.39
(c)	Other Non Financial Liabilities	20	14.65	16.20	5.70
	Total		36.24	38.46	26.75
3	**EQUITY**				
(a)	Equity Share capital	21	178.21	166.89	157.01
(b)	Other Equity	22	972.89	716.52	513.77
	Total		1,151.10	883.41	670.78
	Total Liabilities and Equity		**8,750.10**	**6,606.05**	**5,476.17**

As per our report of even date

Venu Srinivasan
Chairman

G.Venkatraman
Chief Executive Officer

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

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.Venkataraman
Partner
Membership No. 023116

Place:Chennai
Date: April 29, 2019

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2019

Rs. In crores

	Particulars	Note No	For the year ended 31st March, 2019	For the year ended 31st March, 2018
	Revenue from Operations			
i)	Interest income	23	1,457.43	1,137.29
ii)	Fee and Commission Income	24	143.89	115.12
I)	**Total Revenue from Operations**		**1,601.32**	**1,252.41**
II)	Other Income	25	32.85	26.88
III)	**Total Income (I + II)**		**1,634.17**	**1,279.29**
	Expenses			
i)	Finance Costs	26	557.46	418.40
ii)	Fees and commission expenses	27	80.78	58.20
iii)	Net Loss on derecognition of financial instruments under amortised cost category	28	151.19	103.89
iv)	Impairment of Financial instruments		33.25	28.60
v)	Employee Benefit expenses	29	391.95	306.73
vi)	Depreciation, Amortozation and impairment		15.22	9.98
vii)	Other expenses	30	188.35	146.99
IV)	**Total Expenses**		**1,418.20**	**1,072.79**
V)	Profit/(Loss) before exceptional items and tax		**215.97**	**206.50**
VI)	Exceptional items		-	-
VII)	Profit/(Loss) beforetax		**215.97**	**206.50**
VIII)	Tax Expenses			
	Current Tax		82.39	71.67
	Deferred Tax		(14.72)	(3.52)
IX)	Profit/(Loss) for the periodfrom continuing operations		**148.30**	**138.35**
X)	Profit/(Loss) from discontinued operations		-	-
XI)	Tax expenses of discontinued operations		-	-
XII)	Profit/(Loss) from discontinued operations (After Tax)		-	-
XIII)	Profit/(Loss) for the period		148.30	138.40
XIV)	Other Comprehensive Income	32		
A)				
i	Items that will not be reclassified to Profit or Loss - Itemwise Remeasurement ofthe denefined benefit plans		(0.93)	(1.12)
ii	Income Tax reating to items that will not be reclassified to Profit or Loss Subtotal A)		0.32	0.39
B)				
i	Items that willbe reclassified to Profit or Loss - Itemwise		-	-
ii	Income Tax reating to items that will be reclassified to Profit or Loss Subtotal B)		-	-
	Other Comprehensive Income (A+B)		(0.60)	(0.73)
XV)	Total Comprehensive Income for the period (Comprising Profit/(Loss) and other comprehensive income for the period)		**147.70**	**137.63**
XVI)	Earnings Per share	33		
	Basic (Rs.)		8.67	8.51
	Diluted (Rs.)		8.67	8.51

Significant Accounting Policies forming part of financial statements 1
Additional Notes forming part of financial statements

As per our report of even date

Venu Srinivasan
Chairman

G.Venkatraman
Chief Executive Officer

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

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.Venkataraman
Partner
Membership No. 023116

Place:Chennai
Date: April 29, 2019

Cash Flow Statement for the year ended 31st March 2019

(All amounts in INR crores, unless otherwise stated)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Cash Flow From Operating Activity		
Profit Before Income Tax	215.97	206.50
Adjustment For:-		
Depreciation and amortisation expense	15.22	9.98
Impairment of Financial Assets	33.25	28.60
Profit/Loss on disposal of PPE	(0.21)	0.13
Finance Charges Paid	557.46	418.40
Foreign currency (gain)/Loss	14.55	15.06
Fair Value (gain)/loss on derivatives not designated as hedges	(13.75)	(18.82)
Unwinding of discount on security deposits and receivable for investments - (gain)/loss	(16.67)	(15.43)
Remeasurement of defined benefit plans	(0.93)	(1.12)
Employee Benefit Obligations	(0.66)	6.87
Cash generated from operations before working capital changes	**588.27**	**443.67**
Change in operating assets and liabilities		
(Increase)/Decrease in Trade Receivables	(31.54)	(4.84)
(Increase)/Decrease in Loans	(2,126.78)	(1,232.08)
(Increase) in other financial assets	38.27	28.07
(Increase)/Decrease in Other Non Financial Assets	2.87	(8.99)
Increase/(Decrease) in Trade Payables	2.14	(40.93)
Increase/(Decrease) in Other financial liabilities	29.55	(5.06)
Increase/(Decrease) in Other Non financial liabilities	(1.55)	10.50
Financing Charges paid	(551.86)	(419.58)
Cash generated from operations	(1,834.65)	(1,022.72)
Income taxes paid	(82.45)	(84.24)
Net cash inflow from operating activities	**(1,917.10)**	**(1,106.96)**
Cash flows from investing activities		
Investment in Subsidiaries	-	(12.01)
Payments for property, plant and equipment and Investment Property	(26.02)	(59.39)
Proceeds from sale of property, plant and equipment and Investment Property	1.00	
Increase in Deposits with Bank	26.93	37.77
Net cash outflow from investing activities	**1.92**	**(33.63)**

Cash Flow Statement for the year ended 31st March 2019
(All amounts in INR crores, unless otherwise stated)

Cash flows from financing activities		
Proceeds from issue of Shares	119.99	75.00
Proceeds from Issue/(Repayment) of Debt Securities	98.42	(298.02)
Proceeds/(Repayment) of Borrowings	1,362.82	810.32
Proceeds/(Repayment) of Subordinated Liabilities	77.13	180.06
Net cash inflow (outflow) from financing activities	**1,658.37**	**767.36**
Net increase (decrease) in cash and cash equivalents	**(256.82)**	**(373.23)**
Cash and cash equivalents at the beginning of the financial year	**(1,352.72)**	**(979.49)**
Cash and cash equivalents at end of the year	**(1,469.54)**	**(1,352.72)**

As per our report of even date

Venu Srinivasan
Chairman

G.Venkatraman
Chief Executive Officer

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

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.Venkataraman
Partner
Membership No. 023116

Place:Chennai
Date: April 29, 2019

Statement of changes in equity
(All amounts in INR crores, unless otherwise stated)

I) Equity Share Capital

	Notes	Amounts
Balance as at April 1, 2017		**157.01**
Changes in equityshare capital during the year	21	9.87
Balance as at April 1, 2018		**166.89**
Changes in equityshare capital during the year	21	11.32
Balance as at Mar 31, 2019		**178.21**

II) Other equity

		Reserves and surplus			
	Notes	Securities Premium Account	Statutory Reserve	Retained earnings	Total
Balance as at April 1, 2017		**372.60**	**38.18**	**102.99**	**513.77**
Profit for the Year	22	-	-	138.35	**138.35**
Other comprehensive income	22	-	-	(0.73)	**(0.73)**
Transaction in the capacity as owners					**-**
Transfer to Statutory reserve	22	-	22.80	(22.80)	**-**
Issue of equity shares	22	65.13	-	-	**65.13**
Balance as at March 31, 2018		**437.72**	**60.99**	**217.81**	**716.52**
Balance as at April 1, 2018		**437.72**	**60.99**	**217.81**	**716.52**
Profit for the Year	22	-	-	148.30	**148.30**
Other comprehensive income	22	-	-	(0.60)	**(0.60)**
Transaction in the capacity as owners					
Transfer to Statutory reserve	22	-	29.66	(29.66)	**-**
Issue of equity shares	22	108.67	-	-	**108.67**
Balance as at Mar 31, 2019		**546.39**	**90.65**	**335.85**	**972.89**

As per our report of even date

Venu Srinivasan
Chairman

G.Venkatraman
Chief Executive Officer

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

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.Venkataraman
Partner
Membership No. 023116

Place:Chennai
Date: April 29, 2019

1. Significant Accounting Policies forming part of Financial Statements

COMPANY BACKGROUND

TVS Credit Services Limited ('the Company') is a public limited company incorporated and domiciled in India. The registered office is located at "Jayalakshmi Estates", 29, Haddows Road, Nungambakkam, Chennai – 600006, Tamil Nadu, India. The company is a subsidiary of TVS Motor Services Limited.

The Company has received Certificate of Registration dated 13th April, 2010 from Reserve Bank of India (RBI) and commenced Non-Banking Financial activity there on. The company is categorized as Systemically Important Non-Banking Finance (Non-Deposit Accepting or Holding) Company, as defined under Section 45-IA of Reserve Bank of India (RBI) Act, 1934. The Company is engaged predominantly in Automobile Financing. The Company falls under the new category of "NBFC - Investment and Credit Company (NBFC-ICC)" post RBI merger of the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) during the February 2019.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of accounts:

The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with [Companies (Indian Accounting Standards) Rules, 2015] as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act.

The Company has adopted Ind-AS from April 1, 2018 with effective transition date of April 1, 2017 pursuant to MCA notification dated March 31, 2016 and financial statements has been prepared in accordance with Division III of Schedule III of Companies Act 2013 notified by MCA on October 11, 2018. The financial statements up to year ended March 31, 2018 were prepared in accordance with the erstwhile accounting standards notified under the Act read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended) and other generally accepted accounting principles in India. Accordingly, the impact of transition has been recorded in the opening reserves as on April 1, 2017 and the corresponding adjustments pertaining to comparative previous period have been restated / reclassified in order to conform to current period presentation. Further, the Company follows the statutory requirements, circulars and guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFC), from time to time.

Refer Note 39 & 40 for an explanation on the transition from erstwhile accounting standards to Ind-AS and resultant change in the Company's financial position and financial performance.

The company had prepared Ind-AS compliant financial statements in the previous years beginning from April 1, 2015 for the purpose of the holding company consolidation, instead of doing a dual transition; company has opted to use the Ind-AS compliant financial statement provided to its holding company for transitioning to Ind-AS from April 1, 2018. A detailed statement regarding compliance of the accounting policies is furnished in the 'notes on accounts' of the audited accounts of the Company.

The company being an intermediate holding company which is not listed, has availed the exemption under Companies Act, 2013 and Ind-AS 110 Consolidated Financial statement for not preparing a consolidated financial statement

b. Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) are measured at fair value as stated in notes;
- defined benefit plans – plan assets measured at fair value.

c. Critical Estimates and Judgements

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.

The areas involving critical estimates are:

- Determining inputs into the ECL measurement model - (Refer Note 36)
- Estimation of defined benefit obligation - (Refer Note 34)

The areas involving critical judgements are:

- Classification of financial assets: Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI **(Solely Payments** of **Principal and Interest)** on the principal amount outstanding.
- Derecognition of financial assets and securitization.
- Categorisation of loan portfolios

d. Property, PlantandEquipment (PPE):

Items of property, plant & equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit or loss during the reporting period in which they are incurred.

Transition to Ind-AS

On transition to Ind-AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

e. 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 Rs.5,000/- or less is provided 100% in the year of acquisition.

The cost of improvements made to rented property during the year and included under furniture and fixtures, is depreciated over the primary lease period.

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.

f. 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.

Transition to Ind-AS

On transition to Ind-AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

g. Intangible Assets

Intangible assets acquired are recorded at their acquisition cost and are amortised on straight line basis over its useful life. Software is amortized over 3 years period or the license period whichever is lower on Straight Line basis.

Transition to Ind-AS

On transition to Ind-AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

h. Financial Assets and financial liabilities:

1) Classification

The Company classifies its financial assets in the following categories, those to be measured subsequently at

1. fair value through other comprehensive income (FVOCI),
2. fair value through profit or loss (FVTPL), and
3. 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.

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 this best reflects the way the business is managed and information is provided to management.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial liabilities

The Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

2) Measurement:

At initial recognition, the company measures a financial assets that are not at fair value through profit or lossat its fair value plus/(minus), transaction costs/ origination Income that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

1. 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.

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.

2. Fair Value through profit or loss:

Assets that do not meet the criteria for amortised cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises.Interest income from these financial assets is included in other income.

3) Revenue Recognition

i. Income from financing activity

1. Interest income is recognized using the Effective Interest Rate (EIR) method for all financial assets measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to its gross carrying amount. The calculation of the effective interest rate includes transaction costs and transaction income that are directly attributable to the acquisition of a financial asset.
2. For financial assets that are not Purchases Originally Credit Impaired "POCI" but have subsequently become credit-impaired (or 'stage-3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost and interest recognised is net of expected credit loss provision.
3. Income by way of additional interest on account of delayed payment by the customers is recognized on realization basis, due to uncertainty in collection.

ii. Other revenue from operations

1. Fee and commission income that are not integral part of the effective interest rate on the financial asset are recognized as the performance obligations are performed There is no significant financing component the consideration.
2. Dividend income is recognized when the right to receive income is established.
3. Incomes in the nature of bounce and related charges are recognized on realisation, due to uncertainty in collection.

4) Impairment of financial assets:

The Company recognizes loss allowance for Expected Credit Loss "ECL" on the following financials instruments that are not measured at FVTPL:

i. Loans
ii. Trade receivables
iii. Other receivables

i. Loans and Other receivables

The Company measures loss allowances at an amount equal to lifetime ECL, except for financial instruments whose credit risk has not increased significantly since initial recognition, for which a 12-month ECL is computed.

Life-time ECL is based on the result from all possible default events over the expected life of the financial instrument.

12-month ECL is based on the result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company categorises loan assets into stages based on the Days Past Due status:

Stage	Past due	ECL	Regulatory standards
Stage 1	30 days past due	12 Month ECL	Equivalent to standard assets as per RBI
Stage 2	31-90 Days Past Due	Life-time ECL	
Stage 3	More than 90 Days Past Due	Life-time ECL	Equivalent to NPA assets as per RBI

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

ii. Trade Receivables:

For trade receivables only, the Company applies the simplified approach which requires life-time ECL to be recognised from initial recognition of the receivables.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position for financial assets measured at amortised cost as a deduction from the gross carrying amount of the assets.

Write-off

Loans are written off when there is no reasonable expectation of recovering in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) De-recognition 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 derecognized, if the Company has not retained control of the financial asset.Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset 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 derecognized when its contractual obligations are discharged or cancelled, or expires.

6) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

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.

i. 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 amortized cost.

j. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in the balance sheet.

k. Taxation

i. 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.

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.

l. Employee Benefits:

a) Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto 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 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-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.

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 (INR) and all values are rounded off to nearest lakhs except where otherwise indicated.

b) Transactions and balances

- Foreign currency transactions are translated into functional currency using exchange rates at the date of transaction.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

n. Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred.

Borrowings are subsequently measured at amortised cost.Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognised as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain/(loss).

Finance charges are expensed in the period in which they are incurred.

o. Borrowings cost:

Borrowing costs are expensed in the period in which they are incurred**.**

p. 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.

q. 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.

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. Lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating lease are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

u. 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.

v. 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.

w. Share based payments:

Equity-settled share-based payments for receipt of services are measured at the estimated average fair value of the equity instruments over the vesting period. The average fair value is determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

x. Equity

Equity shares are classified as equity. Distributions to holders of an equity instrument are recognized by the entity directly in equity. Transaction costs of an equity transaction shall be accounted for as a deduction from equity.

y. Accounting pronouncements issued yet not effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (the 'Rules') on March 30, 2019. The rules notify the new lease standard Ind AS 116 ,Leases and also brings in amendments to existing Ind AS. The rules shall be effective from reporting periods beginning on or after April 1, 2019 and cannot be early adopted.

1. Ind AS 116 , Leases

Ind AS 116 requires the lessee to recognise a 'right-of-use asset' and a 'lease liability' for almost all leasing arrangements. The lessee will no longer be required to classify a lease as operating or financial.

The new standard requires entities to make more judgements and estimates in determining when a customer has the right to direct the use of an identified asse and the incremental rate of borrowing and make more disclosures (e.g., discount rate, weighted average lease term, other qualitative and quantitative information). In the capacity of a lessee, most companies will have a significant impact on their balance sheets along with ancillary impacts on their financial metrics.

The new standard is mandatory for financial years commencing on or after April 1, 2019 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

2. Amendments to Ind AS 12, Income Taxes

(i) Appendix C to Ind AS 12, Income Taxes has been inserted. The appendix provides accounting for uncertainty over income tax treatments. The appendix corresponds to IFRIC 23, Uncertainty over Income Tax Treatments issued by the IFRS Interpretations Committee.

(ii) New paragraph 57A has been added to Ind AS 12 to clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. Impact: The Company is in the process of assessing the detailed impact above amendment

3. Amendment to Ind AS 19, Employee Benefits

Amendment to Ind AS 19, Employee Benefits requires an entity to: (i) use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and (ii) recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

4. Amendment to Ind AS 23, Borrowing Costs.

Amendment to Ind AS 23, Borrowing Costs clarifies that if a specific borrowing remains outstanding after a qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

5. Amendment to Ind AS 28,Investments in Associates and Joint Venture

Amendment to Ind AS 28,Investments in Associates and Joint Ventures states thatInvestors could have long-term interests (for example, preference shares or long-term loans) in an associate or joint venture that form part of the net investment in the associate or joint venture. The amendment clarifies that these long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using Ind AS 109, Financial Instruments. The requirements of Ind AS 109 are applied to long-term interests before applying the loss allocation and impairment requirements of Ind AS 28.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company

6. Amendments to Ind AS 103, Business Combinations andInd AS 111, Joint Arrangements

This amendment clarifies measurement of previously held interest in obtaining control/joint control over a joint operation as follows: (i) On obtaining control of a business that is a joint operation, previously held interest in joint operation is remeasured at fair value at the acquisition date;(ii) A party obtaining joint control of a business that is joint operation should not remeasure its previously held interest in the joint operation.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

7. Amendment to Ind AS 109, Financial Instruments

Amendment to Ind AS 109 to enable an entity to measure at amortised cost some prepayable financial assets with negative compensation.

Impact: Management has assessed the effects of the above amendment and concluded that the same has no impact on the Company.

Rs. In crores

NOTE 2 Cash and Cash Equivalents

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Cash on hand*	31.47	27.87	4.19
b)	Balance with banks			
	-current accounts	45.57	17.62	151.73
	Total	77.04	45.49	155.91

* Represents cash collected from borrowers as on Balance Sheet date, deposited with Bank subsequently.

Cash and Cash Equivalents for the purpose of cash flow statement

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Cash and cash equivalents as shown above	77.04	45.49	155.91
b)	Less: overdrafts utilised	1,686.58	1,398.21	1,135.40
	(Grouped under Borrowings (other than debt securities)- Note 16)			
	Total	(1,609.54)	(1,352.72)	(979.49)

NOTE 3 Bank Balance other than Cash and Cash Equivalents*

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Bank Balance other than Cash and Cash Equivalents	27.27	54.21	91.98
	Total	27.27	54.21	91.98

* Represents Rs. 0.80 crores (31st March, 2018: Nil, 1st April, 2017:Nil) , maintained with SBI and balance being Cash Collateral towards transferred loans in the form of fixed deposits , which has lien marking favouring SPVs.

NOTE 4 Derivative Financial Instruments

		As at 31st March 2019		
S No	Description	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives- Cross Currency Interest Rate Swap			
	Derivatives not designated as hedges	237.50	15.03	-
	Total	-	15.03	-

		As at 31st March 2018		
S No	Description	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Other Derivatives- Cross Currency Interest Rate Swap			
	Derivatives not designated as hedges	325.00	1.29	-
	Total	-	1.29	-

		As at 01st April 2017		
S No	Description	Notional amounts	Fair Value - Assets	Fair Value - Liabilities
a)	Forward Contracts			
	Derivatives not designated as hedges	300.00	-	17.53
	Total	-	-	17.53

* Refer note no 37(a) for risk arising from derivatives

Rs. In crores

NOTE 5 TRADE RECEIVABLES

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Receivables considered good - Unsecured	53.34	21.60	16.76
b)	Less:Impairment Loss Allowance	1.24	-	-
c)	Receivables considered good - Unsecured (Net)(a) -(b)	52.10	21.60	16.76

NOTE 6 Loans

	S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
				Amortised Cost	
A	a)	Bills Purchased and Bills discounted	0.80	-	-
	b)	Term Loans			
		i) Automobile Financing	7,157.67	5,693.61	4,654.47
		ii) Consumer Lending	1,075.95	474.21	278.08
		iii) Small Business Lending	129.52	67.31	66.38
	c)	TotalLoans - Gross (a) + (b)	8,363.94	6,235.13	4,998.94
	d)	Less: Impairment Loss Allowance	139.03	104.78	72.15
	e)	TotalLoans - Net (c) - (d)	8,224.91	6,130.35	4,926.79
B		**Nature**			
		Secured by Tangible Assets	7,157.67	5,693.61	4,654.47
		Unsecured Loans	1,206.27	541.52	344.46
		Total Gross	8,363.94	6,235.13	4,998.94
		Less: Impairment Loss Allowance	139.03	104.78	72.15
		Total - Net	8,224.91	6,130.35	4,926.79
C	i)	Loans in India			
		Public Sector	-	-	-
		Others	8,363.94	6,235.13	4,998.94
		Total Gross	8,363.94	6,235.13	4,998.94
		Less: Impairment Loss Allowance	139.03	104.78	72.15
		Total - Net	8,224.91	6,130.35	4,926.79
	ii)	Loans Outside India	-	-	-
	iii)	Total Loans(i) +(ii)	8,224.91	6,130.35	4,926.79

a The stock of loan (automobile finance) includes 11526 nos (March 31,2018 : 11455 nos,1st April , 2017 :11097 nos) repossessed vehicles as at Balance Sheet date.

b Automobile financing is secured by hypothecation of vehicles supported by Registration Certificate book issued by Regional Transport Officer and undertaking given by the borrower to register the vehicle with RTO.

Details of Registration is in process or Registration No. not available

Product	31st March, 2019		31st March, 2018		01st April, 2017	
	Nos	Value	Nos	Value	Nos	Value
Two Wheeler	507,109	1,978.48	195,335	676.78	125,292	396.92
Used Car	4,412	132.76	6,755	215.08	2,462	75.10
Tractor	4,964	172.42	5,679	183.23	4,581	151.57

Rs. In crores

c. **Transferred Loans**

The carrying amounts of the automobile financing include Loans which are subject to a Securitisation arrangement. Under this arrangement, company has transferred the relevant Loans to the Securitisation trust in exchange for cash. However, company has provided credit enhencements which in substance has been concluded has retention of risk and reward. The company therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the securitisation agreement is presented as secured borrowing.

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Total transferred receivables	62.86	158.12	230.80
Associated secured borrowing (note 16)	62.86	158.12	230.80

NOTE 7 Investments

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Investments			
	Equity instruments			
	Subsidiaries*			
i)	TVS Housing Finance Private Limited (1,20,00,000 equity shares @ Rs.10/- each fully paid up)	12.00	12.00	-
ii)	TVS Two Wheeler Mall Private Ltd (2,500 equity shares @ Rs.10/- each fully paid up)	0.00	0.00	-
iii)	TVS Commodity Financial Solutions Private Limited (2,500 equity shares @ Rs.10/- each fully paid up)	0.00	0.00	-
iv)	Harita ARC Private Limited (2,500 equity shares @ Rs.10 each fully paid up)	0.00	0.00	-
v)	TVS Micro Finance Private Limited (2,500 equity shares @ Rs.10/- each fully paid up)	0.00	0.00	-
vi)	Harita Collection Services Private Limited (2,500 equity shares @ Rs.10/- each fully paid up)	0.00	0.00	-
	Total – Gross (A)	12.01	12.01	-
	(i) Investments outside India	-	-	-
	(ii) Investments in India	12.01	12.01	-
	Total (B)	12.01	12.01	-
	Total	12.01	12.01	-
	Less: Allowance for Impairment Loss (C)	-	-	-
	Total - Net (D) = (A) -(C)	12.01	12.01	-

*Investments in subsidiaries is carried at cost as per IND AS 27

NOTE 8 Other Financial Assets

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Loan to Employees	7.03	5.76	2.56
b)	Security deposit for leased premises	6.60	6.04	4.55
d)	Advances to Related Parties	110.17	135.32	161.83
e)	Other Financial Assets - Related Parties	2.85	2.78	-
e)	Other Financial Assets - Non Related Parties	6.48	6.18	0.09
f)	Deposit with Service Providers	2.91	1.55	1.25
	Total	136.04	157.64	170.28

NOTE 9 Current Tax Assets

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Opening Balance	6.69	(5.67)	(282.35)
b)	Add: Taxes paid	82.46	84.03	331.85
c)	Less: Taxes Payable	(82.39)	(71.67)	(55.16)
	Total	6.76	6.69	(5.67)

Rs. In crores

Note 10 Deferred Tax Assets/(liabilities)

The balance comprises temporary differences attributable to:

S. No	Description	As at 31-03-2019	Created/ (Provided) during the year	As at 31-03-2018	Created/ (Provided) during the year	As at 01-04-2017
	Deferred tax assets/(Liabilities) on account of :					
a)	Depreciation	5.97	1.51	4.46	1.21	3.25
b)	Provision for compensated absence	3.48	0.79	2.69	0.92	1.77
c)	Provision for expected credit loss	35.47	11.70	23.78	10.55	13.22
d)	Provision for gratuity	0.01	0.01	-	-	-
e)	Expenses Disallowed under Sec 40A 1(a)	5.37	5.37	-		-
f)	Provision for pension	3.50	-	3.50	0.33	3.17
g)	Investment property	3.51	0.35	3.16	0.38	2.78
h	Automobile financing	4.22	0.69	3.53	(3.09)	6.62
i)	Other Receivables from holding company	7.06	(5.65)	12.71	(5.08)	17.79
i)	Mark to market on derivative	0.05	0.28	(0.23)	(1.30)	1.08
	Total deferred tax Assets/(liabilities)	**68.65**	**15.05**	**53.60**	**3.91**	**49.69**
	Break-up of deferred tax expense/(benefit)					
	- to statement of profit and loss		(14.72)		(3.52)	
	- to other comprehensive income		(0.32)		(0.39)	
	Total		15.05		3.91	

Note 11 Investment Property

Description	Land	Building	Total
Period Ended 31st Mar'19			
Deemed Cost as at 01st April 2017	85.47	0.40	85.86
Additions	-	-	-
Sub-total	**85.47**	**0.40**	**85.86**
Disposals	0.30	0.40	0.70
Closing gross carrying amount (A)	**85.16**	**0.00**	**85.16**
Depreciation and amortisation			
Upto 31-03-2018 (Refer note below)	-	-	-
Depreciation/amortisation charge during the for the year	-		-
Sub-total	**-**	**-**	**-**
Disposals	-	-	-
Closing accumulated depreciation and amortisation(B)	**-**	**-**	**-**
Net Carrying value as at 31-03-2019 (A)-(B)	**85.16**	**0.00**	**85.16**
Net Carrying value as at 31-03-2018	**85.47**	**0.40**	**85.86**

Rs. In crores

Description	Land	Building	Total
Period Ended 31st Mar'18			
Gross carrying amount(Refer note below)	37.32	0.40	37.72
Additions	48.15	-	48.15
Sub-total	85.47	0.40	85.87
Disposals	-	-	-
Closing gross carrying amount (A)	85.47	0.40	85.87
Depreciation and amortisation			
Opening Accumulated Depreciation	-		-
Depreciation/amortisation charge during the for the year	-	0.01	0.01
Sub-total	-	0.01	0.01
Disposals	-	-	-
Closing accumulateddepreciation and amortisation(B)	-	0.01	0.01
Net Carrying value as at 31-03-2018 (A)-(B)	85.47	0.40	85.86

(i) Fair value

	As at 31-03-2019	As at 31-03-2018	As at 31-03-2017
Investment properties	414.90	415.90	251.00

Note : Investment property have been carried at deemed cost as at April 1, 2017 i.e., measured at carrying value as per previous GAAP (Refer Note 40).

Rs. In crores

Note 12 Property, Plant and Equipment

Description	Property, Plant and Equipment					Other Intangible Assets (Computer Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total	
Period Ended 31st Mar'19						
Gross carrying amount(Refer note below)	8.10	7.33	6.92	0.02	22.37	3.17
					-	
Additions	9.07	3.37	4.01	-	16.45	9.61
Sub-total	**17.17**	**10.70**	**10.92**	**0.02**	**38.82**	**12.78**
Disposals	1.50	0.37	1.20	-	3.07	
Closing gross carrying amount (A)	**15.67**	**10.33**	**9.72**	**0.02**	**35.75**	18.92
Depreciation and amortisation						
Opening Accumulated Depreciation	1.81	1.86	1.85	0.00	5.52	7.38
Depreciation/amortisation charge during the for the year	4.96	2.14	5.03	0.00	12.12	3.09
Sub-total	**6.77**	**4.00**	**6.87**	**0.00**	**17.64**	**10.47**
Disposals	0.12	0.04	2.77	(0.00)	2.93	-
Closing accumulateddepreciation and amortisation(B)	**6.65**	**3.95**	**4.10**	**0.00**	**14.71**	**10.47**
Net Carrying value as at 31-03-2019 (A)-(B)	**9.02**	**6.38**	**5.62**	**0.02**	**21.04**	**8.46**
Net Carrying value as at 31-03-2018	**6.29**	**5.47**	**5.07**	**0.02**	**16.85**	**1.94**

Description	Property, Plant and Equipment					Other Intangible Assets (Software)
	Computer	Furniture & fixtures	Office equipment	Vehicles	Total	
Period Ended 31st Mar'18						
Deemed Cost as at 01st April 2017	6.83	5.50	3.43	0.02	15.78	1.73
Additions	3.75	1.90	4.30	-	9.95	1.44
Sub-total	**10.58**	**7.40**	**7.73**	**0.02**	**25.73**	**3.17**
Disposals	2.48	0.07	0.81	-	3.36	-
Closing gross carrying amount (A)	**8.10**	**7.33**	**6.92**	**0.02**	**22.37**	**3.17**
Depreciation and amortisation						
Depreciation/amortisation charge during the for the year	4.29	1.90	2.54	0.00	8.73	1.23
Sub-total	**4.29**	**1.90**	**2.54**	**0.00**	**8.73**	**1.23**
Disposals	2.48	0.04	0.69	-	3.21	-
Closing accumulated depreciation and amortisation(B)	**1.81**	**1.86**	**1.85**	**0.00**	**5.52**	**1.23**
Net Carrying value as at 31-03-2018 (A)-(B)	**6.29**	**5.47**	**5.07**	**0.02**	**16.85**	**1.94**

Note : Property, plant and equipment and intangible assets have been carried at deemed cost as at April 1, 2017 i.e., measured at carrying value as per previous GAAP (Refer Note 40).

Rs. In crores

Note 13 Other Non Financial Assets

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Dealer Commission Advance	0.41	0.17	0.09
b)	Prepaid Expenses	11.10	8.92	8.00
c)	Vendor Advance	0.69	2.90	0.84
d)	Balance with GST/ Service Tax Department	3.46	6.53	0.60
	Total	15.65	18.52	9.53

Note 14 Trade Payables

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Total outstanding dues of creditors other than micro enterprises and small enterprises	139.87	137.73	178.66
	Total	139.87	137.73	178.66

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.

Note 15 Debt Securities

Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
At Amortised Cost			
Others			
Commercial Paper	492.44	394.01	692.04
Total (A)	492.44	394.01	692.04
Debt securities in India	492.44	394.01	692.04
Debt securities outside India	-	-	-
Total (B)	492.44	394.01	692.04

Note 16 Borrowings (Other Than Debt Securities)

Borrowings

Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
At Amortised Cost			
(a)Term loans			
i)from banks	4,436.11	2,963.49	2,047.09
ii)from other parties	-	-	18.33
(b)Loans repayable on demand			
(i)from banks	1,686.58	1,339.71	1,135.40
(ii)from other parties	-	58.50	-
(c) Securitised trust borrowing	62.86	158.12	230.80
Total (A)	6,185.56	4,519.82	3,431.63
Borrowings in India	6,185.56	4,519.82	3,431.63
Borrowings outside India	-	-	-
Total (B)	6,185.56	4,519.82	3,431.63

Note 17 Subordinated Liabilities

Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
At Amortised Cost			
Perpetual Debt Instruments to the extent that do not qualify as equity	99.79	99.76	-
Other Subordinated Liabilities			
From Banks	261.22	169.18	74.87
From Others	278.76	293.69	307.70
Total (A)	639.76	562.63	382.57
Subordinated Liabilities in India	639.76	562.63	382.57
Subordinated Liabilities outside India	-	-	-
Total (B)	639.76	562.63	382.57

Annexure							
Institution	Amount outstanding as on 31st March 2019	Type of Security	**Interest Rate**	**No. of Instalments**	**Frequency**	**From**	**To**
Loans repayable on demand	**1,686.58**			Repayable on On Demand			
Term Loan							
Bank	10.08	Secured	8.75%	4	Quarterly	01/06/2019	01/03/2020
Bank	30.31	Secured	8.65%	2	Quarterly	01/06/2019	01/09/2019
Bank	8.38	Secured	8.40%	1	Quarterly	01/06/2019	30/06/2019
Bank	0.00	Secured	8.70%	1	Quarterly	30/06/2018	31/03/2019
Bank	25.00	Secured	8.76%	1	Bullet	11/12/2018	07/06/2019
Bank	10.00	Secured	8.95%	2	Quarterly	01/04/2019	01/07/2019
Bank	12.50	Secured	9.15%	1	Half Yearly	01/08/2019	01/08/2019
Bank	50.00	Secured	9.10%	1	Bullet	25/09/2018	25/09/2019
Bank	8.33	Secured	8.95%	2	Quarterly	01/06/2019	01/09/2019
Bank	28.66	Secured	8.50%	9	Monthly	01/04/2019	01/01/2020
Bank	24.99	Secured	8.35%	3	Quarterly	01/06/2019	01/12/2019
Bank	75.57	Secured	8.95%	3	Quarterly	01/06/2019	01/12/2019
Bank	39.99	Secured	8.65%	4	Quarterly	01/06/2019	01/03/2020
Bank	16.67	Secured	8.55%	4	Quarterly	01/06/2019	01/03/2020
Bank	12.50	Secured	8.55%	1	Quarterly	01/06/2019	01/06/2019
Bank	37.50	Secured	8.60%	3	Quarterly	01/06/2019	01/12/2019
Bank	60.00	Secured	8.85%	6	Quarterly	01/05/2019	01/08/2020
Bank	39.67	Secured	8.15%	3	Quarterly	01/06/2019	01/12/2019
Bank	99.98	Secured	9.61%	2	Bullet	01/09/2019	01/09/2020
Bank	199.98	Secured	7.95%	2	Bullet	30/10/2017	30/10/2019
Bank	58.32	Secured	8.70%	7	Quarterly	01/05/2019	01/11/2020
Bank	70.00	Secured	9.10%	7	Quarterly	01/06/2019	01/12/2020
Bank	140.95	Secured	8.75%	7	Quarterly	01/05/2019	01/11/2020
Bank	126.67	Secured	8.40%	8	Quarterly	01/06/2019	01/03/2021
Bank	100.00	Secured	9.10%	1	Quarterly	18/05/2018	01/05/2021
Bank	83.33	Secured	8.85%	10	Quarterly	01/04/2019	01/06/2021
Bank	150.00	Secured	8.40%	4	Half Yearly	01/03/2020	01/09/2021
Bank	208.32	Secured	8.80%	30	Monthly	01/04/2019	01/09/2021
Bank	136.00	Secured	8.80%	9	Quarterly	01/04/2019	01/03/2021
Bank	209.69	Secured	9.50%	8	Quarterly	01/07/2019	01/04/2021
Bank	140.00	Secured	9.80%	8	Quarterly	01/08/2019	01/05/2021
Bank	201.34	Secured	9.75%	10	Quarterly	01/09/2019	01/12/2021
Bank	150.00	Secured	9.40%	6	Half Yearly	01/06/2019	01/12/2021
Bank	456.12	Secured	9.50%	11	Quarterly	01/06/2019	01/12/2021
Bank	99.89	Secured	9.10%	10	Quarterly	01/11/2019	01/02/2022
Bank	499.89	Secured	8.80%	10	Quarterly	01/11/2019	01/02/2022

Bank	601.06	Secured	9.40%	10	Quarterly	01/11/2019	01/02/2022
Bank	214.43	Secured	8.90%	1	Bullet	29/01/2018	29/11/2019
	4,436.11						
Securitised Trust Borrowings	**62.86**						
Subordinated Liabilities							
Perpetual Debt	99.79	Unsecured	11.50%	1	Bullet	24/11/2017	01/11/2027
Bank	25.00	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	12.50	Unsecured	9.75%	2	Annual	01/06/2019	01/06/2020
Bank	24.92	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	50.39	Unsecured	10.05%	1		27/11/2013	01/05/2023
Bank	50.00	Unsecured	10.39%	1	Bullet	24/01/2018	01/07/2023
Bank	98.41	Unsecured	10.90%	1	Annual	01/08/2024	01/08/2024
Others	29.00	Unsecured	9.30%	2	Annual	01/06/2019	01/06/2020
Others	49.94	Unsecured	12.25%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.75%	1	Bullet	01/07/2021	01/07/2021
Others	49.88	Unsecured	11.30%	1	Bullet	01/09/2021	01/09/2021
Others	49.94	Unsecured	10.02%	1	Bullet	01/04/2022	01/04/2022
Others	50.00	Unsecured	11.25%	1	Bullet	01/05/2022	01/05/2022
	639.76						

Institution	Amount outstanding as on 31st March 2018		**Interest Rate**	No. of Instalments	**Frequency**	**From**	**To**
Loans repayable on demand	**1,398.21**	Secured			On Demand		
Term Loan							
From bank	20.00	Secured	8.75%	8	Quarterly	01/06/2018	01/03/2020
From bank	90.73	Secured	8.40%	6	Quarterly	01/06/2018	01/09/2019
From bank	21.21	Secured	8.80%	7	Monthly	01/04/2018	01/10/2018
From bank	33.34	Secured	8.80%	2	Quarterly	01/06/2018	01/09/2018
From bank	20.19	Secured	8.45%	2	Quarterly	01/06/2018	01/09/2018
From bank	8.33	Secured	8.50%	2	Quarterly	01/06/2018	01/09/2018
From bank	40.29	Secured	8.40%	2	Quarterly	01/05/2018	01/08/2018
From bank	15.00	Secured	8.10%	3	Quarterly	01/05/2018	01/11/2018
From bank	75.44	Secured	8.35%	3	Quarterly	01/05/2018	01/11/2018
From bank	41.97	Secured	8.40%	5	Quarterly	01/06/2018	30/06/2019
From bank	40.37	Secured	8.70%	4	Quarterly	30/06/2018	31/03/2019
From bank	25.00	Secured	8.00%	1	Bullet	15/12/2017	13/06/2018
From bank	30.00	Secured	8.50%	6	Quarterly	01/04/2018	01/07/2019

From bank	37.78	Secured	8.90%	3	Half Yearly	01/08/2018	01/08/2019
From bank	50.00	Secured	8.25%	1	Bullet	04/09/2017	04/09/2018
From bank	25.00	Secured	8.50%	6	Quarterly	01/06/2018	01/09/2019
From bank	64.67	Secured	8.45%	21	Monthly	01/04/2018	01/01/2020
From bank	58.33	Secured	8.35%	7	Quarterly	01/06/2018	01/12/2019
From bank	50.00	Secured	8.30%	4	Quarterly	01/04/2018	01/01/2019
From bank	176.21	Secured	8.35%	7	Quarterly	01/06/2018	01/12/2019
From bank	80.00	Secured	8.45%	8	Quarterly	01/06/2018	01/03/2020
From bank	33.33	Secured	8.35%	8	Quarterly	01/06/2018	01/03/2020
From bank	62.50	Secured	8.30%	5	Quarterly	01/06/2018	01/06/2019
From bank	87.50	Secured	8.40%	7	Quarterly	01/06/2018	01/12/2019
From bank	38.23	Secured	8.55%	4	Quarterly	01/06/2018	01/03/2019
From bank	100.00	Secured	8.40%	10	Quarterly	01/05/2018	01/08/2020
From bank	87.05	Secured	8.15%	7	Quarterly	01/06/2018	01/12/2019
From bank	100.00	Secured	8.25%	2	Bullet	01/09/2019	01/09/2020
From bank	200.00	Secured	8.30%	2	Bullet	30/10/2017	30/10/2019
From bank	91.67	Secured	8.10%	11	Quarterly	01/05/2018	01/11/2020
From bank	100.00	Secured	8.10%	10	Quarterly	01/09/2018	01/12/2020
From bank	201.38	Secured	8.15%	10	Quarterly	01/08/2018	01/11/2020
From bank	190.00	Secured	8.40%	12	Quarterly	01/06/2018	01/03/2021
From bank	100.15	Secured	8.25%	1	Bullet	26/03/2018	15/06/2018
From bank	100.02	Secured	8.05%	1	Bullet	23/03/2018	21/06/2018
From bank	201.77	Secured	7.95%	1	Bullet	29/01/2018	29/11/2019
From bank	20.00	Unsecured	7.90%	1	Bullet	28/02/2018	29/05/2018
From bank	95.00	Unsecured	8.35%	1	Bullet	28/03/2018	26/06/2018
From bank	151.02	Unsecured	8.00%	1	Bullet	01/03/2018	01/06/2018
	2,963.49						
Securitised Trust Borrowings	**158.12**						
Subordinated Liabilities							
Perpetual Debt	99.76	Unsecured	11.50%	1	Bullet	24/11/2017	01/11/2027
Bank	25.08	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	18.75	Unsecured	10.10%	3	Annual	01/06/2018	01/06/2020
Bank	25.00	Unsecured	9.70%	1	Bullet	20/03/2018	01/09/2022
Bank	50.35	Unsecured	9.50%	1	Bullet	27/11/2013	01/05/2023
Bank	50.00	Unsecured	9.25%	1	Bullet	24/01/2018	01/07/2023
Others	43.50	Unsecured	8.01%	3	Annual	01/06/2018	01/01/2020
Others	50.00	Unsecured	11.50%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.00%	1	Bullet	01/07/2021	01/07/2021
Others	50.00	Unsecured	10.80%	1	Bullet	01/09/2021	01/09/2021
Others	50.27	Unsecured	10.02%	1	Bullet	01/04/2022	01/04/2022
Others	49.92	Unsecured	10.50%	1	Bullet	01/05/2022	01/05/2022
	562.63						

Institution	Amount outstanding as on 01st April, 2017		Interest Rate	No. of Instalments	Frequency	From	To
Loans repayable on demand	1,135.40				On Demand		
Term Loans							
From Banks	16.75	Secured	9.72%	1	Annual		30/06/2017
From Banks	25.01	Secured	8.75%	10	Quarterly	01/06/2017	01/12/2019
From Banks	151.21	Secured	9.50%	10	Quarterly	01/06/2017	01/09/2019
From Banks	57.58	Secured	9.55%	19	Monthly	01/04/2017	01/10/2018
From Banks	4.13	Secured	9.15%	1	Quarterly		19/09/2017
From Banks	0.08	Secured	9.72%	1	Annual		30/06/2017
From Banks	100.03	Secured	9.60%	6	Quarterly	01/06/2017	01/09/2018
From Banks	20.00	Secured	9.80%	6	Monthly	01/04/2017	01/09/2017
From Banks	8.33	Secured	10.30%	6	Monthly	01/04/2017	01/09/2017
From Banks	3.33	Secured	9.35%	4	Quarterly	01/05/2017	01/02/2018
From Banks	40.00	Secured	9.55%	4	Quarterly	01/06/2017	01/03/2018
From Banks	7.50	Secured	9.55%	9	Monthly	01/04/2017	31/12/2017
From Banks	60.56	Secured	9.70%	6	Quarterly	25/06/2017	01/09/2018
From Banks	25.00	Secured	9.35%	6	Quarterly	01/06/2017	01/09/2018
From Banks	120.00	Secured	9.35%	6	Quarterly	28/05/2017	01/08/2018
From Banks	35.00	Secured	9.95%	7	Quarterly	01/05/2017	01/11/2018
From Banks	47.73	Secured	9.30%	1	Half Yearly		10/07/2017
From Banks	18.75	Secured	9.35%	3	Quarterly	01/06/2017	01/12/2017
From Banks	174.77	Secured	9.55%	7	Quarterly	01/05/2017	01/11/2018
From Banks	74.98	Secured	9.00%	9	Quarterly	30/06/2017	30/06/2019
From Banks	80.00	Secured	9.65%	8	Quarterly	30/06/2017	31/03/2019
From Banks	30.00	Secured	8.30%	2	Quarterly	05/12/2016	03/06/2017
From Banks	50.00	Secured	9.30%	10	Quarterly	01/04/2017	01/07/2019
From Banks	50.40	Secured	9.52%	4	Half Yearly	01/02/2018	01/08/2019
From Banks	50.00	Secured	8.75%	1	Annual	02/09/2016	02/09/2017
From Banks	41.67	Secured	9.30%	10	Quarterly	01/06/2017	01/09/2019
From Banks	75.00	Secured	9.49%	8	Quarterly	01/06/2017	01/03/2019
From Banks	190.14	Secured	9.15%	4	Quarterly	30/11/2017	21/02/2018
From Banks	10.00	Secured	9.35%	30	Monthly	01/07/2017	01/12/2019
From Banks	91.67	Secured	8.40%	11	Quarterly	01/06/2017	01/12/2019
From Banks	47.71	Secured	9.00%	4	Quarterly	01/06/2017	01/03/2018
From Banks	100.00	Secured	8.35%	8	Quarterly	01/04/2017	01/01/2019
From Banks	99.77	Secured	8.50%	10	Quarterly	01/12/2017	01/03/2020

From Banks	50.00	Secured	8.45%	10	Quarterly	01/12/2017	01/03/2020
From Banks	50.00	Secured	8.35%	12	Quarterly	01/06/2017	01/03/2020
From Banks	20.00	Unsecured	8.05%	1	Bullet	27/02/2017	26/05/2017
From Banks	20.00	Unsecured	8.05%	1	Bullet	30/03/2017	28/06/2017
From Others	3.33	Secured	10.30%	1	Half Yearly		10/07/2017
From Others	15.00	Secured	10.75%	2	Quarterly	01/07/2017	01/10/2017
	2,065.43						
Securitised Trust Borrowings	230.80						
Subordinated Liabilities							
Bank	25.00	Unsecured	10.35%	4	Annual	01/06/2017	01/06/2020
Bank	49.87	Unsecured	9.70%	1	Bullet	20/03/2017	01/09/2022
Others	58.00	Unsecured	8.72%	4	Annual	01/06/2017	01/06/2020
Others	50.00	Unsecured	11.50%	1	Bullet	01/09/2020	01/09/2020
Others	50.00	Unsecured	11.00%	1	Bullet	01/07/2021	01/07/2021
Others	50.00	Unsecured	10.80%	1	Bullet	01/09/2021	01/09/2021
Others	49.80	Unsecured	10.49%	1	Bullet	01/04/2022	01/04/2022
Others	49.90	Unsecured	10.50%	1	Bullet	01/05/2022	01/05/2022
	382.57						

Details of Security

(a) Holding Company has given guarantee in the form of Put option amounting to Rs 12. 50 crores (Previous Years:18.75 Crores as at 31st March 2018, 25.00 crores as at 01st April, 2017) towards Subordinated Debt.

(b) Term Loan received from Banks and Other Parties of Rs 4436.11 crores inclusive of Current and Non Current Dues (Previous Years: 2,697.47 Crores as on 31st March, 2018 & Rs 2003. 46 Crores as at 01st April, 2017) is secured against hypothecation of receivables under the financing activity of the company.

(C)Working Capital Demand Loan and Cash Credit of Rs 1,546.58 crores (Previous Years: Rs 1,398.21 Crores as at 31st March 2018 & Rs 1135.40 Crores as at 01st April, 2017) is secured by hypothecation of receivables under the financing activity of the Company

Rs. In crores

Note 18 Other Financial Liabilities

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Interest Accrued But Not Due	13.72	9.02	10.20
b)	Employee Related Liabilities	38.05	31.55	40.58
c)	Security Deposit	48.04	26.42	20.86
d)	Delinquency Fund	5.31	2.99	4.57
	Total	105.12	69.98	76.21

Note 19 Provisions

S No	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a)	Pension	10.02	10.02	9.16
b)	Gratuity	0.04	3.59	1.02
c)	Compensated absences	11.53	8.65	5.20
	Total	21.59	22.26	15.39

Note 20 Other Non Financial Liabilities

S No	Description	31-Mar-19	31-Mar-18	1-Apr-17
	Others			
a)	Statutory Dues	14.65	16.20	5.70
	Total	14.65	16.20	5.70

Note 21 Equity Share capital

	Description	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
a	**Authorised Share Capital:**			
	200,000,000 Equity shares of Rs.10 each (Previous Year 20,00,00,000 Equity Shares)	200.00	200.00	200.00
		200.00	**200.00**	**200.00**
b	**Issued, Subscribed and Fully Paid up Share Capital:**			
	178,205,700 number of Equity shares of Rs.10 each (Previous year 166,855,700 Equity Shares of Rs .10 each)	178.21	166.89	157.01
c	**Par Value per Share**	Rs.10 each	Rs.10 each	Rs.10 each
d	**Number of equity shares at the beginning of the year**	166,885,700	157,014,100	144,800,000
	Add: Preferential Allotment made during the year	11,320,000	9,871,600	12,214,100
	Number of equity shares at the end of the year	178,205,700	166,885,700	157,014,100

Rs. In crores

e **Equity Shares held by Holding Companies**

Particulars	No. of Shares	No. of Shares	No. of Shares
Holding Company - TVS Motor Services Limited (including nomieees)	134,741,600	134,741,600	134,741,600.00
TVS Motor Company Limited (Holding Company of TVS Motor Services Limited effective 7th September 2017)	18,329,753	7,009,753	-
Sundaram Clayton Limited (Holding Company of TVS Motor Company Limited)	2,180,250	2,180,250	-

f **Number of shares held by share holders more 5% of total shares**

	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
TVS Motor Services Limited	134,741,600	75.61	134,741,600	80.74	134,741,600	85.81
TVS Motor Company Limited, Holding Company of TVS Motor Services Limited	18,329,753	10.29	7,009,753	4.20	10,655,700	6.79
Lucas-TVS Limited	11,337,297	6.36	11,337,297	6.79	-	-

g **Terms/Rights attached to Equity Shares**

a) 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. There are no restrictions attached to equity shares.

b) Pursuant to MOU dated 16th April, 2010 entered into by the Company with PHI Capital Services Private Limited (converted into PHI Capital Services LLP) and PHI Research Private Limited (PR), PR has assigned its responsibility towards providing strategic and operational advisory service in connection with the NBFC business of the Company, to PHI Capital Services LLP. In consideration thereto, the company has agreed to allot shares to PHI Capital Services LLP, on achieving certain levels of PBT, from the financial year commencing from 2014-15 to 2016-17 (wherein financial year is to be reckoned as that beginning from 1st October to 30th September).

c) 35,00,000 number of fully paid up equity shares allotted to PHI Research Private Limited in 2010-11 (having a lock in period of 5 years from the date of allotment) and the shares allotted to PHI Capital Services LLP viz., 7,79,200 number of fully paid up equity shares allotted in 2014-15 (having a lock in period of 3 years from the date of allotment), 7,79,200 number of fully paid up equity shares allotted in 2015-16 (having a lock in period of 2 years from the date of allotment) and 15,58,400 number of fully paid up equity shares allotted in 2016-17 (having a lock in period of 1 year) as per the alliance agreement dated 16th April 2010 entered into with them, have been made for a consideration received other than cash

h Note no. 38 explains capital risk management

Note 22 Other Equity

Description	**As at 31st March, 2019**	**As at 31st March, 2018**	**As at 1st April, 2017**
Securities premium reserves	546.39	437.72	372.60
Statutory Reserve	90.65	60.99	38.18
Retained earnings	335.85	217.81	102.99
Total reserves and surplus	**972.89**	**716.52**	**513.77**

a) Securities premium reserves	**As at 31st March, 2019**	**As at 31st March, 2018**
Opening balance	437.72	372.60
Additions during the year	108.67	65.13
Deductions/Adjustments during the year	-	-
Closing balance	**546.39**	**437.72**

b) Statutory Reserve	**As at 31st March, 2019**	**As at 31st March, 2018**
Opening balance	60.99	38.18
Transfer from retained earnings	29.66	22.80
Deductions/Adjustments during the year	-	-
Closing balance	**90.65**	**60.99**

Rs. In crores

c) Retained earnings	As at 31st March, 2019	As at 31st March, 2018
Opening balance	217.81	102.99
Net profit for the period	148.30	138.35
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.60)	(0.73)
Transaction in the capacity as owners		
Statutory Reserve	(29.66)	(22.80)
Closing balance	**335.85**	**217.81**

Statutory Reserves:

According to Section 45 - IC of the Reserve Bank of India Act, 1934, the company transfers a sum not less than 20% of its net profit every year as disclosed in the statement of Profit and Loss and before declaration of any dividend to the Statutory reserves.

Securities Premium

The reserve represents premium on issue of shares. It will be utilised in accordance with the provisions of the Companies Act, 2013.

Retained Earnings:

Represents surplus i.e. balance of the relevant column in the statement of changes in equity, This is available for distribution to shareholders through dividends/capitalisation.

Note 23 Interest Income

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
On Financial assets measured at amortised cost:		
Interest on Loans	1,454.17	1,133.08
Other Interest Income	-	-
Interest on Deposits with Bank	3.27	4.21
Total	**1,457.43**	**1,137.29**

Note 24 Fees And Commission Income

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Fee based Income	88.36	64.35
Commission income	15.31	15.90
Service Income	40.22	34.86
Total	**143.89**	**115.12**

Note 25 Other Income

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Bad Debts Recovered	9.16	7.63
Other Non Operating Income	7.02	3.81
Unwinding of discount on security deposits and receivable for investments	16.67	15.43
Total	**32.85**	**26.88**

Note 26 Finance Costs

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
On Financial liabilities measured at amortised cost		
Interest on Borrowings	425.24	302.88
Interest on Debt Securities	71.30	55.52
Interest on subordinated Liabilities	38.60	31.08
Other Finance Charges	22.31	28.92
Other Interest Expenses		
Total	557.46	418.40

Note 27 Fee And Commission Expenses

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Business Promotion and Recovery Cost	80.78	58.20
Total	**80.78**	**58.20**

Note 28 Net Loss on derecognition of financial instruments under amortised cost category

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Loss on Sale of Repossessed Assets	74.37	49.72
Bad Debts Written off	76.82	54.16
Total	151.19	103.89

Rs. In crores

Note 29 Employee Benefit Expenses

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Salaries and Wages	352.97	271.32
Contribution to Provident and other funds	18.52	20.97
Staff Welfare	20.47	14.44
Total	**391.95**	**306.73**

Note 30 Other Expenses

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Auditors Fees and Expenses*	0.45	0.39
Communication Costs	42.91	34.17
Directors Fees, Allowances & expenses	0.56	0.59
Corporate Social Responsibility**	2.60	1.75
Donation	6.42	2.81
Repairs & Maintenance	1.40	1.21
Rent, Taxes and Energy Costs	23.54	22.96
Insurance Expenses	1.46	2.04
Legal and Prof Charges	44.27	39.49
CSR Expenses		
Others	12.65	10.96
Printing and Stationery	2.82	3.97
Travelling and Conveyance	49.27	26.66
Total	**188.35**	**146.99**

Auditors Fees and Expenses*

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Statutory Audit	0.25	0.25
Tax Audit	0.07	0.07
Certification	0.10	0.05
Reimbursement of Expenses	0.03	0.02
Auditors Fees and Expenses	**0.45**	**0.39**

**** Expenditure incurred on Corporate Social Responsibility activities:**

a. Gross amount required to be spent during the year is Rs.256 lakhs.

b. Amount spent during the year

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
a. Construction/acquisition of anyasset	**-**	-
b. Expenses incurred through trusts	**2.60**	**1.75**

Note 31 Income tax expense

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
(a) Income tax expense		
Current tax		
Current tax on profits for the year	82.39	71.67
Tax profits relating to prior period	-	-
Total current tax expense	82.39	71.67
Deferred tax		
Decrease (increase) in deferred tax assets	-14.72	-3.57
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	-14.72	-3.57
Income tax expense	67.67	68.10
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before income tax expense	215.97	206.50
Tax at the Indian tax rate of 34.944% (2017-2018 – 34.61%)	75.47	71.47
Tax efect of amounts which are permanent differences in nature in calculation of taxable income	7.80	3.31
Income tax expense	67.67	68.15

Note 32 Other Comprehensive Income

Description	Year ended 31st March, 2019	Year ended 31st March, 2018
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit plans	0.93	1.12
Income tax relating to these items	-0.32	-0.39
Other Comprehensive Income	**0.60**	**0.73**

Rs. In crores

Note 33 Earnings per share

	Year ended 31st March, 2019	Year ended 31st March, 2018
(a) Basic earnings per share		
Basic earnings per share attributable to the equity holders of the Company	8.67	8.51
(b) Diluted earnings per share		
Diluted earnings per share attributable to the equity holders of the Company	8.67	8.51
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to equity holders of the company used in calculating basis earnings per share	148.30	138.40
Diluted earnings per share		
Profit attributable to equity holders of the company		
- used in calculating basis earnings per share	148.30	138.40
(d) Weighted average number of equity shares used as the denominator in calculating basic earnings per share	170,988,778	162,591,134
Adjustments for calculation of diluted earnings per share:		
Weighted average number of Equity shares that could arise on issue of shares to PHI Capital Services LLP under Allicance agreement	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	170,988,778	162,591,134

Note 34 Employee Benefit Obligations

Defined Benefit Obligation

(i) Gratuity

The company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised fund in India.

The company operates defined benefit pension plan, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Particulars	Gratuity			Pension			Compensated Absences		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
April 1, 2017	**6.99**	**(5.97)**	**1.02**	**9.16**	**-**	**9.16**	**5.20**	**-**	**-**
Current service cost	1.44		1.44	0.48		0.48	0.19		0.19
Interest expense/(income)	0.49	(0.42)	0.07	0.32		0.32	0.36		0.36
(Gain)/loss from change in financial assumptions	-		-	-	-	-	0.02		0.02
Experience (gains)/losses	-		-	-	-	-	3.83		3.83
Total amount recognised in profit or loss	**1.93**	**(0.42)**	**1.51**	**0.80**	**-**	**0.80**	**4.40**	**-**	**4.40**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.06)	(0.06)	-	-	-			-
(Gain)/loss from change in financial assumptions	0.03		0.03	0.04	0.04	-	-		-
Experience (gains)/losses	1.09		1.09	0.02	0.02	-	-		-

Rs. In crores

Total amount recognised in other comprehensive (income)/Losses	**1.12**	**(0.06)**	**1.06**	**0.06**	**-**	**0.06**	**-**	**-**	**-**
Employer contributions		-	-	-	-	-			-
Benefit payments	-	-	-			-	(0.96)		(0.96)
March 31, 2018	**10.03**	**(6.44)**	**3.59**	**10.02**	**-**	**10.02**	**8.65**	**-**	**8.65**
April 1, 2018	**10.03**	**(6.44)**	**3.59**	**10.02**	**-**	**10.02**	**8.65**	**-**	**8.65**
Current service cost	1.41		1.48	0.18	-	0.18	-		-
Interest expense/(income)	0.66	(0.62)	0.04		-	-	0.54		0.54
(Gain)/loss from change in financial assumptions	-		-	-		-	0.05		0.05
Experience (gains)/losses	-		-	-		-	3.88		3.88
Total amount recognised in profit or loss	**2.07**	**(0.62)**	**1.45**	**0.10**	**-**	**0.10**	**4.47**	**-**	**4.47**
Remeasurements									
Return on plan assets, excluding amounts included in interest expense/(income)		0.01	0.01			-			-
(Gain)/loss from change in financial assumptions	0.04		0.04	0.29		0.29	-		-
Experience (gains)/losses	0.98		0.98	(0.39)		(0.39)	-		-
Total amount recognised in other comprehensive (income)/Losses	**1.02**	**0.01**	**1.03**	**(0.10)**	**-**	**(0.10)**	**-**	**-**	**-**
Employer contributions	-	(6.02)	(6.02)	-	-	-	-	-	-
Benefit payments	(0.96)	0.96	(0.00)			-	(1.59)		(1.59)
March 31, 2019	**12.15**	**(12.11)**	**0.04**	**10.02**	**-**	**10.02**	**11.53**	**-**	**6.33**

The company provides for gratuity for 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.

Details	**Gratuity**			**Pension**			**Leave**		
	March 31, 2019	**March 31, 2018**	**March 31, 2017**	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**	**March 31, 2019**	**March 31, 2018**	**March 31, 2017**
Discount rate	6.72%	6.88%	7.00%	7.27%	7.00%	7.00%	6.68%	6.88%	7.00%
Salary growth rate	6.00%	6.00%	6.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
Mortalityrates inclusive of provision for disability	100% of Indian Assured Lives Mortality (IALM)								

(i) Sensitivity analysis

Particulars	**Gratuity**			**Pension**			**Leave**		
	2018-19			**2018-19**			**2018-19**		
	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**
Details									
Discount rate	0.50%	12.02	12.30	1.00%	8.45	11.57	0.50%	11.41	11.65
Salary growth rate	0.50%	12.29	12.02	1.00%	11.65	8.38	0.50%	11.65	11.41
Mortality	5.00%	12.15	12.15	5.00%	9.79	9.92	5.00%	11.53	11.53

Rs. In crores

Particulars	Gratuity			Pension			Leave		
	2017-18			2017-18			2017-18		
	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
Details									
Discount rate	0.50%	9.92	10.15	1.00%	9.02	10.47	0.50%	8.56	8.74
Salary growth rate	0.50%	10.14	9.92	1.00%	10.02	9.40	0.50%	8.74	8.56
Mortality	5.00%	10.03	10.03	5.00%	9.58	9.71	5.00%	8.65	8.65

(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)	3.95
Between 2 and 5 years	8.12
Beyond 5 years	2.05
Total	**14.12**

(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 underperform this yield, this will create a deficit.

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 Rs.10.56 (March 31, 2018: Rs. 8.26, 01 April, 2017: 7.88) has been recognised in the Statement of Profit and Loss.

There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th 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 35 Fair value measurements

Financial instruments by category

	Measurement	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial assets carried at amortised cost				
Loans	Level - 3	8,224.91	6,130.35	4,926.79
Trade Receivables	Level - 3	52.10	21.60	16.76
Cash and Cash Equivalents	Level - 3	77.04	45.49	155.91
Other bank balances	Level - 3	27.27	54.21	91.98
Loan to Employees	Level - 3	7.03	5.76	2.56
Advances to Related Parties	Level - 3	110.17	135.32	161.83
Other Financial Assets - Related Parties	Level - 3	2.85	2.78	-
Other Financial Assets - Non Related Parties	Level - 3	6.48	6.18	0.09
Security deposit for leased premises	Level - 3	6.60	6.04	4.55
Deposit with service Providers	Level - 3	2.91	1.55	1.25
Financial assets carried at fair value through profit and loss				
Cross currency swap	Level - 2	15.03	1.29	-
Total financial assets		**8,532.39**	**6,410.57**	**5,361.72**

Rs. In crores

	Measurement	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial liabilities carried at amortised cost				
Trade Payables	Level - 3	139.87	137.73	178.66
Debt Securities	Level - 3	492.44	394.01	692.04
Borrowings other than debt securities	Level - 3	6,185.56	4,519.82	3,431.63
Subordinated Liabilities	Level - 3	639.76	562.63	382.57
Security Deposit Received	Level - 3	48.04	26.42	20.86
Collections in respect of de-recognised assets	Level - 3	3.56	18.15	34.56
Other financial liabilities	Level - 3	57.09	43.56	55.35
Security Deposit Received	Level - 3	48.04	26.42	20.86
Financial liabilities carried at fair value through profit and loss				
Cross currency swap	Level - 2	-	-	17.53
Total financial liabilities		**7,562.76**	**5,684.17**	**4,778.65**

(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 reasurements). Fair value of derivative financial assets and liabilities are estimated by discounting expected future contractual cash flows using prevailing market interest rate curves. The three levels of the fair-value-hierarchy under Ind AS 113 are described below.

Financial assets and liabilities measured at fair value - recurring fair value measurements (Level 2)	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial assets			
Derivative Financial Instruments	15.03	1.29	-
Total financial assets	15.03	1.29	-
Financial liabilities			
Derivative Financial Instruments	-	-	17.53
Total financial liabilities	**-**	**-**	**17.53**

Fair value of Financial assets and liabilities carried at amortised cost (Level - 3)	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial assets			
Loan to Employees	7.03	5.76	2.56
Advances to Related Parties	114.35	133.57	158.76
Security deposit for leased premises	6.60	6.04	4.55
Total financial assets	**127.98**	**145.37**	**165.87**

There were no transfers between any levels during the year.

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.

Rs. In crores

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the fair value of forward foreign exchange contracts and cross currency interest rate swaps (CCIRS) is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 3 where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

(iii) Valuation process

Discount rates are determined using a market interest rate for a similar asset adjusted to the risk specific to the asset.

(iv) Fair value of financial assets and liabilities measured at amortised cost

As at 31st March, 2019	Carrying amount	Fair value
Financial assets		
Loan to Employees	7.03	7.03
Advances to Related Parties	110.17	114.35
Security deposit for leased premises	6.60	6.60
Total financial assets	**123.80**	**127.98**

As at31st March, 2018	Carrying amount	Fair value
Loan to Employees	5.76	5.76
Advances to Related Parties	135.32	133.57
Security deposit for leased premises	6.04	6.04
Total financial assets	**147.13**	**145.37**

As at1st April, 2017	Carrying amount	Fair value
Loan to Employees	2.56	2.56
Advances to Related Parties	161.83	158.76
Security deposit for leased premises	4.55	4.55
Total financial assets	**168.94**	**165.87**

The fair values for receivable from holding company and rent advance were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The majority of borrowings are floating rate borrowings, the carrying value is representative of the fair value.

Note 36 Financial Risk Management

Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure is continuously monitored to determine significant increase in credit risk. The Company monitors the credit assessment on a portfolio basis, assesses all credit exposures in excess of designated limits. The Company does a risk grading based upon the credit worthiness of the borrowers. All these factors are taken into consideration for computation of ECL.

Other financial assets

Credit risk with respect to other financial assets are extremely low. Based on the credit assessment the historical trend of low default is expected to continue. No provision for Expected Credit Loss (ECL) has been created for Other financial Assets.

Loans

The following table sets out information about credit quality of retail loan assets measured at amortised cost based on Number of Days past due information. The amount represents gross carrying amount.

Rs. In crores

Particulars	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Gross Carrying value of Loans			
Stage-1 (Less than 30 Days)	7,767.27	5,820.03	4,663.26
Stage-2 (30-90 Days)	321.98	194.00	180.20
Stage-3 (More than 90 Days)	274.69	221.09	155.08
Total Gross Carrying value on Reporting Date	**8,363.94**	**6,235.13**	**4,998.94**

Credit Quality

Financial services business has a comprehensive framework for monitoring credit quality of its retail and other loans based on days past due monitoring. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery is taken through follow ups and legal recourse.

Inputs considered in the ECL model

In assessing the impairment of loans assets under ECL model, the loan assets have been segmented into three stages.

The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages relate to the recognition of expected credit losses and the calculation and presentation of interest revenue.

The company categorises loan assets into stages based on the Days Past Due status:

— Stage 1: 30 Days Past Due

— Stage 2: 31-90 Days Past Due

— Stage 3: More than 90 Days Past Due

Assumptions considered in the ECL model

The financial services business has made the following assumptions in the ECL Model:

— "Loss given default" (LGD) is common for all three stages and is based on loss in past portfolio. Actual cash flows are discounted with average rate for arriving loss rate. EIR has been taken as discount rate for all loans

Estimation Technique

The financial services business has applied the following estimation technique in its ECL model :

— "Probability of default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD is 100%.

— Probability of default for Stage 1 loan assets is calculated as average of historical trend from Stage 1 to Stage 3 in next 12 months.

— Probability of default for Stage 2 loan assets is calculated based on the lifetime PDas average of historical trend from Stage 2 to Stage 3 for the remaining tenor.

— Loss given default is calculated based on discounted actual cash flow on past portfolio in default along with reversals.

There is no change in estimation techniques or significant assumptions during the reporting period.

Assessment of significant increase in credit risk

When determining whether the risk of default has increased significantly since initial recognition, the financial services business considers both quantitative and qualitative information and analysis based on the business historical experience, including forward-looking information. The financial services business considers reasonable and supportable information that is relevant and available without undue cost and effort.

The financial services business uses the number of days past due to classify a financial instrument in low credit risk category and to determine significant increase in credit risk in retail. As a backstop, the financial services business considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due.

Definition of default

The definition of default used for internal credit risk management purposes is based on RBI Guidelines. Under Ind AS, financial asset to be in default when it is more than 90 days past due. The financial services business considers a financial asset under default as 'credit impaired'

Impairment loss

The expected credit loss allowance provision is determined as follows:

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st Mar'19	7,767.27	321.98	274.69	8,363.94
Expected Credit Loss	30.99	3.42	104.61	139.02
Expected Credit Loss Rate	0.40%	1.06%	38.08%	1.66%
Net of Impairment Provision	7,736.28	318.55	170.08	8,224.92

Rs. In crores

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st Mar'18	5,820.03	194.00	221.09	6,235.13
Expected Credit Loss	19.75	2.08	82.94	104.77
Expected Credit Loss Rate	0.34%	1.07%	37.52%	1.68%
Net of Impairment Provision	5,800.28	191.93	138.14	6,130.35

	Stage 1	Stage 2	Stage 3	Grand Total
Gross Balance as at 31st Mar'17	4,663.26	180.20	155.08	4,998.54
Expected Credit Loss	13.62	2.64	55.89	72.14
Expected Credit Loss Rate	0.29%	1.46%	36.04%	1.44%
Net of Impairment Provision	4,649.64	177.56	99.19	4,926.40

Reconciliation of Expected Credit Loss

Particulars	**Stage-1**	**Stage-2**	**Stage-3**	**Grand Total**
Balance as at 1st April, 2017	**13.51**	**2.64**	**56.00**	**72.14**
Transfer from Stage 1	(1.94)	0.80	1.13	-
Transfer from Stage 2	0.42	(1.81)	1.39	-
Transfer from Stage 3	3.09	0.55	(3.64)	-
Loans that have derecognised during the period	(3.00)	(0.52)	(9.00)	(12.52)
New Loans originated during the year	14.31	0.78	7.42	22.51
Net Remeasurement of Loss Allowance	(6.64)	(0.37)	29.64	22.63
Balance as at 31st March, 2018	**19.75**	**2.08**	**82.94**	**104.77**
Transfer from Stage 1	(2.14)	1.06	1.08	-
Transfer from Stage 2	0.21	(1.18)	0.98	-
Transfer from Stage 3	1.34	0.63	(1.97)	-
Loan that have derecognised during the period	(4.32)	(0.60)	(25.43)	**(30.36)**
New Loans originated during the year	22.44	1.47	13.25	**37.16**
Net Remeasurement of Loss Allowance	(6.28)	(0.02)	33.75	**27.45**
Balance as at 31st March, 19	**30.99**	**3.42**	**104.61**	**139.02**

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 March 2019	**31 March 2018**	**1 April 2017**
Carrying value			
Concentration by geographical region in India			
South	3,356.79	2,512.85	2,096.10
West	1,999.24	1,548.67	1,210.60
East	1,227.55	784.53	575.81
North	1,780.37	1,389.07	1,116.22
Total loans as at reporting period	**8,363.94**	**6,235.12**	**4,998.74**

Rs. In crores

(B) Liquidity risk

The 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 Installment receivables/ sourcing through debts at each point of time. The Fund requirement acertain at the begining of the period by taking into consideration Installment receivable, likely disbursement, Loan installment payment & other operational expenses.The company is continuous getting good supports from Bankers & Financial Institutions at the time of need.

(i) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Floating rate			
Expiring within one year (bank overdraft and other facilities)	653.09	196.40	158.87
Expiring beyond one year (bank loans)	-	-	365.00
	653.09	196.40	523.17

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.
Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR.

(ii) Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a.all non-derivative financial liabilities, and

b. net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

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 Mar 2019	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives						
Borrowings	834.56	385.10	3,060.77	2,839.14	198.20	7,317.76
Security Deposit Received	-	22.27	22.48	3.29	-	48.04
Trade payables	8.78	93.89	37.21	-	-	139.87
Other financial liabilities	16.70	0.91	39.48	-	-	57.09
Total non-derivative liabilities	**860.03**	**502.16**	**3,159.94**	**2,842.43**	**198.20**	**7,562.76**
Derivative liabilities						
Forward Contracts	-	-	-	-	-	-
Total derivative liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Contractual maturities of financial liabilities 31st Mar 2018	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives						
Borrowings	318.00	727.83	2,582.19	1,648.73	199.71	5,476.47
Security Deposit Received	-	-	26.42	-	-	26.42
Trade payables	45.17	40.62	46.93	5.02	-	137.73
Other financial liabilities	11.63	8.67	23.27	-	-	43.56
Total non-derivative liabilities	**374.80**	**777.12**	**2,678.81**	**1,653.75**	**199.71**	**5,684.18**
Derivative liabilities						
Forward Contracts	-	-	-	-		-
Total derivative liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Rs. In crores

Contractual maturities of financial liabilities 1 April 2017	Less than 3 months	3 to 6 months	6 months to 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives						
Borrowings	170.54	624.88	2,159.86	1,400.97	150.00	4,506.24
Security Deposit Received	-	-	17.43	3.43	-	20.86
Trade payables	72.41	64.76	12.75	28.74	-	178.66
Other financial liabilities	43.25	3.70	8.40	-	-	55.35
Total non-derivative liabilities	**286.19**	**693.34**	**2,198.45**	**1,433.13**	**150.00**	**4,761.11**
Derivative liabilities						
Forward Contracts	0.73	3.65	13.15	-	-	17.53
Total derivative liabilities	**0.73**	**3.65**	**13.15**	**-**	**-**	**17.53**

Note 37 Financial Risk Management

(a) Foreign currency risk exposure:

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity. The Company is exposed to foreign exchange risk due to continuous fluctuation in the foreign currency(USD) of the loan originated. The Company has entered into cross currency swaps (CCS) /forward contracts/ Interest rate swap to hedge all the foreign currency exchange risk on the principal and interest amount payable on borrowings.

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Financial liabilities			
Variable Foreign Currency Borrowings	252.68	325.64	285.88
Derivative liabilities			
Hedged through forward contracts	257.59	331.95	303.43
Hedged through CCS			
Net exposure to foreign currency risk (liabilities)	(4.90)	(6.31)	(17.55)

(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 (USD). Forward Contract & Cross Currency Swap are to buy USD for Hedging Foreign Currency Loan. The company has opted to accounting of the derivatives through FVTPL

Impact on profit after tax			
USD sensitivity	**As at 31st March, 2019**	**As at 31st March, 2018**	**As at 1st April, 2017**
INR/USD Increases by 5%(31 March 2016 - 5%)	(0.16)	(0.21)	(0.57)
INR/USD Decreases by 5%	0.16	0.21	0.57

(ii) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March 2019 and 31st March 2018 & 1st April, 2017, the Company's borrowings at variable rate were mainly denominated in INR, USD. The Company's floating rate borrowings are carried at amortised cost. For NBFC business, loan is the major source for running the business. In India, loans are mostly available at Floating rate Interest. And there are no such option available to obtain an option for swapping the Floating rate Interest with Fixed Interest. Hence, except foreign currency loans, other interest risk on floating rate INR loans are not hedged.

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Variable rate borrowings	6,324.62	4,497.52	3,297.82
Total borrowings	**7,317.76**	**5,476.47**	**4,506.24**

Rs. In crores

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	31st March, 2019		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc	9.12%	6,324.62	86.43%

	31st March, 2018		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc	8.43%	4,497.52	82.12%

	1st April, 2017		
	Weighted average interest rate	Balance	% of total loans
Bank overdrafts, bank loans etc	9.11%	3,297.82	73.18%

Net exposure to cash flow interest rate risk

An analysis by maturities is provided in note 35 b (ii) above.

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

	Impact on profit after tax		
	31 March 2019	**31 March 2018**	**01 April 2017**
Interest rates – increase by 50 basis points (50 bps) *	23.93	17.91	14.73
Interest rates – decrease by 50 basis points (50 bps) *	(23.93)	(17.91)	(14.73)

* Holding all other variables constant

Note 38 Capital management

(a) Risk management

The Risk Management policy includes identification of element of risks, including those which in the opinion of Board may lead to company not meeting its financial objectives.The risk management process has been established across the Company and design to identify, access & frame a respose to threat that affect the achievement of its objecticves.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 6 times to the total equity, the company monitors the ratio as below
Net Debt divided by total equity

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Net debt (total borrowings, less cash and cash equivalents)	7,240.72	5,430.98	4,350.33
Total Equity (as shown in the balance sheet)	1,151.09	883.41	670.78
Net debt to equity ratio	**6.29**	**6.15**	**6.49**

(b) Externally imposed capital restrisctions

1) As per RBI requirements Capital Adecuecy 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.

Rs. In crores

Note 39 Reconciliations between previous GAAP and Ind AS

I) Reconciliation of total equity as at March 31, 2018 and April 1, 2017

	Notes	31-Mar-18	1-Apr-17
Total equity (shareholder's funds) as per previous GAAP		**892.18**	**703.16**
Adjustments			
Upfront cash flow, processing income & expenses on loan given amortisation over the period	D1	(30.68)	(28.63)
Recognition of Interest Income on Stage-3 loans	D2	20.57	9.50
Provision as per expected credit loss model	D3	27.73	20.01
Fair valuation of security deposit	D4	(0.11)	(0.08)
Hedge accounting impact	D5	0.65	(3.11)
Fair valuation of other receivables	D6	(36.4)	(51.4)
Deferred tax Impact on the above	D9	9.49	21.35
Total adjustments		**(8.73)**	**(32.37)**
Total equity as per Ind AS		**883.45**	**670.78**

II) Reconciliation of total comprehensive income for the year ended March 31, 2018

		31-Mar-18
Profit after tax as per previous GAAP		**114.02**
Adjustments		
Upfront cash flow, processing income & expenses on loan given amortisation over the period	D1	(2.04)
Provision as per Expected credit loss	D3	7.72
Fair valuation of security deposit	D4	(0.03)
Recognition of Interest Income on Stage-3 loans	D2	11.07
Remeasurement of employee benefit plans	D7	1.12
Hedge accounting impact	D5	3.76
Fair valuation of other receivables	D6	15.03
Deferred tax Impact on the above	D9	(12.30)
Total adjustments		**24.33**
Profit after tax as per Ind AS		**138.35**
Other comprehensive income		(0.73)
Total comprehensive income as per Ind AS		**137.63**

Note 40 Notes to first-time adoption

A. Exemptions and exceptions availed

In preparing the first Ind AS financial statements in accordance with Ind AS 101 First-time adoption of Indian Accounting Standards, the Company has applied the relevant mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS.

B. Ind AS optional exemptions

B1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-comissioning liabilities. The exemption can also be used for intangible assets covered by Ind AS 38, Intangible assets and investment property covered by Ind AS 40, Investment properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value.

B2 Revenue from contracts with customers

A first time adopter is not required to restate contracts that were completed before the earliest period presented. A completed contract is a contract for which the entity has transferred all of the goods or services identified in accordance with previous GAAP.

Accordingly the Company has not restated the contracts completed in accordance with previous GAAP as at the transition date.

B3 Adoption of Ind AS later than the parent company

Ind AS 101 permits a first-time adopter, being a subsidiary to an already Ind AS compliant parent, to measure its assets and liabilities in its financial statements, at either the carrying amounts that would be included in the parent's consolidated financial statements, based on parent's date of transition to Ind AS, or at carrying amounts required by the rest of the Ind AS, based on the subsidiary's date of transition to Ind AS.

Accordingly, the Company has elected to measure its assets and liabilities at the carrying amounts deteremined based on the parent's date of transition to Ind AS.

C. Ind AS mandatory exceptions

C1 Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the sam date made in conformity with previous GAAP. The Company made estimates for the impairment of financial assets based on the expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

C2 Classification and measurements of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

D Reconciliations between previous GAAP and Ind AS

D1 Amortisation of upfront income, expense over the loan period

Ind AS 109 requires upfront processing fees earned and transaction costs incurred towards origination of loan receivable to be deducted/added to the carrying amount of loans receivable on initial recognition. These income/costs are recognised in the profit or loss over the tenure of the loans as part of the interest income by applying the effective interest rate method.

Under the previous GAAP, upfront income and expense were recognised as and when it is received or expensed. Under Ind AS, all items of income and expense are adjusted against the loans receivables and are amortised over the period of the loan.
Accordingly, loans receivable as at 31 March 2018 have been reduced by INR 30.68 (01st April, 2017 – INR 28.63) with a corresponding adjustment in statement of profit & loss to the extent of 2.04 for the period ended 31st March, 2018. The total equity decreased by an equivalent amount.

Under previous GAAP, securitisation of automobiles financing in exchange for cash were derecognised on meeting criteria set by RBI. However company has provided credit enhancements which as per Ind AS 109 has been concluded as retention of risk and reward. The company, therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the securitisation agreement is presented as secured borrowing.

D2 Recognition of interest on Stage-3 loans

Under the previous GAAP, interest for Stage-3 loans (NPA receivables as per RBI guidelines) were recognised only on receipt basis. Under Ind AS, revenue is recognised as interest net of provision for expected credit loss in the statement of profit and loss. Consequently, the comprehensive income and the equity has increased by Rs.20.57 for 31st March, 2018 (Rs. 9.50 - 1st April, 2017).

D3 Impairment under Expected Credit Loss model

Company was providing for provision for bad and doubtful debts as per RBI norms and in addition to that was making incremental provision for loans that were due for more than 90 days.

Under Ind AS, impairment is computed using the expected credit loss model. Consequently, provisions decreased by Rs. 27.73 for 31st March, 2018(1st April, 2017 - Rs. 20.01), compared to company norms, loans receivables increased by 27.73 for 31st March, 2018(1st April, 2017 - Rs. 20.01) and consequently the comprehensive income for the period has increased by Rs. 7.72 for the year ended 31st March, 2018.

D4 Fair valuation of security deposits

Under the previous GAAP, interest free lease deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued thses security deposits under Ind AS. Difference between the fair value and the transaction value of the security deposits has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by Rs. 0.11 as at March, 2018 (Rs.0.08 - 1st April, 2017). The prepaid rent decreased by Rs. 0.03 for the year ended 31st March, 2018.

D5 Derivatives not designated as hedging instruments

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or gain. The fair valuation of derivatives resulted in a gain of Rs. 3.76 for the year ended 31st March, 2018and a consequent increase to the equity of the same amount.

D6 Fair valuation of receivables from holding company

Under the previous GAAP, interest free loan receivable from holding company were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued the receivable. Difference between the fair value and the transaction value of Rs. 51.40 is recognised in the retained earnings at 1st April, 2017. Interest income is recognised over the period of repayment. Consequently, receivables has increased by Rs. 36.40. as at March 2018 . Total profit has increased by Rs. 15.03 for the year ended 31st March, 2018 and a consequent increased to equity of the same amount.

D7 Remeasurements of post-employment benefit obligations

Under Ind AS 19, Employee benefits, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. Consequently, the profit for the year ended March 31, 2018 decreased by Rs. 0.73 and a corresponding decreased to Other comprehensive income.

D8 Investment property

Under the previous GAAP, investment properties were presented as part of Fixed assets. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

D9 Deferred tax

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

41. Additional Notes forming part of Financial Statements for year ended 31st March 19
(All amounts in INR crores, unless otherwise stated)

1. Capital Commitments

Description	March 31, 2019	March 31, 2018	April 1, 2017
Estimated amount of contracts remaining to be executed on Capital Account not provided for	2.58	1.47	0.04

2. Other Commitments

Description	March 31, 2019	March 31, 2018	April 1, 2017
Undrawn Loans sanctioned to borrowers	29.58	36.09	3.43

3. Operating Leases:

The company has taken commercial premises and amenities under cancellable and non-cancellable operating leases. These lease agreements are normally renewable on expiry

Description	March 31, 2019	March 31, 2018	April 1, 2017
Less than 1 year	13.61	5.93	9.50
Between 1 year and 5 years	23.48	15.97	19.00
More than 5 years	10.61	24.66	0.57

4. Contingent Liabilities not provided for:

Claims against the Company not acknowledged as debts.

Description	March 31, 2019	March 31, 2018	April 1, 2017
Disputed Income Tax Demand (adjusted out of refunds)	1.06	1.06	1.06
Disputed Service Tax Demand inclusive of Penalty – Commissioner order/Additional Commissioner appealed against by Company during previous years (Pre-deposit of Rs 0.25 crs)	6.72	4.08	4.08
Legal cases filed by borrowers against the company	1.29	1.30	1.96

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.

5. 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 Rs. 50.75 crores and liabilities (comprising of borrowings from Banks and Institution, current liabilities and provisions) of Rs. 298.75 crores. TVSFS issued Unsecured Redeemable Bonds to the Company, for the excess of liabilities over assets of Rs. 248 crores.The bonds are redeemable between 7th and 12th year from the date of allotment. The said bonds have been purchased by TVS Motor Services Limited (TVSMS), the Holding Company, during 2010-11 at book value and the same is repayable by TVSMS in 6 years. Rs. 41.33 crores is instalment due in FY 2018-19, which has been paid on the due date. Accordingly, the advance from TVSMS to the Company stands at Rs. 110.17 crores as at March 31, 2019 as per Ind-AS fair valuation. Advance is partly secured to the extent of Rs. 52.15 crores and considering the intrinsic value of land lying with TVSMS and equity shares held by TVSMS in the company, the unsecured advance is considered good and recoverable.

6. 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.

7. As at the balance sheet date, the company has received dues of Rs. 0.38 crores (PY – Rs. 1.74 crores) included under bank balances, arising out of the assigned asset and the same is held as "payable to the Bank" and shown under payables (Note No. 14)

8. Related Party Disclsoure

Nature of Relationship	Parties name
Holding Company	TVS Motor Services Limited
	TVS Motor Company Limited
	Sundaram Clayton Limited
Ultimate Holding Company	TVS Sundaramlyengar & Sons Private Limited
Subsidiaries	TVS Housing Finance Private Limited
	Harita ARC Private Limited
	TVS Two Wheelef Mall Private Limited,
	TVS Micro Finance Private Limited,
	Harita Collection Services Private Limited
	TVS Commodity Financial Solutions Private Limited
Fellow Subsidiaries	Sundaram Auto Components Limited

S. No	Name of the Related Party	Nature of Transactions	Amount 2018-19	Amount 2017-18	Amount 01-Apr.17
1	TVS Motor Services Ltd	Advance received	25.16	443.31	-
		Unwinding of advance	16.18	15.03	-
		Balance outstanding (Dr)	**112.84**	**137.99**	**161.83**
2	TVS Motor Company Limited	Contribution towards Equity Share Capital	11.32	9.87	-
		Contribution towards Security Premium	108.67	65.13	-
		Services Rendered	-	5.48	-
		Availing of Services	4.79	8.41	-
		Balance outstanding (Dr)	**16.66**	**3.96**	**4.79**
4	Sundaram Clayton Limited	EMI Payment	0.11	0.02	-
		Services Rendered	3.98	2.72	-
		Balance outstanding (Dr)	**0.43**	**0.54**	-
5	Sundaram Auto Components Limited	EMI Payment	0.10	0.07	-
		Balance outstanding (Dr)	**0.38**	**0.48**	-
6	Harita ARC Private Limited**	Investments in Equity	-	-	-
		Pre oprative Expenses	-	-	-
		Balance outstanding (Dr)	-	-	-
7	TVS Commodity Financial Solutions Private Limited**	Investments in Equity	-	-	-
		Pre operative Expenses	-	-	-
		Balance outstanding (Dr)	-	-	-

S. No	Name of the Related Party	Nature of Transactions	Amount 2018-19	Amount 2017-18	Amount 01-Apr.17
8	TVS Two Wheeler Mall Private Limited**	Investments in Equity	-	-	-
		Pre operative Expenses	-	-	-
		Balance outstanding (Dr)	**-**	**-**	**-**
9	TVS Micro Finance Private Limited**	Investments in Equity	-	-	-
		Pre operative Expenses	-	-	-
		Balance outstanding (Dr)	**-**	**-**	**-**
10	Harita Collection Services Private Limited**	Investments in Equity	-	-	-
		Pre operative Expenses	-	-	-
		Balance outstanding (Dr)	**-**	**-**	**-**
11	TVS Housing Finance Private Limited	Investments in Equity	-	12.00	-
		Pre operative Expenses	0.05	0.11	**-**
		Balance outstanding (Dr)	0.16	0.11	-
12	Emerald Haven Realty Limited	**Emi Payment**	0.18	0.18	-
		Balance outstanding (Dr)	0.47	0.66	**-**

** Transaction value and balance outstanding is below the rounding off norms of the company, wherever applicable.

9. Segment Reporting

The company is in the business of financing activity. The Board of Directors has been identified as Chief operating decision maker (CODM), CODM of the company evaluates the company performance, allocates resources based on the analysis of various performance indicators of the company as a single unit. Therefore, there is no separate reportable segment for the company. The company is domiciled in India"

10. 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.

11. 1. Disclosure pursuant to Reserve Bank of India Notification DBNS.193DG (VL) – 2007 dated February 22,2007

(As required in terms of Paragraph 13 of Non- Banking Financial (Non- Deposit accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

S.No	Description	Amount Outstanding	Amount Overdue
		as at March 31, 2019	
	Liabilities		
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
A	Debentures	**-**	-
	- Secured	-	-
	- Unsecured (other than falling within the meaning of public deposits)	99.79	-
B	Deferred Credits	-	-
C	Term Loans (including Sub Ordinated Debt)	5,116.09	-
D	Inter-corporate loans and borrowings	-	-
E	Commercial paper	492.44	-
F	Other loans:		-
	i. Cash Credit	1,546.58	
	ii. Securitised Trust Borrowing	62.86	
	Total	**7,317.76**	-

	Assets		
(2)	**Break-up of Loans and Advances including bills receivable (other than those included in (4) below) :**		
(a)	Secured	7058.34	-
(b)	Unsecured considered good	1166.57	-

(3)	**Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities:**		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
	(iii) Other Loan counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
	Total		

S. No	Description	Amount Outstanding	Amount Overdue
		as at March 31, 2019	
4.	**Current Investments:**		
	1 Quoted :		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-
	2 Unquoted:		
	(i) Shares:(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-

	Long termInvestments:		
	1 Quoted :		
	(i) Shares:(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Please specify)	-	-
	2Unquoted:		
	(i) Shares:(a) Equity	12.01	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government securities	-	-
	(v) Others (Pass through Certificates - Securitisation)	-	-
	Total	**-**	-

(5)	Borrower group -wise classification of assets financed as in(2) and (3) above			
	Category	**Amount (Net of provisions for Non-performing assets)**		
		Secured	**Unsecured**	**Total**
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	0.63	-	0.63
	(c)Other related parties			-
	2. Other than related parties	7057.71	1166.57	8224.28
	Total	7058.34	1166.57	8224.91

(6)	Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
	Category	**Market value / Break up or fair value of NAV**	**Book value (Net of provisions)**
1	Related parties		
	(a) Subsidiaries	12.01	12.01
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	-	-

(7)	Other Information	Amount
(i)	Gross Non-performing assets	
	(a)Related Parties	-
	(b) Other than related parties	274.69
(ii)	Net - Non Performing assets	
	(a)Related Parties	-
	(b) Other than related parties	170.08
(iii)	Assets acquired in satisfaction of debt	-

Disclosure pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD) CC.No.002/03/10/001/2014-15 dated November 10, 2014

Capital Adequacy Ratio

Description	2018-19	2017-18
Tier I Capital	1133.41	825.25
Tier II Capital	357.14	358.24
Total Capital	**1490.55**	**1183.49**
Total Risk Weighted Assets	**8565.46**	**6406.63**
Amount of Subordinated Debt as Tier II Capital (Discounted Value)	322.73	313.02
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	13.34%	12.88%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	4.17%	5.59%
Total (%)	**17.51%**	**18.47%**
Amount of perpetual debt raised and qualifying as Tier I capital during the year	-	64.60
Amount of sub-ordinated debt raised and qualifying as Tier II capital during the year	99.79	135.19

a. Investments

S.No	Description	2018-19	2017-18
1	**Value of Investments**		
	i) Gross Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
	ii) Provision for Depreciation		
	a) In India	-	-
	b) Outside India	-	-
	iii) Net Value of Investments		
	a) In India	12.01	12.01
	b) Outside India	-	-
2	**Movement of Provisions held towards depreciation on Investments**		
	i) Opening Balance	-	-
	ii) Add: Provisions made during the year	-	-
	iii) Less: Write off/write back of excess provisions during the year	-	-
	iv) Closing Balance	-	-

b. Exposure to Real Estate sector, both Direct and Indirect

Description	2018-19	2017-18
(a) Direct/Indirect Exposure (Net of Advances from Customers)		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
- individual housing loans up to Rs. 15 Lakhs		
- individual housing loans more than Rs. 15 Lakhs	-	-

(ii) Commercial Real Estate -	-	-
Lending secured by mortgages on commercial real estates (office building, retails space, multi-purpose commercial premises, multi -family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.).	-	-
- Fund Based	-	-
- Non- Fund Based	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures-	-	-
a. Residential	-	-
b. Commercial Real Estate.	-	-
Fund based and non-fund based exposures on National	-	-
Housing Bank (NHB) and Housing Finance Companies(HFC's)	12.00	12.00

Note: The above summary is prepared based on the information available with the Company and relied upon by the auditors.

c. Exposure to Capital Market

#	Description	2018-19	2017-18
I	Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	-	-
Ii	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds.	-	-
Iii	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken a primary security.	-	-
Iv	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances.	-	-
V	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers.	-	-
Vi	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	-	-
Vii	Bridge loans to companies against expected equity flows/issues.	-	-
Viii	all exposures to Venture Capital Funds (both registered and unregistered)	-	-

d. Asset Liability Management Maturity Pattern of certain items of Assets and Liabilities.

Time Bucket	As at 31st March, 2019					
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Up to 1 Month	0.81	693.58	-	42.49	-	-
Over 1 month up to 2 months	-	432.39	-	197.24	-	-
Over 2 month up to 3 months	-	464.13	-	569.22	-	12.50
Over 3 month up to 6 months	-	1,122.01	-	571.92	-	12.50
Over 6 month up to 1 year	26.46	1,735.21	-	2,657.43	-	214.64
Over 1 year up to 3 year	-	3,152.86	-	2,404.84	-	-
Over 3 year up to 5 year	-	623.99	-	435.00	-	-
Over 5 years	-	139.77	12.01	200.00	-	-
Grand Total	27.27	8,363.94	12.01	7,078.12	-	239.64

e. Disclosure of frauds reported during the year vide DNBS.PD.CC NO. 256/03.10.042/2011-12 dated 2 March,2012

Category wise classification of frauds reported during the year vide DNBS.PD.CC.No.256/03.10.042/2011-12 dated 02.2012

(in INR crores)

	Category	Less than Rs.1 lakh		Rs. 1 lakh- Rs. 25 lakhs		Total	
		Count	Value	Count	Value	Count	Value
A	**Person Involved**						
	Staff	12	0.05	15	0.74	27	0.79
	Customers/Showroom Managers	-	-	-	-	-	-
	Staff and Customers	**12**	**0.05**	**15**	**0.74**	**27**	**0.79**
B	**Type of Fraud**						
	Misappropriation and Criminal breach of trust	-	-	-	-	-	-
	Fraudulent encashment / manipulation of books of accounts	12	0.05	14	0.74	27	0.79
	Unauthorised credit facility extended	-	-	-	-	-	-
	Cheating and Forgery	-	-	-	-	-	-
	Total	**12**	**0.05**	**14**	**0.74**	**27**	**0.79**

Note :

Out of the above, Rs.0.14 crores has been recovered and the company has made adequate provision for the balance recoverable

The above information is prepared based on the information available with the Company and relied upon by the auditors.

11.2. Note on Securitization

a. Disclosure pursuant to Reserve Bank of India Notification DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012 and DNBR (PD) CC.No.0029/03.10.001/2014-15 dated April 10, 2015

During the year, the Company has without recourse securitized on 'at Par' basis through Pass through Certificate (PTC) route, and derecognized the said loan receivables from the books. In terms of the accounting policy stated in Note No.1 (g), securitization income is recognized as per RBI guidelines dated 21st August 2012.

S. No	Description	2018-19	2017-18
1	No of SPVs sponsored by the NBFC for securitisation transactions	3 nos	6 nos
2	Total amount of securitised assets as per books of the SPVs sponsored by NBFC's	54.16	156.10
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		
	- Firstloss (cash collateral term deposits with banks) (refer Note No. 3) - Second Loss	19.08 6.37	37.75 15.89
	- Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitizations		
	- First loss	-	-
	- loss	-	-
	ii) Exposure to third party securitizations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitizations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitizations		
	- First loss	-	-
	- Others	-	-

b. The value of "excess interest spread receivable" and "unrealized gain" on securitization transactions undertaken in terms of guidelines on securitization transaction issued by Reserve bank of India on 21st August 2012 are given below:

S.No	Description	2018-19		2017-18	
		Non-Current	Current	Non-Current	Current
1	Excess Interest Spread receivable	1.40	3.99	12.67	6.40
2	Unrealised gain on Securitisation Transactions	1.40	3.99	12.67	6.40

c. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Description	2018-19	2017-18
No. of Accounts	-	-
Aggregate value (net of Provisions) of accounts sold to SC/RC	-	-
Aggregate Consideration	-	-
Additional Consideration realised in respect ofaccounts transferred in earlier years	-	-
Aggregate Gain/Loss over net book value	-	-

d. Details of Assignment Transactions undertaken by NBFCs

Description	2018-19	2017-18
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	-	-

11.3. Disclosure pursuant to Reserve Bank of India notification DNBR (PD) CC. No.0029/03.10.001/2014-15 dated April 10 2015

SNo	NPA {Stage 3 : >90 dpd} Movement	2018-19	2017-18
(I)	Net NPA to Net advances (%)	2.06%	2.25%
(II)	Movement of NPA (gross)*		
	a. Opening Balance	221.09	153.74
	b. Additions during the year	235.34	189.23
	c. Reductions during the year	181.75	121.88
	d. Closing Balance	274.69	221.09
(III)	Movement of NPA (net)		
	a. Opening Balance	138.14	98.51
	b. Additions during the year	134.42	107.67
	c. Reductions during the year	102.48	68.04
	d. Closing Balance	170.08	138.14
(IV)	Movement of Provision for NPA*		
	a. Opening Balance	82.94	55.89
	b. Provisions made during the Year	59.78	44.91
	c. Write-off/ Write-back of excess provisions	38.11	17.85
	d. Closing Balance	104.61	82.94

*The 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

b. Movement of Contingent Standard Assets Provision

S No	Description	March 31, 2019	March 31, 2018
(i)	Movement of Contingent Provision against Standard Assets (Stage 1 & Stage 2) a) Opening Balance b) Additions during the year c) Reductions during the year d) Closing Balance	21.83 17.51 4.93 34.41	16.15 9.20 3.52 21.83

c. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the Head Expenditure in Statement of Profit and Loss

Description	March 31, 2019	March 31, 2018
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA (Stage 3 Assets) (Net)	19.43	23.03
Provision/Impairment allowance towards Standard Assets (Stage 1 & 2 Assets)	12.58	5.57
Provision/Impairment allowance for trade receivables	1.24	-
Provision made towards Income Tax	82.39	71.67
	114.09	100.27

11.4. Concentration of Advances, Exposures & NPAs (Stage 3 Assets)

a) Concentration of Advances

Description	2018-19	2017-18
Total Advances to Twenty Largest Borrowers	13.29	8.96
Percentage of advances to twenty largest borrowers to Total Advances	0.16%	0.14%

b) Concentration of Exposures

Description	2018-19	2017-18
Total Exposures to Twenty Largest Borrowers/ Customers	13.29	8.96
Percentage of Exposures to twenty largest borrowers to Total Advances	0.16%	0.14%

c) Concentration of NPAs

Description	2018-19	2017-18
Total Exposure to Top Four NPA Accounts	1.05	1.54

d) Sector-wise distribution of NPA's

S. No	Sector	Percentage of NPA's to Total Advances in that Sector	
		2018-19	2017-18
1	Agriculture and Allied Activities	3.71%	4.44%
2	MSME	-	-
3	Corporate Borrowers	2.13%	3.24%
4	Services	-	-
5	Unsecured Personal Loans	15.08%	7.48%
6	Auto Loans (includes assets taken over from Chennai Business Consulting Services Limited)	3.36%	3.48%
7	Others	-	-

11.5. Customer Complaints

Description	2018-19 (Nos)	2017-18 (Nos)
No of Complaints pending at the beginning of the year	79	73
No of Complaints received during the year	1,672	2,304
No of Complaints redressed during the year	1,685	2,298
No of Complaints Pending at the end of the year	66	79

11.6. Details of non- performing financial assets purchased/sold

The company has neither purchased nor sold any non-performing financial assets during the year.

11.7. 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

11.8. Penalties imposed by RBI and Other Regulators

No penalties have been imposed by RBI and other regulators during the FY 2019 and FY 2018.

11.9. Details of Financing of Parent Company Products.

During the year the Company has financed 653,690 nos. of two wheelers and 2,387 nos. of three wheelers of TVS Motor Company Limited as against 5,83,913 lakhs nos. of two wheelers and 2,495 nos. of three wheelers in the previous year.

11.10. Ratings assigned by Credit Rating Agencies

Description	2018-19	2017-18
Commercial paper	CRISIL/ICRA:A1+	CRISIL/ICRA:A1+
Working Capital Demand Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Cash Credit	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Bank Term Loans	CRISIL/BWR:AA-	CRISIL/BWR:AA-
Non-Convertible Debentures- Long Term	CRISIL:AA-	CRISIL:AA-
Perpetual Debt	CRISIL/BWR: A+	CRISIL/BWR: A+
Subordinated Debt	BWR:AA-	BWR:AA-

11.11. Directors' Sitting Fees and Commission

S.No	Name of the Director	Nature	2018-19	2017-18
1	Mr. Venu Srinivasan	Sitting Fees*	0.00	0.00
		Commission	-	-
2	Mr. T.K.Balaji	Sitting Fees*	0.00	0.00
		Commission	-	-
3	Mr. R.Ramakrishnan	Sitting Fees	0.02	0.02
		Commission	0.12	0.12
4	Mr. Sudarshan Venu	Sitting Fees	0.01	0.01
		Commission	-	-
5	Mr. S.Santhanakrishnan	Sitting Fees*	0.00	0.02
		Commission	0.12	0.12
6	Mr. K.N.Radhakrishnan	Sitting Fees	0.01	0.01
		Commission	-	-
7	Mr. V.Srinivasa Rangan	Sitting Fees	0.01	0.01
		Commission	0.12	0.12
8	Mr.Anupam Thareja	Sitting Fees*	0.00	0.01
		Commission	-	-
9	Ms. Sasikala Varadhachari	Sitting Fees	0.01	0.01
		Commission	0.09	0.09
	Total		**0.52**	**0.53**

* The amounts mentioned are below the rounding off norms of the company.

11.12. Details of Single Borrower Limits (SBL)/Group Borrower Limits (GBL) exceeded

Company has not exceeded the single borrower limit as set by Reserve Bank of India.

11.13. Advance against Intangible Securities

Company has not given any loans against intangible securities.

11.14. Derivatives

1. Forward Rate Agreement/Interest Rate Swap

S. No	Description	2018-19	2017-18
(i).	The notional principal of swap agreements	237.50	325.00
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
(iii)	Collateral required by the NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap books	252.68	326.28

2. Exchange Traded Interest Rate (IR) Derivatives

S. No	Description	Amount
(i)	Notional principal amount of exchange traded IRderivatives undertaken during the year (instrument wise)	-
(ii)	Notional principal amount of exchange traded IRderivatives outstanding as on 31st March, 2018 (instrument wise)	-
(iii)	Notional principal amount of exchange traded IRderivatives outstanding and not " highly effective" (instrument wise)	-
(iv)	Mark- to - market value of exchange traded IR derivatives outstanding and not" highly effective" (instrument -wise)	-

3. Disclosure on Risk Exposure in Derivatives

Towards the foreign currency loan availed, the Company has taken forward cover to hedge the foreign current risks and cross currency interest rate swap.

S No	Description	March 31, 2019	March 31, 2018
i)	Outstanding Derivatives		
	For Hedging (Currency/Interest Rate Derivatives)	252.68	326.28
ii)	Marked to Market Positions		
	a) Asset (+)	15.18	1.28
	b) Liability (-)		
iii)	Credit Exposure	237.50	325.00
iv)	Unhedged Exposures	-	-

11.15. Overseas assets (for those with JV and Subsidiaries abroad)

There are no overseas assets owned by the Company.

11.16. Draw down from Reserves

No draw down from reserve existed for the year.

11.17. Off balance sheet SPV sponsored

There are no SPVs which are required to be consolidated.

11.18. There are no prior period items accounted during the year.

11.19. There are no circumstances in which revenue recognition postponed pending the resolution of significant uncertainties.

11.20. Summary of total borrowings, receivables and provision

Total Borrowings

Category wise breakup	2018-19	2017-18
Secured		
Term loan from Banks	4,436.11	2,697.47
Working Capital Demand Loan	1,546.58	1,398.21
Securitised Trust Borrowing	62.86	158.12
Unsecured		
Term loan from Banks	140.00	266.02
Commercial paper	492.44	394.01
Subordinated Debts	539.97	462.87
Perpetual Debt	99.79	99.76
	7,317.75	**5476.46**

Total Loans

Description	2018-19	2017-18
Category wise breakup		
Secured Loans	7157.67	5693.61
Unsecured Loans	1206.27	541.52
Total Loans	8363.94	6235.13
Less: Impairment Allowance	139.03	104.77
Net Loans	8224.91	6130.35

Total Assets Provisions

Description	March 31, 2019	March 31, 2018
Provision for Depreciation on Investments	-	-
Provision/Impairment allowance towards NPA (Stage 3 Assets)	104.61	82.94
Provision/Impairment allowance towards Standard Assets (Stage 1 & 2 Assets)	34.41	21.83
Provision/Impairment allowance for trade receivables	1.24	-
	140.26	104.77

As per our report of even date

Venu Srinivasan Chairman	G.Venkatraman Chief Executive Officer	For V. SANKAR AIYAR & CO. Chartered Accountants ICAI Regn No. 109208W
V Gopalakrishnan Chief Financial Officer	J Ashwin Company Secretary	S.Venkataraman Partner Membership No. 023116

Place:Chennai
Date: April 29, 2019

Directors' Report to the Shareholders

The directors present the second annual report together with the annual audited statement of accounts for the year ended 31st March 2019.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2019.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Companies Act, 2013 (the Act, 2013) with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2018 to 31st March 2019, 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;

(d) 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;

(e) 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 all the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 30th April 2018, 9th July 2018, 16th October 2018 and 21st January 2019 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting.

The Companies Amendment Act, 2017 has dispensed with ratification of Statutory Auditor's appointment at every AGM. Hence they continue as Statutory Auditors for the year 2019-20 also.

Disclosures

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2019 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2019, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2019 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

Details of foreign exchange earnings and outgo:

During the period under review, there were no foreign exchange earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V GOPALAKRISHNAN	N SRINIVASA RAMANUJAM
Date : 29th April 2019	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65999TN2017PTC118296
ii)	Registration Date	:	25/08/2017
iii)	Name of the Company	:	Harita ARC Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	-

(iii) Change in Promoters' Shareholding : **NIL.**

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

V. Shareholding of directors and key managerial personnel: **NIL**

VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 29th April 2019

V GOPALAKRISHNAN
Director
DIN: 03291640

N SRINIVASA RAMANUJAM
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

To the Members of Harita ARC Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the stand-alone financial statements of Harita ARC Private Limited ("the Company"), which comprise the stand-alone balance sheet as at 31st March 2019, the statement of profit and loss (including Other Comprehensive Income), standalone Statement of changes in Equity and 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, Other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 SA 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 stand-alone financial statements.

As part of an audit in accordance with SA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the stand-alone 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. Under section 143(3)(i) of the Companies Act, 2013.
- 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 stand-alone 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 stand-alone financial statements, including the disclosures, and whether the stand-alone 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 reasonable be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

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

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

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) There are no pending litigations as at 31st March 2019.

(ii) The Company has not entered into any long-term contract including derivate contracts.

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

For V. SANKAR AIYAR & CO.
Chartered Accountants
FRN: 109208W

S. VENKATARAMAN
PARTNER
Membership No. 023116

Place : Chennai
Date : 29th April 2019

Annexure "A" to Independent Auditors' Report 31st March 2019

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2018-19. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of the paragraph 3 of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. Therefore, the provisions of Clause (xi) of the Order are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, Clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Balance Sheet as at 31st March 2019

(in Rs.)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,764	24,764
TOTAL ASSETS		**24,764**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(47,450)	**(31,496)**
TOTAL EQUITY		**(22,450)**	**(6,496)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
Trade Payables	4	11,800	10,000
i) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other Financial Liabilities	5	35,414	21,260
TOTAL LIABILITIES		**47,214**	**31,260**
TOTAL EQUITY AND LIABILITIES		**24,764**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

.

S.VENKATARAMAN
Partner
Membership No.: 23116

Statement of Profit and Loss for the year ended 31st March 2019

(in Rs.)

Particulars	Note No	For the year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
INCOME			
Revenue from operations		-	-
Total Revenue		**-**	**-**
EXPENSES			
Other expenses	6	15,954.00	31,496.00
Total Expense		**15,954.00**	**31,496.00**
Profit/(Loss) before tax		**(15,954.00)**	**(31,496.00)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(15,954.00)**	**(31,496.00)**
Other Comprehensive Income			
Total Comprehensive Income		**(15,954.00)**	**(31,496.00)**
Earning per equity share:			
Basic & Diluted earnings per share	7	(6.38)	(12.60)

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

.

S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity Share Capital

	Note No.	Amount
Balance as at April 1, 2017	2	-
Changes in Equity share capital during the year	2	25,000
Balance as at March 31, 2018		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2019		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2017	3	-	-
Total Comprehensive Income	3	(31,496)	(31,496)
Balance as at March 31, 2018		**(31,496)**	**(31,496)**
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(47,450)**	**(47,450)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

.

S.VENKATARAMAN
Partner
Membership No.: 23116

HARITA ARC PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(in Rs.)

		As at 31st March 2019		As at 31st March 2018	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		(15,954)		(31,496)
	Interest Income	-		-	
			-		-
B.	Operating Profit before Working Capital Changes		(15,954)		(31,496)
C.	Change in Working Capital				
	Changes in liability arising from finanncing activities	15,954		31,260	
	Change in Working Capital		**15,954**		**31,260**
D.	Cash generated from Operations (B+C)		-		(236)
E.	**Net Cash from Operating Activities**		**-**		**(236)**
F.	**Net Cash Flow from Financing Activities**				
	Proceeds from Issue of Equity shares			25,000	
	Net Cash from Financing Activities		**-**		**25,000**
G.	**Net change in Cash and Cash Equivalents (E+F)**		**-**		**24,764**
H.	**Cash and Cash Equivalents as at End**		**24,764**		**24,764**
I.	**Less: Cash and Cash Equivalents as at Beginning**		**24,764**		**-**
	NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**-**		**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

.

S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents

	31-Mar-19	31-Mar-18
Balances with banks	24,764.00	24,764.00
Total cash and cash equivalents	**24,764.00**	**24,764.00**

2 Share Capital

	Number of Shares	Amount
i) Authorised Share Capital:		
Equity shares of Rs.10/- each	2,500.00	25,000
ii) Issued, Subscribed and Fully Paid up Share Capital:		
Equity shares of Rs.10/- each	2,500.00	25,000

iii) Movement in equity share capital

	Number of Shares	Amount
Equity Shares as at April 1, 2017	-	-
Additions	**2500**	25,000
Equity Shares as at March 31, 2018	**2500**	**25000**
Additions		
Equity Shares as at March 31, 2019	**2500**	**25000**

iv) Details of share holders holding more than 5% & Shares held by holding company

Name of the Share Holder	As at March 31, 2018	
	No. of Shares	%
TVS Credit Services Limited	2,500	100
Name of the Share Holder	**As at March 31, 2019**	
	No. of Shares	**%**
TVS Credit Services Limited	2,500	100

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity

	Amount as at March 31, 2019	Amount as at March 31, 2018
Retained Earnings	(47,450)	(31,496)
Total Other Equity	**(47,450)**	**(31,496)**

i) Retained Earnings

Opening Balance	(31,496)	-
Add: Net profit/(loss) for the year	(15,954)	(31,496)
Closing Balance	**(47,450)**	**(31,496)**

4 Trade Payables

	Amount as at March 31, 2019	Amount as at March 31, 2018
Sundry Creditors for Expenses	11,800	10,000
Total Other Current Liabilities	**11,800**	**10,000**

5 Other Financial Liabilities

	Amount as at March 31, 2019	Amount as at March 31, 2018
Payable to Holding Company	35,414	21,260
Total Borrowing	**35,414**	**21,260**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses

	For the period 1st Apr 2018 to 31st March 2019	For the period 25th Aug 2017 to March 2018
Professional charges	1,800	11,800
Rates and taxes	2,354	9,460
Payment to Auditors		
- As Auditor	11,800	10,000
Bank Charges	-	236
Total Other Expenses	**15,954**	**31,496**

7 Earnings per share (Basic and Diluted)

	For the Year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
Earnings attributable to equity share holders	(15,954)	(31,496)
Number of Shares	2,500	2,500
Earnings per Share	(6.38)	(12.60)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of Harita ARC Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 19

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)
Sl. No	Nature of Transaction	Name of the Related Party	During the Reporting period
01.	Preoperative Expenses	TVS Credit Services Limited	14,154
	Balance Payable as at the end of the year	TVS Credit Services Limited	35,414

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

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S.VENKATARAMAN
Partner
Membership No.: 23116

Directors' Report to the Shareholders

The directors present the second annual report together with the annual audited statement of accounts for the year ended 31st March 2019.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2019.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2018 to 31st March 2019, 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 all the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 30th April 2018, 9th July 2018, 16th October 2018 and 21st January 2019 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting.

The Companies Amendment Act, 2017 has dispensed with ratification of Statutory Auditor's appointment at every AGM. Hence they continue as Statutory Auditors for the year 2019-20 also.

Disclosures

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2019 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2019, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2019 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

Details of foreign exchange earnings and outgo:

During the period under review, there were no foreign exchange earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from its shareholders, customers and bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 29th April 2019	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65100TN2017PTC118290
ii)	Registration Date	:	25/08/2017
iii)	Name of the Company	:	Harita Collection Services Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	-

(iii) Change in Promoters' Shareholding : **NIL.**

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

V. Shareholding of directors and key managerial personnel: **NIL**

VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 29th April 2019

V GOPALAKRISHNAN
Director
DIN: 03291640

N SRINIVASA RAMANUJAM
Director
DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

To the Members of Harita Collection Services Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the stand-alone financial statements of Harita Collection Services Private Limited ("the Company"), which comprise the stand-alone balance sheet as at 31st March 2019, the statement of profit and loss (including Other Comprehensive Income), standalone Statement of changes in Equity and 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, Other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 SA 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 stand-alone financial statements.

As part of an audit in accordance with SA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the stand-alone 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. Under section 143(3)(i) of the Companies Act, 2013.
- 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 stand-alone 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 stand-alone financial statements, including the disclosures, and whether the stand-alone 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 reasonable be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

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

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

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) There are no pending litigations as at 31st March 2019.

(ii) The Company has not entered into any long term contract including derivate contracts.

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

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Annexure "A" to Independent Auditors' Report 31st March 2019

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2018-19. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of the paragraph 3 of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. Therefore, the provisions of Clause (xi) of the Order are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, Clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Balance Sheet as at 31st March 2019

(in Rs.)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,764	24,764
TOTAL ASSETS		**24,764**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(47,450)	**(31,496)**
TOTAL EQUITY		**(22,450)**	**(6,496)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
Trade Payables	4	11,800	10,000
i) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other Financial Liabilities	5	35,414	21,260
TOTAL LIABILITIES		**47,214**	**31,260**
TOTAL EQUITY AND LIABILITIES		**24,764**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

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S.VENKATARAMAN
Partner
Membership No.: 23116

Statement of Profit and Loss for the year ended 31st March 2019

(in Rs.)

Particulars	Note No	For the year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
INCOME			
Revenue from operations		-	-
Total Revenue		**-**	**-**
EXPENSES			
Other expenses	6	15,954	31,496
Total Expense		**15,954**	**31,496**
Profit/(Loss) before tax		**(15,954)**	**(31,496)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(15,954)**	**(31,496)**
Other Comprehensive Income			
Total Comprehensive Income		**(15,954.00)**	**(31,496.00)**
Earning per equity share:			
Basic & Diluted earnings per share	7	(6.38)	(12.60)

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity Share Capital

	Note No.	Amount
Balance as at April 1, 2017	2	-
Changes in Equity share capital during the year	2	25,000
Balance as at March 31, 2018		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2019		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2017	3	-	-
Total Comprehensive Income	3	(31,496)	(31,496)
Balance as at March 31, 2018		**(31,496)**	**(31,496)**
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(47,450)**	**(47,450)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

.

S.VENKATARAMAN
Partner
Membership No.: 23116

HARITA COLLECTION SERVICES PRIVATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(in Rs.)

		As at 31st March 2019		As at 31st March 2018	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		(15,954)		(31,496)
B.	Operating Profit before Working Capital Changes		(15,954)		(31,496)
C.	Change in Working Capital				
	(Increase)/Decrease in Loans & Advances	-		-	
	Changes in liability arising from finanncing activities	15,954		31,260	
	Change in Working Capital		**15,954**		**31,260**
D.	Cash generated from Operations (B+C)		-		(236)
E.	**Net Cash from Operating Activities**		**-**		**(236.0)**
F.	**Net Cash Flow from Financing Activities**				
	Proceeds from Issue of Equity Shares			25,000	
	Net Cash from Financing Activities		**-**		**25,000**
G.	**Net change in Cash and Cash Equivalents (E+F)**				**24,764**
H.	**Cash and Cash Equivalents as at End**		**24,764**		**24,764**
I.	**Less: Cash and Cash Equivalents as at Beginning**		**24,764**		**-**
	NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**-**		**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

.

S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents

	31-Mar-19	31-Mar-18
Balances with banks	24,764	24,764
Total cash and cash equivalents	**24,764**	**24,764**

2 Share Capital

	Number of Shares	Amount
i) Authorised Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000
ii) Issued, Subscribed and Fully Paid up Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000

iii) Movement in equity share capital

	Number of Shares	Amount
Equity Shares as at April 1, 2017	**-**	**-**
Additions	**2,500**	25,000
Equity Shares as at March 31, 2018	**2,500**	**25,000**
Additions		
Equity Shares as at March 31, 2019	**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, 2018	
	No. of Shares	%
TVS Credit Services Limited	2,500	100

Name of the Share Holder	As at March 31, 2019	
	No. of Shares	%
TVS Credit Services Limited	2,500	100

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity

	Amount as at March 31, 2019	Amount as at March 31, 2018
Retained Earnings	(47,450)	(31,496)
Total Other Equity	**(47,450)**	**(31,496)**
i) Retained Earnings		
Opening Balance	(31,496)	-
Add: Net profit/(loss) for the year	(15,954)	(31,496)
Closing Balance	**(47,450)**	**(31,496)**

4 Trade Payables

	Amount as at March 31, 2019	Amount as at March 31, 2018
Sundry Creditors for Expenses	11,800	10,000
Total Other Current Liabilities	**11,800**	**10,000**

5 Other Financial Liabilities

	Amount as at March 31, 2019	Amount as at March 31, 2018
Payable to Holding Company	35,414	21,260
Total Borrowing	**35,414**	**21,260**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses

	For the period 1st Apr 2018 to 31st March 2019	For the period 25th Aug 2017 to March 2018
Professional charges	1,800	11,800
Rates and taxes	2,354	9,460
Payment to Auditors		
- As Auditor	11,800	10,000
Bank Charges	-	236
Total Other Expenses	**15,954**	**31,496**

7 Earnings per share (Basic and Diluted)

	For the Year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
Earnings attributable to equity share holders	(15,954)	(31,496)
Number of Shares	2,500	2,500
Earnings per Share	(6.38)	(12.60)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of Harita Collection Services Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. The Company was incorporated on 22nd August 2017 under the name of Harita Collection Services Private Limited.

c. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

d. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

e. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 19

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)
Sl. No	Nature of Transaction	Name of the Related Party	During the Reporting period
01.	Preoperative Expenses	TVS Credit Services Limited	14,154
	Balance Payable as at the end of the year	TVS Credit Services Limited	35,414

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

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S.VENKATARAMAN
Partner
Membership No.: 23116

Directors' Report to the Shareholders

The directors present the second annual report together with the annual audited statement of accounts for the year ended 31st March 2019.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2019.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2018 to 31st March 2019, 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 all the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 30th April 2018, 9th July 2018, 16th October 2018 and 21st January 2019 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting.

The Companies Amendment Act, 2017 has dispensed with ratification of Statutory Auditor's appointment at every AGM. Hence they continue as Statutory Auditors for the year 2019-20 also.

Disclosures

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2019, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2019 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

Details of foreign exchange earnings and outgo:

During the period under review, there were no foreign exchange earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 29th April 2019	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65929TN2017PTC118316
ii)	Registration Date	:	29/08/2017
iii)	Name of the Company	:	TVS Commodity Financial Solutions Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	-

(iii) Change in Promoters' Shareholding : **NIL.**

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

V. Shareholding of directors and key managerial personnel: **NIL**

VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

FOR AND ON BEHALF OF THE BOARD

Place : Chennai	V GOPALAKRISHNAN	N SRINIVASA RAMANUJAM
Date : 29th April 2019	Director	Director
	DIN: 03291640	DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

To the Members of TVS Commodity Financial Solutions Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the stand-alone financial statements of TVS Commodity Financial Solutions Private Limited ("the Company"), which comprise the stand-alone balance sheet as at 31st March 2019, the statement of profit and loss (including Other Comprehensive Income) , standalone Statement of changes in Equity and 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, Other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 SA 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 stand-alone financial statements.

As part of an audit in accordance with SA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the stand-alone 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. Under section 143(3)(i) of the Companies Act, 2013.
- 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 stand-alone 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 stand-alone financial statements, including the disclosures, and whether the stand-alone 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 reasonable be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

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

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

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) There are no pending litigations as at 31st March 2019.

(ii) The Company has not entered into any long term contract including derivate contracts.

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

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Annexure "A" to Independent Auditors' Report 31st March 2019

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2018-19. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of the paragraph 3 of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. Therefore, the provisions of Clause (xi) of the Order are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, Clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Balance Sheet as at 31st March 2019

(in Rs.)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,764	24,764
TOTAL ASSETS		**24,764**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(46,450)	**(30,496)**
TOTAL EQUITY		**(21,450)**	**(5,496)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
Trade Payables	4	11,800	10,000
i) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other Financial Liabilities	5	34,414	20,260
TOTAL LIABILITIES		**46,214**	**30,260**
TOTAL EQUITY AND LIABILITIES		**24,764**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

S.VENKATARAMAN
Partner
Membership No.: 23116

Statement of Profit and Loss for the year ended 31st March 2019

(in Rs.)

Particulars	Note No	For the year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
INCOME			
Revenue from operations		-	-
Total Revenue		**-**	**-**
EXPENSES			
Other expenses	6	15,954	30,496
Total Expense		**15,954**	**30,496**
Profit/(Loss) before tax		**(15,954)**	**(30,496)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(15,954)**	**(30,496)**
Other Comprehensive Income			
Total Comprehensive Income		**(15,954)**	**(30,496)**
Earning per equity share:			
Basic & Diluted earnings per share	7	(6.38)	(12.20)

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity Share Capital

	Note No.	Amount
Balance as at April 1, 2017	2	-
Changes in Equity share capital during the year	2	25,000
Balance as at March 31, 2018		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2019		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2017	3	-	-
Total Comprehensive Income	3	(30,496)	(30,496)
Balance as at March 31, 2018		**(30,496)**	**(30,496)**
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(46,450)**	**(46,450)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

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S.VENKATARAMAN
Partner
Membership No.: 23116

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(in Rs.)

		As at 31st March 2019		As at 31st March 2018	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		(15,954)		(30,496)
	Interest Income	-		-	
			-		-
B.	Operating Profit before Working Capital Changes		(15,954)		(30,496)
C.	Change in Working Capital				
	Changes in liability arising from finanncing activities	15,954		30,260	
	Change in Working Capital		**15,954**		**30,260**
D.	Cash generated from Operations (B+C)		-		(236)
E.	**Net Cash from Operating Activities**		**-**		**(236)**
F.	**Net Cash Flow from Financing Activities**				
	Proceeds from Issue of Equity shares			25,000	
	Net Cash from Financing Activities		**-**		**25,000**
G.	**Net change in Cash and Cash Equivalents (E+F)**		**-**		**24,764**
H.	**Cash and Cash Equivalents as at End**		**24,764**		**24,764**
I.	**Less: Cash and Cash Equivalents as at Beginning**		**24,764**		**-**
	NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**-**		**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

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S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents

	31-Mar-19	31-Mar-18
Balances with banks	24,764	24,764
Total cash and cash equivalents	**24,764**	**24,764**

2 Share Capital

	Number of Shares	Amount
i) Authorised Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000
ii) Issued, Subscribed and Fully Paid up Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000

iii) Movement in equity share capital

	Number of Shares	Amount
Equity Shares as at April 1, 2017	**-**	**-**
Additions	**2,500**	25,000
Equity Shares as at March 31, 2018	**2,500**	**25,000**
Additions		
Equity Shares as at March 31, 2019	**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, 2018	
	No. of Shares	%
TVS Credit Services Limited	2,500	100

Name of the Share Holder	As at March 31, 2019	
	No. of Shares	%
TVS Credit Services Limited	2,500	100

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity

	Amount as at March 31, 2019	Amount as at March 31, 2018
Retained Earnings	(46,450)	(30,496)
Total Other Equity	**(46,450)**	**(30,496)**

i) Retained Earnings

Opening Balance	(30,496)	-
Add: Net profit/(loss) for the year	(15,954)	(30,496)
Closing Balance	**(46,450)**	**(30,496)**

4 Trade Payables

	Amount as at March 31, 2019	Amount as at March 31, 2018
Sundry Creditors for Expenses	11,800	10,000
Total Other Current Liabilities	**11,800**	**10,000**

5 Other Financial Liabilities

	Amount as at March 31, 2019	Amount as at March 31, 2018
Payable to Holding Company	34,414	20,260
Total Borrowing	**34,414**	**20,260**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses

	For the period 1st Apr 2018 to 31st March 2019	For the period 25th Aug 2017 to March 2018
Professional charges	1,800	11,800
Rates and taxes	2,354	8,460
Payment to Auditors		
- As Auditor	11,800	10,000
Bank Charges	-	236
Total Other Expenses	**15,954**	**30,496**

7 Earnings per share (Basic and Diluted)

	For the Year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
Earnings attributable to equity share holders	(15,954)	(30,496)
Number of Shares	2,500	2,500
Earnings per Share	(6.38)	(12.20)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of TVS Commodity Financial Solutions Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 19

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)
Sl. No	Nature of Transaction	Name of the Related Party	During the Reporting period
01.	Preoperative Expenses	TVS Credit Services Limited	14,154
	Balance Payable as at the end of the year	TVS Credit Services Limited	34,414

As per our report annexed

V GOPALAKRISHNAN Director	**N SRINIVASA RAMANUJAM** Director	**For V.Sankar Aiyar & Co** Chartered Accountants *Firm Regn No.: 109208W*
Chennai Dated: 29th April 2019	.	**S.VENKATARAMAN** *Partner* Membership No.: 23116

Directors' Report to the Shareholders

The directors present the second annual report together with the annual audited statement of accounts for the year ended 31st March 2019.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2019.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2018 to 31st March 2019, 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 all the existing directors, viz., Mr V Gopalakrishnan and Mr Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 30th April 2018, 9th July 2018, 16th October 2018 and 21st January 2019 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting.

The Companies Amendment Act, 2017 has dispensed with ratification of Statutory Auditor's appointment at every AGM. Hence they continue as Statutory Auditors for the year 2019-20 also.

Disclosures

<u>Material changes and commitments</u>

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.

<u>Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company</u>

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.

<u>Deposits:</u>

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

<u>Annual Return:</u>

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

<u>Employee's remuneration:</u>

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.

<u>Details of loans / guarantees / investments made:</u>

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2019, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2019 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.

<u>Conservation of energy, technology absorption, foreign exchange earnings and outgo:</u>

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

Details of foreign exchange earnings and outgo:

During the period under review, there were no foreign exchange earnings or expenditure in the Company

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from its shareholders, customers and bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 29th April 2019	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65929TN2017PTC118238
ii)	Registration Date	:	23/08/2017
iii)	Name of the Company	:	TVS Micro Finance Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares.
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	-

(iii) Change in Promoters' Shareholding: **NIL.**

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

V. Shareholding of directors and key managerial personnel: **NIL**

VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

FOR AND ON BEHALF OF THE BOARD

Place : Chennai	V GOPALAKRISHNAN	N SRINIVASA RAMANUJAM
Date : 29th April 2019	Director	Director
	DIN: 03291640	DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

To the Members of TVS Micro Finance Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the stand-alone financial statements of TVS Micro Finance Private Limited ("the Company"), which comprise the stand-alone balance sheet as at 31st March 2019, the statement of profit and loss (including Other Comprehensive Income), standalone Statement of changes in Equity and 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, Other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 SA 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 stand-alone financial statements.

As part of an audit in accordance with SA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the stand-alone 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. Under section 143(3)(i) of the Companies Act, 2013.
- 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 stand-alone 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 stand-alone financial statements, including the disclosures, and whether the stand-alone 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 reasonable be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. There are no pending litigations as at 31st March 2019.

ii. The Company has not entered into any long term contract including derivate contracts.

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

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Annexure "A" to Independent Auditors' Report 31st March 2019

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2018-19. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of the paragraph 3 of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. Therefore, the provisions of Clause (xi) of the Order are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, Clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Balance Sheet as at 31st March 2019

(in Rs.)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,764	24,764
TOTAL ASSETS		**24,764**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(46,450)	**(30,496)**
TOTAL EQUITY		**(21,450)**	**(5,496)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
Trade Payables	4	11,800	10,000
i) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other Financial Liabilities	5	34,414	20,260
TOTAL LIABILITIES		**46,214**	**30,260**
TOTAL EQUITY AND LIABILITIES		**24,764**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

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S.VENKATARAMAN
Partner
Membership No.: 23116

Statement of Profit and Loss for the year ended 31st March 2019

(in Rs.)

Particulars	Note No	For the year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
INCOME			
Revenue from operations		-	-
Total Revenue		**-**	**-**
EXPENSES			
Other expenses	6	15,954	30,496
Total Expense		**15,954**	**30,496**
Profit/(Loss) before tax		**(15,954)**	**(30,496)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(15,954)**	**(30,496)**
Other Comprehensive Income			
Total Comprehensive Income		**(15,954)**	**(30,496)**
Earning per equity share:			
Basic & Diluted earnings per share	7	(6.38)	(12.20)

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity Share Capital

	Note No.	Amount
Balance as at April 1, 2017	2	-
Changes in Equity share capital during the year	2	25,000
Balance as at March 31, 2018		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2019		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2017	3	-	-
Total Comprehensive Income	3	(30,496)	(30,496)
Balance as at March 31, 2018		**(30,496)**	**(30,496)**
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(46,450)**	**(46,450)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

.

S.VENKATARAMAN
Partner
Membership No.: 23116

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(in Rs.)

		As at 31st March 2019		As at 31st March 2018	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		(15,954)		(30,496)
	Interest Income	-		-	
			-		-
B.	Operating Profit before Working Capital Changes		(15,954)		(30,496)
C.	Change in Working Capital				
	Changes in liability arising from finanncing activities	15,954		30,260	
	Change in Working Capital		**15,954**		**30,260**
D.	Cash generated from Operations (B+C)		-		(236)
E.	**Net Cash from Operating Activities**		**-**		**(236)**
F.	**Net Cash Flow from Financing Activities**				
	Proceeds from Issue of Equity shares			25,000	
	Net Cash from Financing Activities		**-**		**25,000**
G.	**Net change in Cash and Cash Equivalents (E+F)**		**-**		**24,764**
H.	**Cash and Cash Equivalents as at End**		**24,764**		**24,764**
I.	**Less: Cash and Cash Equivalents as at Beginning**		**24,764**		**-**
	NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**-**		**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

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S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents

	31-Mar-19	31-Mar-18
Balances with banks	24,764	24,764
Total cash and cash equivalents	**24,764**	**24,764**

2 Share Capital

	Number of Shares	Amount
i) Authorised Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000
ii) Issued, Subscribed and Fully Paid up Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000

iii) Movement in equity share capital

	Number of Shares	Amount
Equity Shares as at April 1, 2017	-	-
Additions	**2,500**	25,000
Equity Shares as at March 31, 2018	**2,500**	**25,000**
Additions		
Equity Shares as at March 31, 2019	**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, 2018	
	No. of Shares	%
TVS Credit Services Limited	2,500	100
Name of the Share Holder	**As at March 31, 2019**	
	No. of Shares	**%**
TVS Credit Services Limited	2,500	100

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity

	Amount as at March 31, 2019	Amount as at March 31, 2018
Retained Earnings	(46,450)	(30,496)
Total Other Equity	**(46,450)**	**(30,496)**
i) Retained Earnings		
Opening Balance	(30,496)	-
Add: Net profit/(loss) for the year	(15,954)	(30,496)
Closing Balance	**(46,450)**	**(30,496)**

4 Trade Payables

	Amount as at March 31, 2019	Amount as at March 31, 2018
Sundry Creditors for Expenses	11,800	10,000
Total Other Current Liabilities	**11,800**	**10,000**

5 Other Financial Liabilities

	Amount as at March 31, 2019	Amount as at March 31, 2018
Payable to Holding Company	34,414	20,260
Total Borrowing	**34,414**	**20,260**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses

	For the period 1st Apr 2018 to 31st March 2019	For the period 25th Aug 2017 to March 2018
Professional charges	1,800	11,800
Rates and taxes	2,354	8,460
Payment to Auditors		
- As Auditor	11,800	10,000
Bank Charges	-	236
Total Other Expenses	**15,954**	**30,496**

7 Earnings per share (Basic and Diluted)

	For the Year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
Earnings attributable to equity share holders	(15,954)	(30,496)
Number of Shares	2,500	2,500
Earnings per Share	(6.38)	(12.20)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of TVS Micro Finance Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under “Indirect Method” and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 19

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)
Sl. No	**Nature of Transaction**	**Name of the Related Party**	**During the Reporting period**
01.	Preoperative Expenses	TVS Credit Services Limited	14,154
	Balance Payable as at the end of the year	TVS Credit Services Limited	34,414

As per our report annexed

V GOPALAKRISHNAN Director	**N SRINIVASA RAMANUJAM** Director	**For V.Sankar Aiyar & Co** Chartered Accountants *Firm Regn No.: 109208W*
Chennai Dated: 29th April 2019	.	**S.VENKATARAMAN** *Partner* Membership No.: 23116

Directors' Report to the Shareholders

The directors present the second annual report together with the annual audited statement of accounts for the year ended 31st March 2019.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors of the Company do not recommend any dividend for the period ended 31st March 2019.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

Pursuant to the requirement of Section 134(3)(c) read with 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the period from 1st April 2018 to 31st March 2019, 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 all the existing directors, viz., Mr V Gopalakrishnan and Mr N Srinivasa Ramanujam, directors of the Company retire from the office at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the period under review, the board met 4 times on 30th April 2018, 9th July 2018, 16th October 2018 and 21st January 2019 and the gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The members at its meeting held on 1st June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting.

The Companies Amendment Act, 2017 has dispensed with ratification of Statutory Auditor's appointment at every AGM. Hence they continue as Statutory Auditors for the year 2019-20 also.

Disclosures

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2018 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the period ended 31st March 2019, the Company has not extended any guarantee or loans to other companies and has not made any investment during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2019 with related parties were in the ordinary course of business and at arm's length price in terms of section 188 read with the Companies (Meetings of board and its powers) Rules, 2014.

Pursuant to the provisions of section 134(h) of the Companies Act 2013 (the Act 2013) read with rule 8(2) of the Companies (Accounts) Rules 2014, the particulars of contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Related Party disclosures as per the Indian Accounting Standards have been provided in Note 2 of Additional Notes forming part of the financial statements.

Conservation of energy, technology absorption, foreign exchange earnings and outgo:

The provisions of Section 134(3)(m) of the Act 2013 and the rules made there-under relating to the information and details on conservation of energy, technology absorption do not apply to the Company, as the Company is not a manufacturing company.

Reporting of fraud:

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

Maintenance of cost records

The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company.

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

The Company was not required to constitute an Internal Complaints Committee as required under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 since there are no employees in the Company.

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

Details of foreign exchange earnings and outgo:

During the period under review, there were no foreign exchange earnings or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding company viz., TVS Credit Services Limited. The directors thank the bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	V Gopalakrishnan	N Srinivasa Ramanujam
Date : 29th April 2019	Director	Director
	DIN: 03291640	DIN: 07384809

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65923TN2017PTC118211
ii)	Registration Date	:	22/08/2017
iii)	Name of the Company	:	TVS Two Wheeler Mall Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
	Not Applicable		

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited	U65920TN2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
	TVS Credit Services Limited along with its nominee	2,500	100	Nil	2,500	100	Nil	-

(iii) Change in Promoters' Shareholding : **NIL.**

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

V. Shareholding of directors and key managerial personnel: **NIL**

VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VII. Remuneration of directors and key managerial personnel

Remuneration to directors:

All the directors of the Company are non-executive directors. The directors of the Company do not draw any remuneration from the Company for attending the meetings of the board and committees thereof.

Remuneration to Key Managerial Personnel other than MD/Manager/WTD

The Company is not required to appoint any Key Managerial Personnel (KMP) in terms of Section 203 of the Companies Act, 2013 and hence no KMP is appointed.

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

FOR AND ON BEHALF OF THE BOARD

Place : Chennai	V GOPALAKRISHNAN	N SRINIVASA RAMANUJAM
Date : 29th April 2019	Director	Director
	DIN: 03291640	DIN: 07384809

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

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 stand-alone financial statements of TVS Two Wheeler Mall Private Limited ("the Company"), which comprise the stand-alone balance sheet as at 31st March 2019, the statement of profit and loss (including Other Comprehensive Income), standalone Statement of changes in Equity and 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, Other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 SA 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 stand-alone financial statements.

As part of an audit in accordance with SA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the stand-alone 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. Under section 143(3)(i) of the Companies Act, 2013
- 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 stand-alone 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 stand-alone financial statements, including the disclosures, and whether the stand-alone 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 reasonable be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

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

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

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. There are no pending litigations as at 31st March 2019.

ii. The Company has not entered into any long term contract including derivate contracts.

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

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Annexure "A" to Independent Auditors' Report 31st March 2019
(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2018-19. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of the paragraph 3 of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. Therefore, the provisions of Clause (xi) of the Order are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, Clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Balance Sheet as at 31st March 2019

(in Rs.)

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash Equivalents	1	24,764	24,764
TOTAL ASSETS		**24,764**	**24,764**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	2	25,000	25,000
Other Equity	3	(46,425)	**(30,471)**
TOTAL EQUITY		**(21,425)**	**(5,471)**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
Trade Payables	4	11,800	10,000
i) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other Financial Liabilities	5	34,389	20,235
TOTAL LIABILITIES		**46,189**	**30,235**
TOTAL EQUITY AND LIABILITIES		**24,764**	**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

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S.VENKATARAMAN
Partner
Membership No.: 23116

Statement of Profit and Loss for the year ended 31st March 2019

(in Rs.)

Particulars	Note No	For the year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
INCOME			
Revenue from operations		-	-
Total Revenue		**-**	**-**
EXPENSES			
Other expenses	6	15,954	30,471
Total Expense		**15,954**	**30,471**
Profit/(Loss) before tax		**(15,954)**	**(30,471)**
Tax expense:		-	-
Profit/(Loss) after tax for the year		**(15,954)**	**(30,471)**
Other Comprehensive Income			
Total Comprehensive Income		**(15,954)**	**(30,471)**
Earning per equity share:			
Basic & Diluted earnings per share	7	(6.38)	(12.19)

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

S.VENKATARAMAN
Partner
Membership No.: 23116

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity Share Capital

	Note No.	Amount
Balance as at April 1, 2017	2	-
Changes in Equity share capital during the year	2	25,000
Balance as at March 31, 2018		**25,000**
Changes in Equity share capital during the year	2	-
Balance as at March 31, 2019		**25,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2017	3	-	-
Total Comprehensive Income	3	(30,471)	(30,471)
Balance as at March 31, 2018		**(30,471)**	**(30,471)**
Total Comprehensive Income	3	(15,954)	(15,954)
Balance as at March 31, 2019		**(46,425)**	**(46,425)**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

S.VENKATARAMAN
Partner
Membership No.: 23116

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(in Rs.)

		As at 31st March 2019		As at 31st March 2018	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		(15,954)		(30,471)
	Interest Income	-		-	
			-		-
B.	Operating Profit before Working Capital Changes		(15,954)		(30,471)
C.	Change in Working Capital				
	Changes in liability arising from finanncing activities	15,954		30,235	
	Change in Working Capital		**15,954**		**30,235**
D.	Cash generated from Operations (B+C)		-		(236)
E.	**Net Cash from Operating Activities**		**-**		**(236)**
F.	**Net Cash Flow from Financing Activities**				
	Proceeds from Issue of Equity shares			25,000	
	Net Cash from Financing Activities		**-**		**25,000**
G.	**Net change in Cash and Cash Equivalents (E+F)**		**-**		**24,764**
H.	**Cash and Cash Equivalents as at End**		**24,764**		**24,764**
I.	**Less: Cash and Cash Equivalents as at Beginning**		**24,764**		**-**
	NET CHANGE IN CASH & CASH EQUIVALENTS (H-I)		**-**		**24,764**

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

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S.VENKATARAMAN
Partner
Membership No.: 23116

NOTES TO BALANCE SHEET

(in Rs.)

1 Cash and cash equivalents

	31-Mar-19	31-Mar-18
Balances with banks	24,764	24,764
Total cash and cash equivalents	**24,764**	**24,764**

2 Share Capital

	Number of Shares	Amount
i) Authorised Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000
ii) Issued, Subscribed and Fully Paid up Share Capital:		
Equity shares of Rs.10/- each	2,500	25,000

iii) Movement in equity share capital

	Number of Shares	Amount
Equity Shares as at April 1, 2017	-	-
Additions	**2,500**	25,000
Equity Shares as at March 31, 2018	**2,500**	**25,000**
Additions		
Equity Shares as at March 31, 2019	**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, 2018	
	No. of Shares	%
TVS Credit Services Limited	2,500	100

Name of the Share Holder	As at March 31, 2019	
	No. of Shares	%
TVS Credit Services Limited	2,500	100

v) Terms / Rights attached

The company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder has a right to participate in General Meeting and is eligible for one vote per share held. Residual interest in the assets of the company. Every shareholder is also entitled to right of inspection of documents as provided in the Companies Act, 2013.

3 Other Equity

	Amount as at March 31, 2019	Amount as at March 31, 2018
Retained Earnings	(46,425)	(30,471)
Total Other Equity	**(46,425)**	**(30,471)**
i) Retained Earnings		
Opening Balance	(30,471)	-
Add: Net profit/(loss) for the year	(15,954)	(30,471)
Closing Balance	**(46,425)**	**(30,471)**

4 Trade Payables

	Amount as at March 31, 2019	Amount as at March 31, 2018
Sundry Creditors for Expenses	11,800	10,000
Total Other Current Liabilities	**11,800**	**10,000**

5 Other Financial Liabilities

	Amount as at March 31, 2019	Amount as at March 31, 2018
Payable to Holding Company	34,389	20,235
Total Borrowing	**34,389**	**20,235**

NOTES TO STATEMENT OF PROFIT AND LOSS

6 Other Expenses

	For the period 1st Apr 2018 to 31st March 2019	For the period 25th Aug 2017 to March 2018
Professional charges	1,800	11,800
Rates and taxes	2,354	8,435
Payment to Auditors		
- As Auditor	11,800	10,000
Bank Charges	-	236
Total Other Expenses	**15,954**	**30,471**

7 Earnings per share (Basic and Diluted)

	For the Year ended 31st March 2019	For the period 25th Aug 2017 to March 2018
Earnings attributable to equity share holders	(15,954)	(30,471)
Number of Shares	2,500	2,500
Earnings per Share	(6.38)	(12.19)

Brief Description of the Company:

The Company was incorporated on 22nd August 2017 under the name of TVS Two Wheeler Mall Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The Company is yet to commence its business.

8. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

d. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 19

1. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.
2. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)
Sl. No	**Nature of Transaction**	**Name of the Related Party**	**During the Reporting period**
01.	Preoperative Expenses	TVS Credit Services Limited	14,154
	Balance Payable as at the end of the reporting year	TVS Credit Services Limited	34,389

As per our report annexed

V GOPALAKRISHNAN
Director

N SRINIVASA RAMANUJAM
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

Chennai
Dated: 29th April 2019

S.VENKATARAMAN
Partner
Membership No.: 23116

Directors' Report to the Shareholders

The directors present the second annual report together with the annual audited statement of accounts for the year ended 31st March 2019.

Financial Highlights

The Company is yet to commence its operations.

Dividend

The directors, in order to conserve the resources for its future business activities, have not proposed any dividend for the period under review.

Risk Management

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

(a) in the preparation of the annual accounts for the year ended 31st March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

(c) the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the accounts for the financial year ended 31st March 2019 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 and Key Managerial Personnel

During the year under review, Mr S Sudarshan resigned as Company Secretary of the Company effective 31st December 2018. Consequent to his resignation Mr J Ashwin was appointed as Company Secretary effective 11th March 2019.

Number of board meetings held

During the year under review, the board met 5 times on 9th April 2018, 30th April 2018, 3rd July 2018, 22nd November 2018 and 21st January 2019 and the gap between two meetings did not exceed one hundred and twenty days.

Key Managerial Personnel (KMPs)

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Act 2013, read with the Rules framed thereunder.

1. Mr G Venkatraman, Whole-time Director

2. Mr V Gopalakrishnan, Chief Financial Officer

3. Mr Ashwin J, Company Secretary

Statutory Auditors

The members at its meeting held on 18th June 2018 have appointed M/s V Sankar Aiyar & Co., Chartered Accountants having Firm Registration No. 109208W allotted by The Institute of Chartered Accountants of India as statutory auditors of the company till the conclusion of sixth annual general meeting.

The Companies Amendment Act, 2017 has dispensed with ratification of Statutory Auditor's appointment at every AGM. Hence they continue as Statutory Auditors for the year 2019-20 also.

Disclosures

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Deposits:

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the period ended 31st March 2019 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

Annual Return:

Extract of Annual Return in the prescribed form is given as Annexure I to this report.

Employee's remuneration:

There are currently no employees in the Company, hence the requirement of attaching a statement under Section 197 of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 containing the details of employee's remuneration is not applicable.

Details of loans / guarantees / investments made:

As regards furnishing the details of loans, guarantees and investments made by the Company as per Section 186 of the Act 2013 for the financial year 2018-19, the Company has not extended any guarantee or has given loans to other companies during the period under review.

Related Party Transactions

All contracts / arrangements entered by the Company during the period ended 31st March 2019 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

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	K Gopala Desikan	G Venkatraman
Date : 29th April 2019	Director	Director
	DIN: 00067107	DIN: 08098890

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U65999TN2017PTC118512
ii)	Registration Date	:	08/09/2017
iii)	Name of the Company	:	TVS Housing Finance Private Limited
iv)	Category / Sub-Category of the Company	:	Private Limited Company / Limited by Shares
v)	Address of the Registered office and contact details	:	Jayalakshmi Estates, No. 29 Haddows Road, Chennai - 600006 Tel: 044- 28272233 Fax: 044- 28257121
vi)	Whether listed company Yes / No	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Housing Finance	65922	Nil

The Company is yet to commence its business activities.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Credit Services Limited No. 29, Haddows Road, Chennai – 600006	U65920TN 2008PLC069758	Holding	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sh.holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	TVS Credit Services Limited along with its nominee	1,20,00,000	100%	Nil	1,20,00,000	100%	Nil	Nil
Total		1,20,00,000	100%		1,20,00,000	100%	Nil	Nil

(iii) Change in Promoters' Shareholding: **NIL.**

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

(v). Shareholding of directors and key managerial personnel: **NA**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company has not borrowed any amount during the period under review. Hence furnishing of details relating to Indebtedness does not arise.

VI. Remuneration of directors and key managerial personnel: **NIL**

VIII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its directors or other officers in default during the period under review

For and on behalf of the Board

Place : Chennai Date : 29th April 2019	K Gopala Desikan Director DIN: 00067107	G Venkatraman Director DIN: 08098890

Annexure - II

Form No. AOC - 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1.Details of contracts or arrangements or transactions not at arm's length basis - Nil

2.Details of material contracts/arrangement/transactions at arm's length basis: Nil

For and on behalf of the Board

Place : Chennai Date : 29th April 2019	K Gopala Desikan Director DIN: 00067107	G Venkatraman Director DIN: 08098890

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

To the Members of TVS Housing Finance Private Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the stand-alone financial statements of TVS Housing Finance Private Limited ("the Company"), which comprise the stand-alone balance sheet as at 31st March 2019, the statement of profit and loss (including Other Comprehensive Income), standalone Statement of changes in Equity and 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, Other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 SA 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 stand-alone financial statements.

As part of an audit in accordance with SA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the stand-alone 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. Under section 143(3)(i) of the Companies Act, 2013.
- 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 stand-alone 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 stand-alone financial statements, including the disclosures, and whether the stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i There are no pending litigations as at 31st March 2019.

ii The Company has not entered into any long term contract including derivate contracts.

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

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Annexure "A" to Independent Auditors' Report 31st March 2019

(Referred to in our report of even date)

(i) The Company does not own any fixed asset in the financial year 2018-19. Hence, Clause (i) of paragraph 3 of the Order is not applicable to the Company.

(ii) The Company does not any have physical inventories as per books of accounts. Therefore, Clause (ii) of paragraph 3 of the Order is not applicable to the Company.

(iii) The company has not granted any loans secured or unsecured to companies, partnership, limited liability partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, the provision of Clause (iii) of paragraph 3 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan or made investments and providing guarantees and securities which has application of the provisions of Section 185 and 186 of the Act. Therefore, the provisions of Clause (iv) of the paragraph 3 of the Order are not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of the paragraph 3 of the Order are not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act. Therefore, the provisions of Clause (vi) of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company does not have the liability to deposit statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax and Cess and other material statutory dues with the appropriate authorities. There is also no liability in respect of duty of Customs.

(b) According to the information and explanations given to us, there are no dues of Income Tax and Goods and Service Tax which have not been deposited on account of any dispute.

(viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not borrowed loans from Financial Institutions/Banks and Governments. Also, the Company has not raised any monies against issue of debentures. Therefore, the provisions of clause (viii) of the Order are not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not availed any term loan and has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause (ix) of the Order are not applicable to the Company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no material fraud by the Company and no fraud on the company by its officers or employees have been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act. Therefore, the provisions of Clause (xi) of the Order are not applicable to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment of shares. Hence, Clause (xiv) of the Order is not applicable.

(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 is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, Clause (xvi) of the Order is not applicable.

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

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 29th April, 2019

Balance Sheet as at 31st March 2019

(in Rs.)

Particulars	Note No.	As at 31st Mar 2019	As at 31 March 2018
ASSETS			
Current Assets			
Financial Assets			
Cash and Cash equivalents	1	120,415,559	119,821,385
Other Financial Assets	2	7,722,635	1,727,999
Other Current Asset	3	-	502,878
TOTAL ASSETS		**128,138,194**	**122,052,262**
EQUITY AND LIABILITIES			
Equity			
Share Capital	4	120,000,000	120,000,000
Other Equity	5	5,984,377	980,192.00
TOTAL EQUITY		**125,984,377**	**120,980,192.00**
LIABILITIES			
Current Liabilities			
Financial Liabilities			
Trade Payables	6	11,800	10,000
i) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other Financial Liabilities	7	1,660,196	1,062,070
Other Current Liability	8	481,821	-
TOTAL LIABILITIES		**2,153,817**	**1,072,070.00**
TOTAL EQUITY AND LIABILITIES		**128,138,194**	**122,052,262**

As per our report annexed

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 29th April 2019

Statement of Profit and Loss for the year ended 31st March 2019

(in Rs.)

Particulars	Note No	For the year ended 31st March 2019	For the period ended 31st March 2018
INCOME			
Revenue from operations			-
Other Income	9	7,539,665	2,062,557
Total revenue		**7,539,665**	**2,062,557**
EXPENSES			
Other expenses	10	83,300	1,082,365
Total Expense		**83,300**	**1,082,365**
Profit before tax		**7,456,365**	**980,192**
Tax expense:			
Current year taxes		1,974,094	
Tax relating to earlier years		478,086	
Profit/(Loss) after tax for the year		5,004,185	**980,192**
Earning per equity share:	11	0.42	0.08

As per our report annexed

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 29th April 2019

STATEMENT OF CHANGES IN EQUITY

(in Rs.)

A Equity

	Note No.	Amount
Balance as at April 1, 2017	4	-
Changes in Equity share capital during the year	4	120,000,000
Balance as at March 31, 2018		**120,000,000**
Changes in Equity share capital during the year		-
Balance as at March 31, 2019		**120,000,000**

B Other Equity

	Note No.	Retained Earnings	Total
Balance as at April 1, 2017	5	-	-
Profit for the period	5	980,192	980,192
Other comprehensive income	5	-	-
Balance as at March 31, 2018		**980,192**	**980,192**
Profit for the period	5	5,004,184	5,004,184
Other comprehensive income	5	-	-
Balance as at March 31, 2019		**5,984,376**	**5,984,376**

As per our report annexed

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 29th April 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(in Rs.)

		As at 31st March 2019		As at 31st March 2018	
A.	**Cash Flow from Operating Activities**				
	1. Profit/(Loss) Before Tax		7,456,365		980,192
	Interest Income	-		-	
			-		-
B.	Operating Profit before Working Capital Changes		7,456,365		980,192
C.	Change in Working Capital				
	Increase/(Decrease) in Short Term Receivable	(5,491,758)		(1,727,999)	
	Increase/(Decrease) in Trade and other Payables	(476,286)		10,72,070	
	Change in Working Capital		**(5,968,044)**		**(655,929)**
D.	Income Tax Paid		**(1,492,273)**		**(502,878)**
E.	Cash generated from Operations (B+C+D)		(3,952)		(178,615)
F.	**Net Cash from Operating Activities**		**(3,952)**		**(178,615)**
G.	**Net Cash Flow from Financing Activities**				
	Borrowings		598,126		
	Proceeds from Issue of Equity Shares			12,00,00,000	
	Net Cash from Financing Activities		**-**		**120,000,000**
H.	**Net change in Cash and Cash Equivalents (E+G)**		**594,174**		**119,821,385**
I.	**Cash and Cash Equivalents as at End**		**120,415,559**		**119,821,385**
J.	**Less: Cash and Cash Equivalents as at Beginning**		**119,821,385**		**-**
K.					
	NET CHANGE IN CASH & CASH EQUIVALENTS (I-J)		**594,174**		**119,821,385**

As per our report annexed

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 29th April 2019

NOTES TO BALANCE SHEET

(in Rs.)

1 **Cash and cash equivalents**

	31-Mar-19	31-Mar-18
Balances with banks	6,515,559	5,921,385
Deposits with banks	113,900,000	113,900,000
Total cash and cash equivalents	**120,415,559**	**119,821,385**

2 **Other Financial Assets**	**7,722,635**	**1,727,999**
3 **Advance Tax & TDS receivable**		**502,878**

4 **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	12,000,000	120,000,000

iii) **Movement in equity share capital**

	Number of Shares	Amount
Equity Shares as at April 1, 2017	**-**	**-**
Additions	**12,000,000**	120,000,000
Equity Shares as at March 31, 2018	**12,000,000**	**120,000,000**

iv) **Details of share holders holding more than 5%**

Name of the Share Holder	**As at March 31, 2018**	
	No. of Shares	**%**
TVS Credit Services Limited	12,000,000	100.00
Name of the Share Holder	**As at March 31, 2019**	
	No. of Shares	**%**
TVS Credit Services Limited	12,000,000	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.

5 **Other Equity**

	Amount as at March 31, 2019	Amount as at March 31, 2018
Retained Earnings	5,984,376	980,192
Total Other Equity	**5,984,376**	**980,192**
i) **Retained Earnings**		
Opening Balance	980,192	-
Add: Net profit for the year	5,004,185	980,192
Closing Balance	**5,984,377**	**980,192**

6 **Trade Payables**

Sundry Creditors for expenses	11,800	10,000
	-	-
Total Trade Payables	**11,800**	**10,000**

7 **Other Financial Liabilities**

	Amount as at March 31, 2019	Amount as at March 31, 2018
Payable to Holding Company	1,660,196	1,062,070
Total Borrowings	1,660,196	1,062,070

8 **Current Tax Liability**

Prov for Tax	481,821	
Total Trade Payables	**481,821**	**-**

NOTES TO STATEMENT OF PROFIT AND LOSS

9 **Other Income**

	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Interest Income	7,539,665	2,062,557
Total Other Income	**7,539,665**	**20,62,557**

10 **Other Expenses**

	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Professional charges	57,426	18,290
Rates and taxes		10,43,780
Payment to Auditors		
- As Auditor	11,800	10,000
Bank Charges	356	295
License Fees	13,718	10,000
Other Expenses	-	
Total Other Expenses	**83,300**	**10,82,365**

11 **Earnings per share**

	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Earnings attributable to equity share holders	5,004,184	980,192
Number of Shares	12,000,000	12,000,000
Earnings per Share	0.42	0.08

Brief Description of the company:

The Company was incorporated on 22nd August 2017 under the name of TVS Housing Finance Private Limited, wholly owned subsidiary of TVS Credit Services Limited. The company is yet to commence its business

12. Significant Accounting Policies forming part of Financial Statements

a. Basis of preparation of financial statements

The financial statements are prepared on historical cost convention, on a going concern basis and in accordance with the applicable Indian Accounting Standard (Ind AS) as notified under Section 133 in the Companies Act, 2013. All expenses and income to the extent ascertained with reasonable certainty are accounted for on accrual basis.

b. Use of estimates

The preparation of the financial statements in conformity with the applicable Accounting Standard requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

c. Cash Flow Statement

Cash flow statement is prepared under "Indirect Method" and the same is annexed.

d. Taxes on Income

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction.

e. Contingencies and events occurring after balance sheet date

There are no contingencies that need to be provided as on the balance sheet date.

Additional Notes forming part of Financial Statements for year ended 31st March 19

1. The Company has applied for the registration under Housing Finance Companies (NHB) Act, 1987 and the same is pending and hence it has not commenced its business of Housing Finance. Consequently, the requirements of disclosures and other compliances under NHB Act and Directions are not applicable.

2. There are no dues to micro medium small enterprises and hence the particulars required under notification no GSR 719(E) dt. 16.11.07 is not furnished.

3. Related Party Disclosures:

Reporting Entity:

Relationship	Name
Enterprise having Control	TVS Credit Services Limited
Subsidiary Company	Nil
Associate Companies	Nil
Key Management Personnel	Nil

Transactions with Related Parties

			Amount (Rs.)
Sl. No	Nature of Transaction	Name of the Related Party	During the Reporting period
01.	Services Received	TVS Credit Services Limited	5,98,126
	Balance Payable as at the end of the year	TVS Credit Services Limited	16,60,196

As per our report annexed

For V.Sankar Aiyar & Co
Chartered Accountants
Firm Regn No.: 109208W

G Venkatraman
Whole-Time Director

K Gopala Desikan
Director

V Gopalakrishnan
Chief Financial Officer

J Ashwin
Company Secretary

S.VENKATARAMAN
Partner
Membership No.: 23116

Chennai
Dated: 29th April 2019

Directors' Report to the Shareholders

The directors are pleased to present the Ninth annual report and the audited financial statements for the year ended 31st March 2019.

Financial Highlights

(Rs. In Lakhs)

Details	Year ended 31.03.2019	Year ended 31.03.2018
Sales and other income	**7.20**	138.69
Less: Expenses	**6.87**	131.90
Profit before tax	**0.33**	6.79
Provision for taxation (including deferred tax)	**0.09**	2.29
Profit after tax	**0.24**	4.50

Preparation of financial statements under Indian Accounting Standards

Pursuant to the notification issued by the Ministry of Corporate Affairs dated 16th February, 2015 relating to the Companies (Indian Accounting Standard) Rules, 2015, TVS Motor Company Limited (TVSM), the holding company, is required to adopt Indian Accounting Standards ("IND AS") from financial year 2016-17.

In terms of Rule 4(1)(ii) of the aforesaid rules, the holding, subsidiary, joint venture and associate companies are required to comply with Ind AS from financial year 2016-17 onwards. Accordingly, the financial statements of the Company for the year 2018-19 have been prepared in compliance with the said rules.

Dividend

The directors, in order to conserve the resources for its future business activities, have not proposed any dividend for the year under review.

Internal control systems

The Company has adequate internal control systems to ensure operational efficiency, accuracy and promptness in financial report and compliance of various laws and regulations. The internal control system is supported by the internal audit (IA) process. The IA department evaluates the efficacy and adequacy of internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all locations of the Company.

The Company has well-documented Standard Operating Procedures (SOPs), policies and procedures for various processes which are periodically reviewed.

Based on the report of IA function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Risk management

The Company has in place a mechanism to identify, assess, monitor and minimize various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis.

Directors' responsibility statement

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

(i) in the preparation of the annual accounts for the financial year ended 31st March 2019, 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 31st March 2019 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 S G Murali is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Changes in the Board of Directors

During the year Mr R Chandramouli resigned as Director of the Company with effect from 12th July 2018 and Mr V Ganesh was appointed as Additional Director of the Company with effect from 12th July 2018 to hold office till the conclusion of the ensuing Annual General Meeting as provided under Section 161 (1) of the Companies Act, 2013.

Board Meetings

During the year under review, the board met five times on 23rd April 2018,12th July 2018, 10th August 2018, 1st November 2018 and 9th January 2019. The gap between two meetings did not exceed one hundred and twenty days.

Statutory Auditors

The Company at its fourth Annual General Meeting (AGM) held on 11th July 2014 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 a term of five consecutive years, subject to ratification of their appointment, at every annual general meeting (AGM), at such remuneration in addition to reimbursement of out of pocket expenses, travelling and other expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

In terms of the above provisions, M/s V Sankar Aiyar & Co., Chartered Accountants have completed their first term of five consecutive years.

It is therefore proposed to re-appoint them as Statutory Auditors for a subsequent term of five years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 14th Annual General Meeting of the Company.

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 and consent for being appointed as statutory auditors of the Company for a further period of 5 years from the conclusion of the ensuing Annual General Meeting.

The Auditors' Report for the financial year 2018-19 does not contain any qualification, reservation or adverse remark and the same is attached as part of the annual financial statements.

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo etc.,

The information do not apply to the Company, as the Company is not a manufacturing Company. During the year under review, there were no foreign exchange earnings or expenditure in the Company.

Material changes and commitments

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

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

There are no significant and material orders passed by the regulators or courts or tribunals, which would impact the going concern status of the Company.

Annual Return

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

Deposits

The Company has not accepted any deposit from the shareholders and others within the meaning of Chapter V of the Act 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March 2019 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 2018-19, the Company has not extended any guarantee or has given loans to other companies or made any investment during the year under review.

Related Party Transactions

Pursuant to the provisions of section 134(h) of the Act 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, furnishing of particulars of contracts or arrangements entered into by the Company with related parties during the year under review is furnished in Form AOC 2 as Annexure II to this Report.

All related party transactions during the year were on ordinary course of business and at arm's length price and have been approved by the Board of Directors.

Maintenance of cost records

Pursuant to Section 148(1) of the 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 turnover of the Company for the financial year 2017-18 did not exceed 35 Crores and hence cost records were not required to be maintained 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.

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

The Company was not requried to constitute an Internel Compliants Committee as requried under the sxeual horassment of women at work plase (Prevention, Prohition and Redressal) Act, 2013 since there are no employees in the company.

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

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding Company, namely, TVS Motor Company Limited, and bankers for their continued support and assistance.

For and on behalf of the Board

Place : Chennai	S G MURALI	V GANESH
Date : 19th April 2019	Director	Director

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN for the financial year ended 31st March 2019

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	U70101TN2010PLC075027
ii)	Registration Date	:	22.03.2010
iii)	Name of the Company	:	TVS Housing Limited
iv)	Category / Sub-Category of the Company	:	Public Limited Company- Limited by shares
v)	Address of the Registered office and contact details	:	1st Floor, Greenways Tower, 119, St. Mary's Road, Abhiramapuram, Chennai 600 018 Tel: (044-) 28272233 Fax: (044-) 28257121
vi)	Whether listed company (Yes / No)	:	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl.No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Lessors of real property	70106	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section – Companies Act, 2013
1.	TVS Motor Company Limited along with its six nominees	L35921TN1992PLC022845	Holding Company	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding: **N.A.**

(ii) Shareholding of Promoters:

Name of the Shareholders (M/s.)	No. of shares	% of Shareholding
TVS Motor Company Limited (Holding Company) and its six nominees	50,000	100
TOTAL	50,000	100

(iii) Change in Promoters' Shareholding : **N.A.**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**N.A.**

(v) Shareholding of Directors :

Name of the Director	No. of shares	% of total shares of the Company	Cumulative		Closing Balance	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
S G Murali (Nominee of TVS Motor Company Limited)	1	-	1	-	1	-

V.INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment: **NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

B. Remuneration to other directors:

(in Rs.)

Sl. No	Particulars of Remuneration	Name of Directors				Total Amount
		S G Murali	C Mukundhan	R Chandra mouli*	V Ganesh	
1.	Directors:Fee for attending board meetings Commission Others, please specify	20,000	20,000	-	15,000	55,000
	Total	20,000	20,000	-	15,000	55,000

* Resigned as director w.e.f. 12th July 2018.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: **N.A.**

VII.PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: **NIL**

For and on behalf of the Board

Place : Chennai
Date : 19th April 2019

S G MURALI
Director

V GANESH
Director

Annexure - II

Form No. AOC – 2

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis – Nil
2. Details of material contracts/arrangement/transactions at arm's length basis:

Particulars	Amount (In lakhs)
Emerald Haven Realty Limited, Associate of Holding Company	
Rent – Corporate Office	1.20
Rental Income	7.20

For and on behalf of the Board

Place : Chennai	S G MURALI	V GANESH
Date : 19th April 2019	Director	Director

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2019

To the Members of TVS Housing Limited

Report on the Audit of the Stand-alone financial statements

Opinion

We have audited the stand-alone financial statements of TVS Housing Limited ("the Company"), which comprise the stand-alone balance sheet as at 31st March 2019, the statement of profit and loss (including Other Comprehensive Income), standalone Statement of changes in Equity and 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid stand-alone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, Other 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Stand-alone 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 stand-alone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the Shareholders but does not include the financial statements and our auditor's report thereon. The Directors' Report to the Shareholders is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors' Report to the Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Stand-alone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these stand-alone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand-alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the stand-alone financial statements, Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Stand-alone 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 SA 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 stand-alone financial statements.

As part of an audit in accordance with SA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the stand-alone 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. 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 with reference to financial statements in place and the operative 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 stand-alone 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 stand-alone financial statements, including the disclosures, and whether the stand-alone 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 reasonable be thought to bear on our independence, and where applicable related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid stand-alone financial statements comply with the 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 as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) There are no pending litigations on its financial position as at 31st March 2019;

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

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

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 19th April, 2019

Annexure "A" to Independent Auditors' Report 31st March 2019

(Referred to in our report of even date)

(i) The Company does not have any fixed assets. Therefore, the provisions of clause (i) of the para 3 of the Order are not applicable to the Company.

(ii) As informed to us, the inventories were physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable. There were no material discrepancies noticed during such verification.

(iii) The company has not granted any loan to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause (iii) of the para 3 of the Order are not applicable to the Company.

(iv) The company has not granted any loan, made investments and provided guarantees and security. Therefore, the provisions of clause (iv) of the para 3 of the Order are not applicable to the Company

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause (v) of the para 3 of the Order are not applicable to the Company.

(vi) Maintenance of cost records is not specified under section 148 (1) of the Companies Act, 2013, for the operations carried on by the Company, as the net worth or turnover of previous year are within the threshold limit as per Clause C of Rule 3 of Companies (Cost records and audit) Rules, 2014. Therefore, the provisions of clause (vi) of the para 3 of the Order are not applicable to the Company.

(vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Income Tax, Goods and Service Tax, Cess and other material statutory dues with the appropriate authorities. We are informed that there is no liability towards Provident Fund, Employees' State Insurance and duty of customs for the year under audit. According to the information and explanation given to us, no undisputed amount payable in respect of Income Tax, Goods and Service Tax and Cess were in arears as at 31st March 2019 for a period of more than six months from the date they became payable.

(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) The Company has no borrowings nor has not raised any monies against issue of debentures. Also, has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year Therefore, the provisions of clause (viii) and (ix) of the para 3 of the Order are not applicable to the Company.

(ix) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no fraud by the Company and no fraud on the company by its officers or employees has been noticed or reported during the year.

(x) In our opinion and according to the information and explanations given to us, the Company has not paid managerial remuneration as referred to Section 197 of the Act.

(xi) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and Section 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiii) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xiv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For V. SANKAR AIYAR & CO.,
Chartered Accountants
FRN. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 19th April, 2019

Annexure "B" to Independent Auditors' Report 31st March 2019

(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, Chennai ("the Company") as of March 31st, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st , 2019, 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
FRN. No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 19th April, 2019

Balance Sheet as at 31st March 2019

(Rs. in Lakhs)

	Note No.	As at March 31, 2019	As at March 31, 2018
Assets			
Current assets			
Inventories	2	242.63	242.61
Financial assets			
i. Cash and cash equivalents	3	16.57	23.37
Current tax assets (Net)	4	65.38	64.75
Other current assets	5	111.53	111.92
Total current assets		**436.11**	**442.65**
Total Assets		**436.11**	**442.65**
Equity and Liabilities			
Equity			
Equity share capital	6	5.00	5.00
Other equity	7	79.11	78.87
Total equity		**84.11**	**83.87**
Current liabilities			
Financial liabilities			
i. Trade payables	8	-	-
- total outstanding dues of micro enterprises and small enterprises (MSME)			
- total outstanding dues of creditors other than micro enterprises and small enterprises		2.35	3.10
ii. Other financial liabilities	9	349.45	355.31
Current tax liabilities (Net)	10	-	-
Other current liabilities	11	0.20	0.37
Total current liabilities		**352.00**	**358.78**
Total liabilities		**352.00**	**358.78**
Total equity and liabilities		**436.11**	**442.65**
Significant Accounting Policies	1		

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

SG MURALI
Director

V GANESHI
Director

Chennai
Dated: 19th April 2019

Statement of Profit and Loss for the year ended 31st March 2018

(Rs. in Lakhs)

	Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
Income			
Revenue from operations	12	7.20	138.69
Total income		**7.20**	**138.69**
Expenses			
Operating Expenses	13	-	96.10
Other expenses	14	6.87	35.80
Total expenses		**6.87**	**131.90**
Profit before tax		**0.33**	**6.79**
Income tax expense	15		
Current tax		0.09	2.29
Deferred tax			
Total tax expense		**0.09**	**2.29**
Profit for the year		**0.24**	**4.50**
Items that will not be reclassified to profit or loss			
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**0.24**	**4.50**
Earnings per equity share			
Basic & Diluted earnings per share	16	0.47	9.00
Significant Accounting Policies	1		

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

SG MURALI
Director

V GANESHI
Director

Chennai
Dated: 19th April 2019

Cash Flow Statement

(Rs. in Lakhs)

		Year ended March 31, 2019		Year ended March 31, 2018	
A.	**Cash flow from operating activities:**				
	Net profit before extraordinary items and tax		**0.33**		**6.79**
	Add:				
	Interest income				-
	Operating profit before working capital changes		**0.33**		**6.79**
	Adjustments for:				
	Inventories	(0.02)		81.10	
	Other current assets	-		-	
	Loans and advances	0.39		(6.89)	
	Trade payables	(0.76)		(6.84)	
	Other current liabilities	(6.02)		(80.34)	
			(6.41)		(12.97)
	Cash generated from operations		**(6.08)**		**(6.18)**
	Income taxes paid		(0.72)		(4.51)
	Net cash from operating activities		**(6.80)**		**(10.69)**
B.	**Cash flow from investing activities:**				
	Interest received				
			-		-
	Net cash from / (used in) investing activities		-		-
C.	**Cash flow from financing activities :**				
			-		-
	Net cash from / (used in) financing activities		-		-
	Total (A+B+C)		**(6.80)**		**(10.69)**
	Cash and cash equivalents at the beginning of the year		23.37		34.06
	Cash and cash equivalents at the end of the year		16.57		23.37
	Net increase/(decrease) in cash and cash equivalents		**(6.80)**		**(10.69)**

As per our report annexed
For V.Sankar Aiyar & Co
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Chennai
Dated: 19th April 2019

Statement of Changes in Equity

Equity share capital	Number of shares	Equity share capital (par value) Rs. In Lakhs
As at 31 March 2017	50,000	5.00
Changes in Equity share Capital	-	-
As at 31 March 2018	50,000	5.00
Changes in Equity share Capital	-	-
As at 31 March 2019	50,000	5.00

Other equity

	Retained earnings
Balance as at March 31, 2017	**74.37**
Add : Profit for the year ending March 31, 2018	4.50
Balance as at March 31, 2018	**78.87**
Add : Profit for the period ending March 31, 2019	0.24
Balance as at March 31, 2019	**79.11**

As per our report annexed
For V.Sankar Aiyar & Co
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Chennai
Dated: 19th April 2019

1. SIGNIFICANT ACCOUNTING POLICIES

a. Brief description of the Company

TVS Housing Limited ('the Company') is a public limited company incorporated in the year 2010 and domiciled in India. The registered office is located at "1st Floor, Greenways Towers, No. 119, St.Marys Road, Abhiramapuram, Chennai – 600018, Tamil Nadu, India".

b. Basis of preparation

i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

ii) Historical Cost Convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities is measured at fair value;
- defined benefit plans – plan assets measured at fair value;

c. Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria for recognition have been met. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

e. Property, Plant and Equipment

Property plant and equipment are stated at historic cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labor cost and directly attributable overhead expenditure incurred up to the date the asset is ready for its intended use. However, cost excludes all duties and taxes wherever credit of the same is availed.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

f. Depreciation and amortization

The company depreciates the carrying amount of the assets over the remaining useful life of the assets as per schedule II of the Companies Act, 2013 under straight line method, except in the case of Computers, Mobile phones, Vehicles, and Plant and Machinery which are charged over 3.33 years, 2 years, 5.56 years and 6.67 years respectively which are different from the useful life given under the said schedule, which is based on valuer's certification of useful life being shorter than specified in schedule. Improvement on leased property is depreciated over the primary lease period. Depreciation on fixed assets added or disposed off during the year is calculated on pro-rata basis with reference to the date of addition/disposal.

g. Intangible assets

Intangible assets are stated at original cost net of tax / duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets being Software cost is amortized at 50% per annum.

h. Inventories

i) Stock-In-Trade

Land is valued at the lower of cost and net realizable value. Cost includes cost of acquisition and all related costs.

ii) Work-In-Progress

Work in Progress is valued at cost. Cost includes cost of construction and services, employee cost, other overheads related to project under construction and borrowing cost.

i. Employee benefits

(i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long term employee benefit:

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligation:

The Company operates the following post-employment schemes:

a) Defined benefit plans such as gratuity and pension for its eligible employees, and

b) Defined contribution plans such as provident fund.

(iv) Pension and Gratuity obligation:

The liability or asset recognized in the balance sheet in respect of defined benefit pension and gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on the government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

(v) Bonus plans:

The Company recognizes a liability and an expense for bonuses. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

J. Income Tax

Tax expense comprises of current and deferred taxes.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

k. Provisions and contingent liabilities

i) Provision:

A provision is recorded when the Company has a present or constructive obligation as a result of present obligation, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability. Show cause notices are not considered as Contingent Liabilities unless converted into demand.

l. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

m. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

n. Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

o. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the intention to collect the contractual cash flows and therefore measures them subsequently at amortized cost using effective interest method, less loss allowance.

p. Investments and Other financial assets

i) Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

ii) Measurement

At Initial recognition, the company measures a financial asset at its fair value plus (in the case of a financial asset not a fair value through profit or loss) transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments.

Amortized Cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair Value through profit or loss:

Assets that do not meet the criteria for amortized cost or Fair Value through Other Comprehensive Income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit and loss within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments-Investment in subsidiaries / associates:

Investment in subsidiaries/ associates are measured at cost.

iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected credit losses to be recognized from initial recognition of the receivables.

iv) Derecognition of financial assets

A financial asset is derecognized only when:

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 an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, if the Company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

v) Income recognition

Interest Income:

Interest income is recognized on time proportion basis, determined by the amount outstanding and the rate applicable.

While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends:

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

q. Functional Currency:

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is functional and presentation currency.

Transactions and balances:

i. Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the date of transaction.

ii. Exchange differences arising on settlement of transactions are recognized as income or expense in the year in which they arise.

r. Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are usually unsecured and paid within the credit periods. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

s. Borrowings:

Borrowings are initially recognized at fair value, net of transaction cost incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the redemption amount is recognized in profit or loss over the period of the borrowings, using the effective interest method. Fees paid on the established loan facilities are recognized as transaction cost of the loan, to the extent that it is probable that some or all the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gain/(loss).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

t. Leases

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

u. Current and Non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading

All other assets are classified as non-current.

A liability is treated as current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading or

All other liabilities are classified as non-current.

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

Operating Cycle:

The normal operating cycle in respect of operation relating to real estate project depends on singing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed & realization of project into cash & cash equivalents and range from 3 to 7 years. Accordingly assets & liabilities have been classified into current & non-current based on operating cycle.

v. Earnings Per Share:

(i) Basic earnings per share:

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for new equity shares issued during the year (Note No.27)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes to balance Sheet

(Rs. in Lakhs)

		As at March 31, 2019	As at March 31, 2018
2	**Inventories**		
	Land held for Development	242.63	242.61
	Total Inventories	**242.63**	**242.61**
3	**Cash and cash equivalents**		
	Balances with banks	16.57	23.37
	Total cash and cash equivalents	**16.57**	**23.37**

		As at March 31, 2019	As at March 31, 2018
4	**Current tax assets (Net)**		
	Opening balance	64.75	63.03
	Add: Taxes paid net of refund	0.72	4.01
	Less: Current tax payable for the year	(0.09)	(2.29)
	Closing balance	**65.38**	**64.75**
5	**Other current assets**		
	GST Receivable	111.40	111.79
	Advance given to vendor	0.13	0.13
	Total other current assets	**111.53**	**111.92**

6 Equity share capital

(a) **Authorised, issued, subscribed and fully paid up**

Particulars	As at March 31, 2019		As at March 31, 2018	
	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, 2019		As at March 31, 2018	
	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, 2019		As at March 31, 2018	
		No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited with nominees	Equity	50,000	100%	50,000	100%

(Rs. in Lakhs)

		As at March 31, 2019	As at March 31, 2018
7	**Other Equity**		
	Retained earnings	79.11	78.87
	Total reserves and surplus	**79.11**	**78.87**

Retained earnings: Company's cumulative earnings since its formation minus dividends. These are available for distribution.

Notes to balance sheet

		Rs. in Lakhs	
		As at March 31, 2019	**As at March 31, 2018**
8	**Trade payables**		

The Company has not received any memorandum (as required to be filed by the supplier with the notified authorities under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro or small enterprises. Accordingly, amount paid/ payable to these parties is considered to be Rs. Nil.

		As at March 31, 2019	As at March 31, 2018
9	**Other financial liabilities**		
	Payable to related parties (Net of Security Deposit)	349.45	355.31
	Total other current financial liabilities	**349.45**	**355.31**
10	**Current tax Liabilities (Net)**		
	Opening Balance of Tax Payable	**-**	0.50
	Add: Current tax payable for the year	-	-
	Less: Taxes paid net of refund	-	(0.50)
	Closing balance	**-**	**-**
11	**Other current liabilities**		
	Statutory Dues	0.20	0.37
	Total other current liabilities	**0.20**	**0.37**

Notes to Statement of Profit or Loss

		Rs. in Lakhs	
		Year Ended March 31, 2019	**Year Ended March 31, 2018**
12	**Revenue from operations**		
	Income from sale of Land	-	138.69
	Income from Rentals	7.20	-
	Total revenue	**7.20**	**138.69**
13	**Cost of Sales**		
	Inventories at the beginning of the year:		
	Land held for development	242.61	323.71
	Add: Incurred during the year:	0.02	-
	Infrastructure and Development cost	-	15.00
		242.63	**338.71**
	Less: Inventories at the end of the year:	242.63	242.61
	Cost of Land Sold	**-**	**96.10**
14	**Other expenses**		
			-
	Advertisement Expenses	-	18.03
	Rent	1.20	0.90
	Audit Fees	2.00	2.00
	Consultancy and Professional Charges	3.08	1.22
	Deputation cost	-	11.10
	Rates & Taxes	0.03	1.85
	Miscellaneous Expenses	0.56	0.70
	Total other expenses	**6.87**	**35.80**
15	**Income tax expense**		
	(a) Income tax expense		
	Current tax		
	Current tax on profits for the year	0.09	2.29
	Total current tax expense	**0.09**	**2.29**
	Total deferred tax expense/(benefit)	**-**	**-**
	Income tax expense	**0.09**	**2.29**
	(b) Reconciliation of tax expense and the accounting profit multiplied by Income tax rate:		
	Profit before income tax expense	0.33	6.79
	Tax at the Income tax rate of 25.75% (2016-2017 – 30.90%)	0.09	1.75
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Deemed Income considered only for tax purpose		0.54
	Taxes relating to Previous years		0.01
	Income tax expense	**0.09**	**2.30**

Notes to Statement of Profit or Loss (Contd.)

Rs. in Lakhs

	Year Ended March 31, 2019	Year Ended March 31, 2018
16 Earnings per share		
(a) Basic and diluted earnings per share		
Basic/Diluted earnings per share attributable to the equity holders of the Company (Rs.)	0.47	9.00
(b) Reconciliations of earnings used in calculating earnings per share		
Profit attributable to equity shareholders of the company used in calculating basic/diluted earnings per share (Rs.)	0.24	4.50
(d) Weighted average number of equity shares used as the denominator in calculating basic/ diluted earnings per share	50,000	50,000

Financial instruments and risk management

Rs. in Lakhs

17 Fair value measurements

Financial instruments by category

	As at March 31, 2019	As at March 31, 2018
	Amortised cost	**Amortised cost**
Financial assets		
Cash and cash equivalents	16.57	23.37
Others	-	-
Total Financial Assets	**16.57**	**23.37**
Financial liabilities		
Trade payables	-	-
Payable to related parties	349.45	355.31
Total Financial Liabilities	**349.45**	**355.31**

The Company has no Financial Assets or Liabilities that are valued at Fair Value through Profit and Loss or Fair Value through Other Comprehensive Income

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade payables, cash and cash equivalents, and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

18 Financial risk management

The company's activities expose only to credit risk.

Risk	Exposure arising from	Risk Mitigation
Credit risk	Cash and cash equivalents, financial assets measured at amortised cost.	Surplus cash is deposited only with banks/ financial institutions with high external rating

(A) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

(i) Credit risk management

Credit risk is managed on a company basis. For banks and financial institutions, only high rated banks/institutions are accepted.

(B) Liquidity risk

(i) Maturities of financial liabilities

The tables below analyse The company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

a) all non-derivative financial liabilities, and

b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities:

Particulars	**Maturity**	Rs. in Lakhs	
		March 31, 2019	**March 31, 2018**
Trade payables	< than 12 months	2.35	3.10
Other financial liabilities	> than 12 months	349.45	355.31

19 Capital management

Risk management

The company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Other disclosures

Rs. in Lakhs

20 Operating Segment

(a) Description of segments and principal activities

The Company is primarily engaged in the business of Developing and subdividing real estate into plots. The entity's entire operations are reviewed by Chief operating decision makers as one Operating segment.

(b) Entity Wide disclosures

i) Company's major service is real estate development

ii) Company is domiciled and operates within India

iii) There is no major reliance on a single customer.

21 Contingent liabilities and contingent assets

(a) Contingent liabilities

The Company has no Contingent Liabilities as on date

(b) Contingent assets

The Company has no Contingent Assets as on date

22 Commitments	**March 31, 2019**	**March 31, 2018**
(a) Capital commitments		
Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities	Nil	Nil
(b) Other commitments		
Expenditure related contractual commitments apart from Capital Commitments	Nil	Nil

23 Related Party Disclosure

		As at/ year ended March 31, 2019	**As at/ year ended March 31, 2018**
(a)	**Related parties and their relationship for the financial year 2018-19**		
	Holding company		
	Sundaram – Clayton Limited, Chennai		
	TVS Motor Company Limited		
	Associate of Holding Co.		
	Emerald Haven Realty Limited, Chennai		
(b)	**Transactions with related parties:**		
	- Associate of Holding Co.		
	Emerald Haven Realty Limited, Chennai		
(i)	Reimbursement of Advertisement, Deputation and Infrastructure Expenses	-	52.37
(ii)	Rent - Corporate Office	1.20	0.90
(iii)	Rental Income	7.20	-
(c)	**Balances with related parties:**		
(i)	Other payables (Net of Security Deposit)		
	- Associate of Holding Co.		
	Emerald Haven Realty Limited, Chennai	349.43	355.31

Note: The balances are unsecured and payable on demand.

24 Deferred Tax Asset on loss is recognised as the management is confident of achieving taxable profit which will be available against which the loss will be reversed.

25 Auditors' remuneration (Included under Other Expenses) (Exclusive of GST)

Particulars	As at 31st March 2019	As at 31st March 2018
Payments to Auditors include		
a. Statutory Audit	1.50	1.50
b. Certification Fees	0.50	0.50

26 In the opinion of the management, the current assets, loans & advances have a value of realisation in ordinary course of business or at least equal to the amount at which they are stated in the balance sheet.

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

For and on behalf of the Board of Directors

S.VENKATARAMAN
Partner
Membership No.: 23116

SG MURALI
Director

V GANESHI
Director

Chennai
Dated: 19th April 2019

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 2019.

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 2019 and the financial performance, changes in equity and cash flows of the company for the year then ended; and

   (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

2. **DIRECTORS**

   The directors of the company in office at the date of this statement are:

   Venu Srinivasan

   Hari Hara Iyer Lakshmanan

   Seenivasan Elayalwar

3. **ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

   Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

4. **DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

   The directors who held office at the end of the financial year, had no interest in the share capital of the company and related corporations as recorded in the register of directors' shareholdings required to be kept by the company under Section 164 of the Singapore Companies Act, Chapter 50 except as stated below:

	Number of ordinary shares of INR1 each	
Name of directors and corporation In which interests are held	At beginning of year	At end of year
TVS Motor Company Limited (Holding company)		
Venu Srinivasan	2,569,726	2,569,726
Hari Hara Iyer Lakshmanan	55,870	55,870

5. **SHARE OPTION**

   During the financial year, no option to take up unissued shares of the company was granted.

   During the financial year, there were no shares of the company issued by virtue of the exercise of options to take up unissued shares.

   As at the end of the financial year, there were no unissued shares of the company under option.

6. **AUDITOR**

   Rama & Co. has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board

VENU SRINIVASAN	HARI HARA IYER LAKSHMANAN
Director	Director

Singapore,

26th April, 2019

Independent Auditors' report to the Member of TVS Motor (Singapore) Pte. Limited

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 2019, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 March 2019 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 and 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory 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,

26th April, 2019

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019	2018
		S$	S$
ASSETS			
Non-current asset			
Investment in associate	(8)	**74,697,543**	74,697,543
Plant and equipment	(9)	**14,093**	-
Total non-current asset		**74,711,636**	74,697,543
Current assets:			
Other receivable	(10)	**5,440,795**	-
Prepayments	(11)	**678,523**	-
Bank balance	(12)	**1,073,431**	1,313,586
Total current asset		**7,192,749**	1,313,586
Total assets		**81,904,385**	76,011,129
EQUITY AND LIABILITIES			
Capital reserve:			
Share capital	(13)	**91,480,287**	77,590,002
Accumulated losses		**(12,085,385)**	(2,142,229)
Total equity		**79,394,902**	75,447,773
Current liabilities:			
Other payables	(14)	**2,509,483**	563,356
Total current liabilities		**2,509,483**	563,356
Total equity and liabilities		**81,904,385**	76,011,129

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 2019

	Note	2019	2018
		S$	S$
Revenue		**-**	-
Administrative expenses		**(9,857,334)**	(1,186,690)
Other expense		**(85,822)**	-
Loss before income tax		**(9,943,156)**	(1,186,690)
Income tax	(15)	**-**	-
Loss for the year	(16)	**(9,943,156)**	(1,186,690)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(9,943,156)**	(1,186,690)

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 2019

	Share Capital	Accumulated Losses	Total
	S$	S$	S$
Balance as at 1 April 2017	76,284,702	(955,539)	75,329,163
Issuance of shares	1,305,300	-	1,305,300
Total comprehensive loss for the year	-	(1,186,690)	(1,186,690)
Balance as at 31 March 2018	77,590,002	(2,142,229)	75,447,773
Issuance of shares (Note 13)	13,890,285	-	13,890,285
Total comprehensive loss for the year	-	(9,943,156)	(9,943,156)
Balance as at 31 March 2019	91,480,287	(12,085,385)	79,394,902

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 2019

	Note	2019	2018
		S$	S$
Cash flow from operating activities:			
Loss before income tax		**(9,943,156)**	(1,186,690)
Adjustment for:			
Depreciation	(9)	**7,046**	-
Professional fees	(18)	**3,314,812**	-
Operating loss before working capital changes		**(6,621,298)**	(1,186,690)
Other receivables		**(5,440,795)**	-
Prepayments		**(678,523)**	-
Other payables		**1,997,490**	2,500
Net cash used in operating activities		**(10,743,126)**	(1,184,190)
Investing activities:			
Purchase of plant and equipment	(9)	**(21,139)**	-
Net cash used in investing activities		**(21,139)**	-
Financing activities:			
Amount due to holding company	(18)	**52,960**	555,056
Issuance of shares	(13)	**10,471,150**	1,305,300
Net cash from financing activities		**10,524,110**	1,860,356
Net (decrease) / increase in bank balance		**(240,155)**	676,166
Bank balance at beginning of year		**1,313,586**	637,420
Bank balance at end of year		**1,073,431**	1,313,586

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019

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 2019 were authorised for issue by the board of Directors on 26 April 2019.

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 Group 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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 17 Lease, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or 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 2018. 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.

FRS 109 Financial instruments

This standard replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

The company applied FRS 109 retrospectively, with an initial application date of 1 April 2018. The company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosure relating to items within the scope of FRS 39.

The accounting policies for financial instruments under FRS 109 are disclosed in Note

3. Classification and measurement

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. The assessment of the company's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the company. The following are the changes in the classification and measurement of the company's financial assets:

- Bank balance previously classified as loans and receivables on the statement of financial position as at 31 March 2018 were classified and measured as financial assets at amortised cost beginning 1 April 2018.

The company has not designated any financial liabilities at FVTPL. There are no changes in classification and measurement for the company's financial liabilities.

Impairment

The adoption of FRS 109 has fundamentally changed the company's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. FRS 109 required the company to recognise an allowance for ECLs for debt instruments not held at FVTPL.

b) <u>Standards issued but not yet effective</u>

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 of annual period beginning on or after
FRS 116	Leases	1 January 2019
INT FRS 123	Uncertainty over Income Tax Treatment	1 January 2019
FRS 103	Amendments to FRS 103: Definition of a Business	1 January 2020
FRS 1 & FRS 8	Amendments to FRS 1 and FRS 8: Definition of Material	1 January 2020
Various	Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020

The management anticipate that the adoption of the above FRSs, INT FRS and amendments to FRS in future periods standards will not have a materials impact on the financial statements of the company in the period of their initial adoption.

2.3. Functional and Foreign Currency

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The financial statements of the company are presented in Singapore dollar, which is also the functional currency of the company.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss.

2.4. Associate

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.

2.5. Plant and Equipment

a) Measurement

Plant and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and any impairment losses.

b) Components of costs

The cost of an item of plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

c) Depreciation

Depreciation is calculated on the straight line method to write off the cost of the plant and equipment over their estimated useful lives as follows:

	Years
Office equipment	3

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) Disposals

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

2.6. Impairment of Non-Financial Assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.7. 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.

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, carryforward 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.

2.8. 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.

2.9. 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 jointventure 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.

2.10. 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.

2.11. 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.

2.12. 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 the company becomes a party to the contractual provisions of the instrument.

3.1 Financial Assets

All financial assets are recognised & de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the assets within the time frame established by the market concerned

a) Classification and subsequent measurement

The accounting for financial assets from 1 April 2018 under FRS 109 is as follow:

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The company initially measures a financial asset at its fair value plus, in the case of 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 FVPL are expensed in profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest 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 amortisation process.

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

As at the reporting date, the company's debt instruments at amortised cost consist of other receivables and bank balance.

The accounting for financial assets before 1 April 2018 under FRS 39 are as follow:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Bank balance is classified within loans and receivables on the statement of financial position.

Bank balance

Bank balance comprises cash at bank and is readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

b) Impairment of financial assets

The accounting for financial assets from 1 April 2018 under FRS 109 are as follow:

When applicable, the company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

When applicable, the company will recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets will be estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment pf both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the company will recognises lifetime ECL when there has been significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measured the loss allowance for that financial instrument at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets gross carrying amount at the reporting date; or for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at reporting date, together with any additional amounts expected to be draw down in the future by default date determined based on historical trend, the company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows for the company in accordance with the contract and all the cash flows that the company expects to receive, discount at the original effect interest rate.

The accounting for financial assets before 1 April 2018 under FRS 39 are as follow:

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

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.

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

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respectively carrying amounts is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1. Critical Accounting Judgements

In the application of the company's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Determination of functional currency

In determining the functional currencies of the company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the company is determined based on management's assessment of the primary economic environment in which the company operates and the company's process of determining sales prices.

4.2. Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of investment in associate

The company follows the guidance of FRS 36 in determining the recoverability of its investment in associate. This requires assessment as to whether the carrying values of its investment can be supported by the net present values of future cash flows derived from such investment using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement. The company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information. The carrying amount of investment in associate is disclosed in Note 8 to the financial statements.

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS 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:

	2019	2018
	S$	S$
Financial asset		
At amortised cost:		
- Other receivable	5,440,795	-
- Bank balance	1,073,431	1,313,586
	6,514,226	1,313,586
Financial liabilities		
At amortised cost:		
- Other payables	2,509,483	563,356

5.2. Financial Risks Management Policies and Objectives

The company's overall risk management policy seeks to minimise potential adverse effects on the financial performance of the company. The company, however, does not have any written risk management policies and guidelines. The management meet periodically to analyse, formulate and monitor the following risk management of the company and believe that the financial risks associated with these financial instruments are minimal. The company adopt systematic approach towards risk assessment and management. This is carried out in three phases, i.e. identification and assessment of risks, formulation and implementation of risk treatment, and monitoring and reporting of risk profile.

There has been no change to the company's exposure to the financial risks or the manner in which it manages and measures the risks.

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 counterparties 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.

Risk management practices

General approach

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. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

Default event

The company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 90 days or there is significant difficulty of the counterparty.

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 forwardlooking information such as the following:

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019 (Continued)

- Internal credit rating
- External credit rating
- Actual and expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operation results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the payment status of debtors in the Group 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 90 days past due in making contractual payment.

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.

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 issuer or the borrower;
- A breach of contract, such as default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial ecognizing on; or
- The disappearance of an active market for that financial assets because of financial liabilities.

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.

The company's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for ecognizing expected credit loss (ECL)
I	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	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	Amount is > 90 days past due to or there is evidence indicating the asset is credit-impaired (in default)	Lifetime ECL – credit impaired
IV	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 receivable

These are considered to be low risk, and they have been measured based on 12- month expected credit loss model and subject to immaterial credit loss.

• Bank balance

The company places its bank deposit with credit worthy financial institution. Impairment on bank balance is measured on the 12-month expected loss basis. Management considers that its bank balance has 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 balance 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:

	2019 US$	2018 US$
In Singapore dollar		
Financial assets		
Other receivable	**5,440,795**	-
Bank balance	**1,073,431**	1,313,586
	6,514,226	1,313,586
Financial liabilities		
Other payables	**281,428**	-
Net exposure	**6,232,798**	1,313,586

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:

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019 (Continued)

	2019 S$	2018 S$
US$ impact	(623,280)	(131,359)

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 nonderivative 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	
2019	Effective interest rate (%)	Carrying amount	Within 1 year of repayable on demand	Total
		S$	S$	S$
Financial liability				
Other payables	-	2,509,483	2,509,483	2,509,483

			Contractual undiscounted cash flows	
2018	Effective interest rate (%)	Carrying amount	Within 1 year of repayable on demand	Total
		S$	S$	S$
Financial liability				
Other payables	-	563,356	563,356	563,356

e) **Fair value of financial assets and financial liabilities**

The carrying amounts of other receivable, bank balance and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

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 balance. Total capital is calculated as equity and net debt. The company's overall strategy remains unchanged during the period.

	2019 S$	2018 S$
Other payables	2,509,483	563,356
Less: Bank balance	(1,073,431)	(1,313,586)
Net debts	1,436,052	(750,230)
Total equity	79,394,902	75,447,773
Total capital	80,830,954	74,697,543
Gearing ratio	2%	N.M.

The company is not subject to externally imposed capital requirements.

N.M. – Not meaningful.

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 29 (Old No.8) Haddows Road, Chennai 600006, and 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:

	2019 S$	2018 S$
Recovery of consultancy fees	3,685,419	540,000
Recovery of rental expense	-	15,056

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.

8. INVESTMENT IN ASSOCIATE

	2019 S$	2018 S$
Unquoted equity shares at cost:		
At beginning and end of the year	74,697,543	74,697,543

Details of the associate are as follows:

Name of associate/ Country of incorporation	Principal activity	Proportion of ownership Interest 2019	2018
PT. TVS Motor Company Indonesia	Manufacturers of motorcycles, motorcycles spare parts and accessories.	33%	35%

The company did not perform equity accounting of the results of the associate as the holding company will be preparing such financial statements. These financial statements are available for public use. The registered office of the holding company, TVS Motor Company Ltd is at 29 (Old No. 8) Haddows Road, Chennai 600006, India.

9. PLANT AND EQUIPMENT

	Office equipment S$	Total S$
Cost		
As at 31.03.2018 and 01.04.2018	-	-
Additions	21,139	21,139
As at 31.03.2019	21,139	21,139
Accumulated depreciation		
As at 31.03.2018 and 01.04.2018	-	-
Charged for the year	7,046	7,046
As at 31.03.2019	7,046	7,046
Carrying amount		
As at 31.03.2018	-	-
As at 31.03.2019	14,093	14,093

During the financial year, the company carried out a review of the recoverable amount of all plant and equipment. As a result, there were no allowances for impairment or revisions to useful life of plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019 (Continued)

	2019 S$	2018 S$
10. OTHER RECEIVABLE		
Refundable deposit	**5,440,795**	-

Refundable deposit is denominated in United State dollar.

	2019 S$	2018 S$
11. PREPAYMENTS		
Prepayments	**678,523**	-

	2019 S$	2018 S$
12. BANK BALANCE		
Cash at bank	**1,073,431**	1,313,586

Bank balance is denominated in United States dollar.

13. SHARE CAPITAL

	2019	2018	2019	2018
	Number of ordinary shares		S$	S$
Issued and Paid Up:				
At beginning of the year	**77,590,002**	76,284,702	**77,590,002**	76,284,702
Issued during the year	**13,890,285**	1,305,300	**13,890,285**	1,305,300
At the end of the year	**91,480,287**	77,590,002	**91,480,287**	77,590,002

During the financial year,

1) the company issued 3,419,135 ordinary shares to TVS Motor Company Ltd, holding company by way of capitalisation of amount due to holding company amounting to S$3,419,135.

2) the company issued 10,471,150 ordinary shares in the capital of the company for a consideration of S$10,471,150.

The newly issued shares rank pari passu in all respect with the existing ordinary shares of the company.

The ordinary shares with no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

	2019 S$	2018 S$
14. OTHER PAYABLES		
Payable to holding company (Note 6)	**503,693**	555,056
Other payables – third parties	**112,350**	-
With holding tax payable	**11,606**	-
Accrued expenses	**1,881,834**	8,300
	2,509,483	563,356

Payable to holding company is unsecured, interest free and repayable on demand.

Other payables are denominated in the following currencies:

	2019 S$	2018 S$
Singapore dollar	**1,093,969**	23,356
Indian Rupee	**1,134,086**	540,000
United State dollar	**281,428**	-
	2,509,483	563,356

15. INCOME TAX

The income tax expense varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2018: 17%) to loss before income tax as a result of the following differences:

	2019 S$	2018 S$
Loss before income tax	**(9,943,156)**	(189,355)
Income tax benefit at statutory rate of 17% (2018: 17%)	**(1,690,336)**	(32,190)
Income tax effect of:		
- non-deductible expense	**3,171**	
- tax losses forfeited	**1,687,165**	32,190
	-	-

16. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2019 S$	2018 S$
Aircraft lease	**935,394**	-
Aircraft operation and maintenance charges	**720,557**	-
Foreign currency exchange loss	**67,170**	39,229
Professional and consultancy fees	**6,448,802**	571,790
Short-term employee's benefits	**1,640,934**	547,160
Cost of defined benefits plans included in employee benefits expenses	**17,340**	8,160

	2019 S$	2018 S$
17. OPERATING LEASE COMMITMENTS		
Minimum lease payments under operating lease	**935,394**	-

At the end of the reporting period date, the commitments in respect of operating lease for aircraft were as follows:

	2019 S$	2018 S$
Within one year	**280,588**	-

18. 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.

Payable to holding company	2019 S$	2018 S$
Balance as at beginning of the year	**555,056**	-
Financing cash flow on cash transaction:		
Add: Advances from holding company	**52,960**	555,056
Non-cash transaction:		
Add: Professional fee payable to holding company	**3,314,812**	-
Less: Issuance of shares	**(3,419,135)**	-
Balance at the end of year	**503,693**	555,056

19. 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2019 (Continued)

DETAILED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH 2019

	2019 S$	2018 S$
Revenue		
	–	–
Less: Operating expenses		
Administrative expenses		
Aircraft lease	935,394	-
Aircraft operation and maintenance charges	720,557	-
Auditors' remuneration	8,000	4,000
Bank charges	12,575	315
Book keeping fee	-	1,500
CPF contribution	17,340	8,160
Entertainment	5,176	-
Foreign currency exchange loss	-	39,229
Insurance expense	4,452	-
Medical expense	294	-
Office expense	8,817	2,896
Office rental	-	15,056
Printing and stationery	5,148	191
Professional and consultancy fee	6,448,802	571,790
Registration and application fee	1,117	-
Salary and bonus	1,623,300	539,000
Skill development levy	132	33
Sponsorship expense	10,000	-
Telecommunication expense	16,340	-
Transport charges	1,601	-
Travelling expense	38,289	4,520
Other expense		
Depreciation	7,046	-
Foreign currency exchange loss	67,170	-
Withholding tax	11,606	-
	(9,943,156)	(1,186,690)
Net loss for the year	(9,943,156)	(1,186,690)

This schedule does not form part of the statutory audited financial statements.

RE-STATED ACCOUNTS OF
TVS MOTOR (SINGAPORE) PTE. LIMITED

BALANCE SHEET AS AT 31ST MARCH 2019

	Notes	SGD in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment	1	0.01	0.07
Non-current investments	2	74.70	245.93
		74.71	246.00
Current assets			
Financial assets			
Cash and cash equivalents	3	1.07	5.48
Other current assets	4	6.12	31.23
		7.19	36.71
Total Assets		81.90	282.71
EQUITY AND LIABILITIES			
Equity			
Equity share capital	5	91.48	338.85
Other equity	6	(12.09)	(68.64)
		79.39	270.21
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	7		
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues of other than (ii) (a) above		2.51	12.50
		2.51	12.50
Total equity and liabilities		81.90	282.71

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

		Notes	SGD in Mn.	Rupees in crores
I	Revenue from operations		-	-
II	Other income		-	-
III	Total Income (I +II)		-	-
IV	Expenses:			
	Employee benefits expense	8	1.65	8.48
	Depreciation and amortisation expense	1	0.01	0.04
	Other expenses	9	8.29	42.67
			9.95	51.19
V	Profit before exceptional items (III - IV)		(9.95)	(51.19)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(9.95)	(51.19)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(9.95)	(51.19)
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		-	(0.66)
			-	(0.66)
XI	Total Comprehensive Income (IX + X)		(9.95)	(51.85)
XII	Earnings per equity share (Face value of SGD 1/- each)			
	Basic & Diluted earnings per share (in SGD / in rupees)		(0.11)	(5.60)

Notes on Accounts

1 Property, Plant & Equipment

	Furniture, fixtures and eqipments	
	SGD in Mn	Rupees in crores
	1	2
Cost of assets		
Gross carrying value as at 01-04-2018	-	-
Additions	0.02	0.11
Sub-total	0.02	0.11
Sales / deletion	-	-
Total	0.02	0.11
Depreciation / Amortisation		
Upto 31-03-2018	-	-
For the year	0.01	0.04
Sub-total	0.01	0.04
Withdrawn on assets sold / deleted	-	-
Total	0.01	0.04
Carrying value		
As at 31-03-2019	0.01	0.07

	Singapore $ Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
2 NON-CURRENT INVESTMENTS		
Investment in Equity instruments		
52,24,187 fully paidup equity shares of PT.TVS Motor Company Indonesia (face value of IDR 97,400 each)	74.70	245.93
	74.70	245.93
3 CASH AND CASH EQUIVALENTS		
Balances with banks in current accounts	1.07	5.48
	1.07	5.48
4 OTHER CURRENT ASSETS		
Prepaid expenses	0.68	3.46
Trade deposits	5.44	27.77
	6.12	31.23
5 EQUITY SHARE CAPITAL		
Issued, subscribed and fully paid up:		
91,480,287 Ordinary shares of SGD 1 each	91.48	338.85
	91.48	338.85

Notes on accounts - (continued)

	Singapore $ Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
6 OTHER EQUITY		
Retained earnings	(12.09)	(61.30)
Foreign currency translation reserve	-	(7.34)
	(12.09)	(68.64)
7 TRADE PAYABLES		
Current		
Dues to Micro and Small Enterprises**	-	-
Dues to enterprises other than Micro and Small Enterprises	2.51	12.50
	2.51	12.50

** 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.

	Singapore $ Mn. Year ended 31-03-2019	Rupees in crores Year ended 31-03-2019
8 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	1.62	8.36
Contribution to provident and other funds	0.02	0.09
Staff welfare expenses	0.01	0.03
	1.65	8.48
9 OTHER EXPENSES		
(a) Rent	0.94	4.81
(b) Insurance	-	0.02
(c) Rates and taxes (excluding taxes on income)	0.01	0.06
(d) Audit fees	0.01	0.04
(e) Foreign exchange loss	0.07	0.35
(f) Miscellaneous expenses	7.26	37.39
	8.29	42.67

BALANCE SHEET AS AT 31 MARCH 2019

(Before appropriation of result)

	31 March 2019		31 March 2018	
	USD	USD	USD	USD
ASSETS				
Fixed Assets				
Financial fixed assets	**3,754,748**		3,754,748	
		3,754,748		3,754,748
Current assets				
Receivables and prepayments	**9,695**		16,871	
Cash and cash equivalents	**278,248**		352,929	
		287,943		369,800
Total assets		**4,042,691**		4,124,548
LIABILITIES				
equity				
Share capital	**25,312,567**		27,759,336	
Currency translation reserve	**-**		(8,010,973)	
Revaluation reserve subsidiary	**-**		4,573,791	
Other reserves	**(21,209,500)**		(20,186,254)	
Result for the year	**(89,612)**		(32,847)	
		4,013,455		4,103,053
Current liabilities	**29,236**		21,495	
		29,236		21,495
		4,042,691		4,124,548

PROFIT AND LOSS ACCOUNT FOR THE YEAR 2019/2018

	2019 / 2018		2018 / 2017	
	USD	USD	USD	USD
Gross margin		(174)		(127)
Share in result of participations		-		42,084
Total operating income / (expenses)		(174)		41,957
Impairment of current assets and liability	3,619		-	
Other general expenses	85,819		74,804	
Total general expenses		89,438		74,804
		(89,612)		(32,847)
Result before taxation		(89,612)		(32,847)
Taxation result				
Result after taxation		(89,612)		(32,847)

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General notes

1. General

TVS Motor Company (Europe) B.V. (the Company) is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd.), incorporated under the laws of The Netherlands on 21 July 2005, having its corporate seat in Amsterdam, with offices at Hoogoorddreef 15, 1101 BA Amsterdam,

The Company is registered at the Chamber of Commerce under number 34229984.

Activities

The principle activities of the Company are to act as a holding and finance company.

Group structure

The Company is part of the TVS group. The head of this group is TVS Motor Company Ltd. in Madurai, India. The financial statements of the Company are included in the consolidated financial statements of TVS Motor Company Ltd ..

Directors' report

The Company has taken advantage of Article 395a section 6, Title 9, Book 2 of the Dutch Civil Code and 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.

Changes in accounting policies

As at 31 March 2019, the Company's participating interest in its subsidiary, PT. TVS Motor Company Indonesia was lower then 20% and as a consequence is assumed to no longer have a significant influence on the subsidiary. As such, the Company changed its valuation for this participating interest from net asset value to historical cost price. Based on RJ 214.321, the historical cost price is set on the last known net asset value of the participating interest, being the net asset value as at 31 March 2018.

	As previously reported	Adjustments	Adjusted value
	31 Mar 2019	31 Mar 2019	31 Mar 2019
	USD	USD	USD
Change in accounting policy			
PT. TVS Motor Company Indonesia	3,754,748	-	3,754,748
Currency translation reserve	(8,010,973)	8,010,973	-
Revaluation reserve subsidiary	4,573,791	(4,573,791)	-
Other reserves	-	(3,437,182)	(3,437,182)
	317,566	-	317,566

Comparison with previous year

The principles of valuation and determination of the result remained unchanged in comparison to previous year, with the exception of the accounting policies for the valuation of the participation. During previous year our participating interest decreased <20% and as a consequence we changed the valuation from net asset value to historical cost.

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 small 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.

3. Principles of valuation of assets and liabilities

FIXED ASSETS

Financial fixed assets

Participations

Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at EUR 1. If and insofar the Company can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognized in the profit and loss account.

In the light of the aforementioned application of Article 408 section 1, Title 9 Book 2 of the Dutch Civil code and in management's opinion disclosure of net asset value would not enhance the insight into the Company's financial position and results, the participations are valued at historical cost.

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 cashgenerating 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 and in hand

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.

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4. Principles for the determination of the result

General

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Costs

Costs are determined on a historical basis and allocated to the financial year to which they relate.

Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. When accounting for interest expenses, the recognized transaction expenses for loans received are taken into consideration.

Income tax

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Also changes are taken into account which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Notes to the balance sheet as at 31 March 2019

ASSETS

Financial fixed assets	31 Mar 2019
	USD
A summary of the financial fixed assets is included below:	
Subsidiaries	
PT. TVS Motor Company Indonesia	3,754,748
	3,754,748

	Place, Country	Valuation method	Share in issued capital
			%
PT. TVS Motor Company Indonesia	Kuningan, Indonesia	cost price	18.29

PT. TVS Motor Company Indonesia

Gedung Wirausaha Lt. 3, Jl. H.R. Rasuna Said Kav. C5, Kuningan - Jakarta Selatan, Indonesia (office address)

The net equity value of PT. TVS Motor Company Indonesia per 31 March 2017 amounts to IDR 36,530,050,010 (USD 2,657,891).

The net asset value of PT. TVS Motor Company Indonesia as at 31 March 2019 is lower, than the cost price. Based on the forecast for this subsidiary the results are expected to improve in the coming years. As a result no impairment has been made during the year.

Receivables and prepayments

	31 Mar 2019	31 Mar 2018
	USD	USD
Taxes and social security contributions receivable	-	7,393
Other receivables	9,695	9,478
	9,695	16,871

All receivables will be resolved within one year.

The fair value of the receivables approximates the carrying amount due to their short term character and the fact that provisions for bad debt are recognised, where necessary.

EQUITY AND LIABILITIES

Equity

The issued share capital of the Company amounts to EUR 22,530,100, divided into 225,301 ordinary shares of The issued share capital for 2018-2019 is USD 25,312,567 (2017-2018: USD 27,759,336).

Proposed appropriation of result for the financial year 2018/2019

The Board of directors propeses that the resul for the financial year 2019 amounting to a loss of USD 89,612 should be transfered to other reserves.

	31 Mar 2019	31 Mar 2018
	USD	USD
Trade payables and trade credit	23,156	2,581
Other payables	6,080	18,914
	29,236	21,495

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.

	2019/2018	2018/2017
	USD	USD
Gross margin	(174)	(127)
Currency exchange profit / (loss)	(174)	(127)
Share in result of participations		
Share in result of participations	-	(1,529,692)
Adjustment result previous years due to decrease of interest	-	933,248
Adjustment valuation	-	638,528
	-	42,084
Impairment of current assets and liabilities		
Write off assets	3,619	-
	3,619	-
General expenses		
Management fee	25,532	24,459
Audit fees	1,430	10,739
Tax advisory fees	14,348	5,627
Administrative fees	36,544	26,825
Legal fees	1,171	-
Bank charges	6,509	6,874
Salary administration fees	285	280
	85,819	74,804

Average number of employees

The Company had no employees during the year under review (2017/2018: none).

Events after balance sheet date

No major activities have occurred after balance sheet date that could have a material effect on the annual accounts.

Amsterdam, 25 April 2019

Mr. R.C. Elshout
Managing Director

Mr. L. Harihara Iyer
Managing Directorr

Mr. PJ. Stegeman
Managing Director

Mr. V. Vangipuram Navanitham
Managing Directorr

SCG Management (Netherlands) B.V.
Managing Director

RE-STATED ACCOUNTS OF
TVS MOTOR COMPANY (EUROPE) B.V.

BALANCE SHEET AS AT 31ST MARCH 2019

	Notes	USD in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Non-current investments	1	-	-
		-	-
Current assets			
Financial assets			
Cash and cash equivalents	2	0.28	1.92
Other current assets	3	0.01	0.07
		0.29	1.99
Total Assets		0.29	1.99
EQUITY AND LIABILITIES			
Equity			
Equity share capital	4	31.06	126.52
Other equity	5	(30.80)	(124.73)
		0.26	1.79
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	6		
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues of other than (ii) (a) above		0.03	0.20
		0.03	0.20
Total equity and liabilities		0.29	1.99

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

		Notes	USD in Mn.	Rupees in crores
I	Revenue from operations		-	-
II	Other income		-	-
III	Total Income (I +II)		-	-
IV	Expenses:			
	Other expenses	7	0.09	0.64
			0.09	0.64
V	Profit before exceptional items (III - IV)		(0.09)	(0.64)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(0.09)	(0.64)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(0.09)	(0.64)
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		-	0.16
			-	0.16
XI	Total Comprehensive Income(IX + X)		(0.09)	(0.48)
XII	Earnings per equity share (Face value of EUR 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		(0.40)	(28.41)

Notes on Accounts

		USD in Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
1	NON-CURRENT INVESTMENTS		
	Investment in Equity instruments		
	28,87,000 fully paidup equity shares of PT.TVS Motor Company Indonesia (face value of IDR 97,400 each)	-	-
		-	-
2	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	0.28	1.92
		0.28	1.92
3	OTHER CURRENT ASSETS		
	Prepaid expenses	0.01	0.07
		0.01	0.07
4	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	500,000 Ordinary shares of EURO 100/- each	66.78	311.64
	Issued, subscribed and fully paid up:		
	225,301 Ordinary shares of Euro 100/- each	31.06	126.52
		31.06	126.52
5	OTHER EQUITY		

		USD in Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
	Retained earnings	(30.80)	(137.62)
	Foreign currency translation reserve	-	12.89
		(30.80)	(124.73)
6	TRADE PAYABLES		
	Current		
	Dues to Micro and Small Enterprises**	-	-
	Dues to enterprises other than Micro and Small Enterprises	0.03	0.20
		0.03	0.20

** 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.

		Year Ended 31-03-2019	Year Ended 31-03-2019
7	OTHER EXPENSES		
	(a) Audit fees	-	0.01
	(b) Miscellaneous expenses	0.09	0.63
		0.09	0.64

Independent Auditors' Report

No. 00362/2.1097/AU.1/04/0954-1/1/IV/2019

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, 2019, 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.

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, 2019, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

SATRIO BING ENY & REKAN
Foreman Ronni Boy Pangaribuan
License of Public Accountant No. AP. 0954

April 22, 2019

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019

	Notes	March 31, 2019	March 31, 2018
		Rp	Rp
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	58,118,052,945	33,862,137,727
Trade accounts receivable	6		
Related parties	25	6,276,371,752	-
Third parties - net		231,339,003,272	137,533,563,500
Other accounts receivable from			
related party	7,25	10,587,427,232	-
Inventories - net	8	150,505,763,567	118,393,126,312
Prepaid taxes - current	9	1,557,925,998	23,700,747,790
Advances to suppliers	10	5,453,851,024	11,989,893,953
Other current assets		9,380,018,376	3,587,322,703
Total Current Assets		473,218,414,166	329,066,791,985
NONCURRENT ASSETS			
Prepaid taxes - noncurrent	9	39,678,786,287	35,516,157,503
Deferred tax assets - net	24	31,762,069,050	28,865,702,162
Property, plant, and equipment - net	11	435,123,012,797	431,742,465,187
Security deposits		1,074,954,253	854,060,957
Other noncurrent assets		1,780,569,498	1,780,569,498
Total Noncurrent Assets		509,419,391,885	498,758,955,307
TOTAL ASSETS		982,637,806,051	827,825,747,292

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
MARCH 31, 2019 *(Continued)*

	Notes	March 31, 2019 Rp	March 31, 2018 Rp
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank loans	12	383,710,003,393	351,203,641,826
Trade accounts payable	13		
Related party	25	167,742,101,496	54,989,477,805
Third parties		37,137,979,859	41,329,842,320
Other accounts payable	14		
Related party	25	8 ,180,247,012	439,411,504
Third parties		7,473,925,556	7,872,374,947
Taxes payable	15	469,897,495	637,937,422
Accrued expenses	16	31,659,222,368	23,708,236,911
Deposit from customers	30	1,234,415,184	1,410,960,813
Total Current Liabilities		637,607,792,363	481,591,883,548
NONCURRENT LIABILITIES			
Bank loans - net of current maturities	12	-	22,931,252,000
Post-employment benefits obligation	17	17,882,492,000	16,765,168,000
Total Noncurrent Liabilities		17,882,492,000	39,696,420,000
Total Liabilities		655,490,284,363	521,288,303,548
EQUITY			
Capital stock - Rp 97,400 (US$ 10)			
par value per share			
Authorized - 17,500,000 shares			
Subscribed and paid-up - 15,691,187			
ordinary shares at March 31, 2019 and			
14,991,187 ordinary shares at March 31, 2018	18	1,528,321,613,800	1,460,141,613,800
Foreign exchange rate difference on			
paid-in capital	19	165,802,517,840	134,628,517,840
Revaluation surplus	20	278,749,714,924	268,251,873,564
Other comprehensive income		7,775,122,500	6,095,364,750
Deficit		(1,653,501,447,376)	(1,562,579,926,210)
Total Equity		327,147,521,688	306,537,443,744
TOTAL LIABILITIES AND EQUITY		982,637,806,051	827,825,747,292

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended March 31, 2019

	Notes	2019	2018
		Rp	Rp
NET SALES	21,25	489,141,779,678	380,931,116,271
COST OF GOODS SOLD	22,25	(475,311,611,120)	(370,202,504,599)
GROSS PROFIT		13,830,168,558	10,728,611,672
Marketing	23	(15,615,789,473)	(12,733,596,892)
General and administrative	23,25	(55,065,930,107)	(56,338,912,293)
Finance cost		(26,180,243,211)	(26,292,554,746)
Loss on foreign exchange - net		(13,511,216,599)	(10,212,807,671)
Interest income		375,070,275	575,672,830
Gain on sale and diposal of			
property, plant and equipment	11	-	59,456,034
Others - net		1,790,133,253	736,500,629
LOSS BEFORE TAX		(94,377,807,304)	(93,477,630,437)
INCOME TAX BENEFIT (EXPENSE)	24	3 ,456,286,138	(13,102,187,460)
LOSS FOR THE YEAR		(90,921,521,166)	(106,579,817,897)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified			
subsequently to profit or loss:			
Revaluation surplus	20	10,497,841,360	6,139,659,320
Remeasurement of defined benefits obligation	17	2,239,677,000	920,453,000
Related tax expense	24	(559,919,250)	(230,113,250)
Total Other Comprehensive Income, net of tax		12,177,599,110	6,829,999,070
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(78,743,922,056)	(99,749,818,827)

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, 2019

				Other comprehensive income			
	Notes	Capital stock	Foreign exchange rate difference on paid-in capital	Revaluation surplus	Remeasurement of defined benefits obligation	Deficit	Total equity
Balance as of April 1, 2017		1,382,221,613,800	104,713,517,840	262,112,214,244	5,405,025,000	(1,456,000,108,313)	298,452,262,571
Issuance of shares	18,19	77,920,000,000	29,915,000,000	-	-	-	107,835,000,000
Other comprehensive income							
Revaluation surplus	20	-	-	6,139,659,320	-	-	6,139,659,320
Actuarial gain on defined							
benefits obligation, net of tax	-	-	-	-	690,339,750	-	690,339,750
Loss for the year	-	-	-	-	(106,579,817,897)	(106,579,817,897)	106,579,817,897
Balance as of March 31, 2018		1,460,141,613,800	134,628,517,840	268,251,873,564	6,095,364,750	(1,562,579,926,210)	306,537,443,744
Issuance of shares	18,19	68,180,000,000	31,174,000,000	-	-	-	99,354,000,000
Other comprehensive income							
Revaluation surplus	20	-	-	10,497,841,360	-	-	10,497,841,360
Actuarial gain on defined							
benefits obligation, net of tax		-	-	-	1,679,757,750	-	1,679,757,750
Loss for the year	-	-	-	-	-	(90,921,521,166)	(90,921,521,166)
Balance as of March 31, 2019		1,528,321,613,800	165,802,517,840	278,749,714,924	7,775,122,500	(1,653,501,447,376)	327,147,521,688

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019 Rp	2018 Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax per statement of profit or loss and other comprehensive income	(94,377,807,304)	(93,477,630,437)
Adjustments for:		
Interest and finance charges	26,068,873,602	26,292,554,746
Depreciation of property, plant and equipment	12,522,250,215	12,083,193,918
Gain on sale and diposal of property, plant and equipment	-	(59,456,034)
Provision for employee benefits expense	4,037,887,000	971,390,000
Provision of allowance for inventory obsolescence	1,202,882,038	1,116,291,951
Provision for allowance for impairment losses	189,112,608	490,017,129
Interest income	(375,070,275)	(575,672,830)
Net unrealized loss on foreign exchange	10,822,544,848	9,698,833,464
Operating cash flows before changes in working capital	(39,909,327,268)	(43,460,478,093)
Changes in working capital:		
Trade accounts receivable	(94,296,143,956)	(53,093,451,642)
Other accounts receivable	(10,587,427,232)	-
Inventories	(33,315,519,293)	(30,409,637,660)
Prepaid taxes	(38,164,116,397)	(34,723,290,195)
Other noncurrent assets	-	(1,780,569,498)
Advances to suppliers	6,536,042,929	(9,644,536,873)
Other current assets	(5,792,695,643)	532,141,123
Trade accounts payable	102,624,211,462	55,885,041,566
Other accounts payable	7,015,748,685	(1,098,952,967)
Taxes payable	(168,039,927)	123,528,512
Accrued expenses	7,883,496,521	5,823,809,513
Deposit from customers	(176,545,629)	(455,468,887)
Net cash used in operations	(98,350,315,748)	(112,301,865,101)
Income tax paid	(518,102,000)	(572,183,998)
Employee benefits paid	(680,886,000)	(582,369,000)
Proceeds from tax refund	56,662,411,375	16,624,749,024
Net Cash Used in Operating Activities	(42,886,892,373)	(96,831,669,075)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in security deposits	(217,032,240)	107,137,274
Interest received	375,070,275	575,672,830
Acquisitions of property, plant and equipment	(5,404,956,465)	(16,986,747,170)
Proceeds from sale of property, plant and equipment	-	68,181,818
Net Cash Used in Investing Activities	(5,246,918,430)	(16,235,755,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock issuance	99,354,000,000	107,835,000,000
Proceeds from bank loans	168,109,859,841	237,940,243,082
Payments of bank loans	(170,825,798,386)	(203,305,634,520)
Payments of loan from a financial institution	-	(29,451,860,550)
Interest and finance charges paid	(26,068,873,602)	(26,292,554,746)
Net Cash Provided by Financing Activities	70,569,187,853	86,725,193,266
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,435,377,050	(26,342,231,057)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	33,862,137,727	59,690,186,793
Effect of foreign exchange rate changes	1,820,538,168	514,181,991
CASH AND CASH EQUIVALENTS AT END OF YEAR	58,118,052,945	33,862,137,727

See accompanying notes to financial statements which are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended

1. GENERAL

PT. TVS Motor Company Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 year 1967 as amended by Law No. 11 year 1970 based on notarial deed No. 21 dated August 8, 2005 of Siti Rayhana, S.H., substitute of Bandoro Raden Ayu Mahyastoeti Notonagoro, S.H., notary in Jakarta. The Deed of Establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. C-24361 HT.01.01.TH.2005 dated September 5, 2005. The Company's Articles of Association have been amended several times, most recently by notarial deed No. 48 dated December 21, 2018 of Susana Tanu, S.H., notary in Jakarta, regarding the issuance of shares and increase in the Company's subscribed and paid-up capital which was acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-AH.01.03-0005509 dated January 7, 2019.

In accordance with article 3 of the Company's Articles of Association, the scope of its activities include production of motorcycles, motorcycle component parts and accessories, three wheelers and its components. The Company started commercial operations on April 29, 2007.

The Company is domiciled in Jakarta and its head office is located at Wirausaha Building, 3rd Floor, Jl. HR. Rasuna Said, Kav. C5 Kuningan, Jakarta. As of March 31, 2019 and 2018, the Company has 435 and 434 employees, respectively.

The Company's management as of March 31, 2019 and 2018 consists of the following:

President Commissioner	: Kunnath Narayanan Radhakrishnan
Commissioners	: Rangaswami Ramakrishnan
	: Ramaswami Anandakrishnan
President Director	: Venkataraman Thiyagarajan

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

a. Amendments to standards effective in the current year

In the current year, the Company has applied a number of amendments of PSAK that are relevant to its operations and effective for accounting period beginning on January 1, 2018.

- **PSAK 2 (amendment), Statement of Cash Flow about Disclosure Initiative**

  The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

  The Company's liabilities arising from financing activities consist of bank loans (Note 12). A reconciliation between the opening and closing balances of these items is provided in Note 31. Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 31, the application of these amendments has had no impact on the Company's financial statements.

The application of the following amendments to standards have not resulted to material impact to disclosures or on the amounts recognized in the current and prior year financial statements:

- PSAK 46 (amendment), Income Tax: Recognition on Deferred Tax Assets for Unrealize Losses

b. Standards, amendments/improvements and interpretations to standards issued not yet adopted

Amendments/improvements and interpretations to standards effective for periods beginning on or after January 1, 2019, with early application permitted are as follows:

- PSAK 22 (improvement), Business Combination
- PSAK 24 (amendment), Plan Amendment, Curtailment or Settlement
- PSAK 26 (improvement), Borrowing Cost
- PSAK 46 (amendment), Income Tax
- PSAK 66 (amendment), Joint Arrangement
- ISAK 33, Foreign Currency Transactions and Advance Consideration
- ISAK 34, Uncertainty Over Income Tax Treatments Standards and amendments to standards effective for periods beginning on or after January 1, 2020, with early application permitted are as follows:
- PSAK 15 (amendment), Investments in Associates and Joint Ventures: Long Term Interest in Associate and Joint Ventures
- PSAK 62 (amendment), Insurance Contract: Applying PSAK 71: Financial Instruments with PSAK 62: Insurance Contracts
- PSAK 71, Financial Instruments
- PSAK 71 (amendment), Financial Instruments: Prepayment Features with Negative Compensation
- PSAK 72, Revenue from Contracts with Customers
- PSAK 73, Leases

Standard effective for periods beginning on or after January 1, 2021, with early application permitted is PSAK 112: Wakaf Accounting.

As of the issuance date of the financial statements, the effects of adopting these standards, amendments and interpretations on the financial statements is not known nor reasonably estimable by management.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Presentation

The financial statements, except for the statements of cash flows, are prepared under the accrual basis of accounting. The reporting currency used in the preparation of the financial statements is the Indonesia Rupiah (Rp), while the measurement basis used is the historical cost, except for certain accounts which are measured on the basis described in the related accounting policies.

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 statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

c. Foreign Currency Transactions and Balances

The financial statements of the Company are presented in Indonesia Rupiah, which is the functional currency and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

d. Transactions with Related Parties

A related party is a person or entity that is related to the Company (the reporting entity):

a. A person or a close member of that person's family is related to the reporting entity if that person:

   i. has control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following condition applies:

   i. The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

   vi. The entity is controlled or jointly controlled by a person identified in (a).

   vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

   viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

e. Financial Assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs.

The Company's financial assets are classified as loans and receivables.

Loans and receivables

Cash and cash equivalents, except for cash on hand, trade accounts receivable, other accounts receivable, other current assets and security deposits that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest method less impairment.

Interest is recognized by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for financial instrument.

Impairment of financial assets

The Company's financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment of loans and receivables could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial assets because of financial difficulties.

The Company's loans and receivables which are assessed not to be impaired individually, are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment of financial assets carried at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of financial asset other than its entirety (e.g., when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

f. Financial Liabilities and Equity Instruments

Financial labilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issues of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, which include trade and other accounts payable, bank loans and accrued expenses are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest method.

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. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

g. Netting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

h. Cash and Cash Equivalents

For cash flow presentation purposes, cash and cash equivalents consist of cash on hand, in banks and all unrestricted investments with maturities of three months or less from the date of placement.

i. 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.

j. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

k. 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 computed 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 2019 and 2018.

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.

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended *(Continued)*

Land is not depreciated and starting April 1, 2013, land is stated in the statement of financial position at its revalued amount, being the fair value at the date of the revaluation. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting date.

Any revaluation increase arising on the revaluation of land is credited in other comprehensive income and accumulated in equity and presented as revaluation surplus, under other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit of loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation land is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is reflected in the current operations.

An items of property, plant, and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

l. 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). 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.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss.

m. Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

n. Provisions

Provisions are recognized when the Company has a present obligation (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 recognized 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, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

o. 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.

p. Revenue and Expense Recognition

Sale of Goods

Revenue from sales of goods is recognized when all of the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest Income

Interest income from a financial asset is recognized when is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Expenses

Expenses are recognized when incurred.

q. Post-Employment Benefits

The Company established defined benefit pension plan covering all the local permanent employees. In addition, the Company also provides post-employment benefits as required under Labor Law No. 13/2003 (the "Labor Law").

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, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected as a separate item under other comprehensive income in equity and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit in the Company's defined benefit plans.

r. Income Tax

Income tax expense represents the sum of the tax currently payable and deffered tax.

The tax currently payable is based on taxable profit to the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arises 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. In addition, deferred tax liabilities are not recognized if the temporary differences arises from the initial recognition of goodwill.

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.

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended *(Continued)*

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 director is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the financial statements, apart from those involving estimates, which are dealt with below.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Impairment Loss on Loans and Receivables**

  The Company assesses their loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is an objective evidence that loss event has occurred. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss. The carrying amount of loans and receivables are disclosed in Notes 5, 6 and 7.

- **Allowance for Decline in Value of Inventories**

  The Company provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Company's operations. The carrying amount of inventories is disclosed in Note 8.

- **Estimated Useful Lives of Property, Plant and Equipment**

  The useful life of each item of the Company's property, plant and equipment is estimated based on the period over which the asset is expected to be available for use, or the period over which benefits are expected to be realized. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

  The carrying amounts of property, plant and equipment is disclosed in Note 11.

- **Income Taxes and Realization of Deferred Tax Assets**

  The Company is exposed to assessments on its income taxes and significant judgment is involved in determining the provision for income taxes. In certain circumstances, the Company may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Company recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  The Company recognizes deferred tax assets on deductible temporary differences and fiscal loss carry forwards to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences and fiscal loss can be utilized. In assessing whether deferred tax assets should be recognized, management makes judgement as to the assumptions used in estimating future taxable income. Any significant changes in the assumptions may materially affect the amount of deferred tax assets and ultimately will have an impact on its results of operations.

  The carrying amounts of the prepaid taxes, taxes payable and deferred tax assets (net of deferred tax liabilities) at the end of the reporting period are discussed in Notes 9, 15 and 24.

- **Fair Value of Land**

  Effective April 1, 2013, the Company's land is measured at fair value. In estimating the fair value of land, management engages third party qualified appraisal to perform the valuation. Management works closely with the qualified external appraisal to establish the appropriate valuation techniques and inputs. Any changes in the inputs and valuation techniques may have a material effect in the financial statements.

As of March 31, 2019 and 2018, the carrying value of land amounted to Rp 306,416,500,680 and Rp 295,918,659,320 and, respectively (Note 11).

5. CASH AND CASH EQUIVALENTS

	March 31, 2019	March 31, 2018
	Rp	Rp
Cash on hand	**92,086,366**	120,091,266
Cash in banks		
Rupiah		
PT. Bank DBS Indonesia	**2,550,240,850**	633,726,437
PT. Bank Danamon Indonesia Tbk	**1,154,056,988**	2,496,876,587
PT. Bank Mandiri (Persero) Tbk	**1,051,604,506**	9,075,725,865
PT. Bank Ina Perdana Tbk	**90,324,046**	296,718,896
PT. Bank SBI Indonesia	**40,914,829**	32,193,602
Subtotal	**4,887,141,219**	12,535,241,387
US Dollar		
PT. Bank SBI Indonesia	**28,658,410,655**	9,036,441,442
Deutsche Bank AG, Jakarta branch	**17,934,545,619**	472,982,590
PT. Bank DBS Indonesia	**6,445,232,805**	3,142,268,911
PT. Bank Mandiri (Persero) Tbk	**100,636,281**	143,139,158
PT. Bank Danamon Indonesia Tbk	**-**	3,378,448,974
Subtotal	**53,138,825,360**	16,173,281,075
Singapore Dollar		
PT. Bank DBS Indonesia	**-**	111,832,215
Subtotal	**58,025,966,579**	28,820,354,677
Time deposit		
Rupiah		
PT. Bank Ina Perdana Tbk	**-**	4 ,921,691,784
Total	**58,118,052,945**	33,862,137,727
Interest rate per annum:		
Rupiah	**-**	7% - 7.25%

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended *(Continued)*

6. TRADE ACCOUNTS RECEIVABLE

	March 31, 2019	March 31, 2018
	Rp	Rp
a. By debtor		
Related parties (Note 25) -		
TVS Motor Company Limited, India	**270,938,970**	-
TVS Auto Bangladesh Ltd.	**6,005,432,782**	-
Subtotal	**6,276,371,752**	-
Third parties		
TVS Global Automobile Traders FZCO	**93,798,260,547**	7,409,751,936
PT. Gamma Sakti Indonesia	**54,919,399,759**	9,909,724,034
Agrocorp International Pte., Ltd.	**40,913,251,441**	26,856,639,674
Kosambh Multitred Pvt., Ltd.	**18,568,398,491**	27,797,111,396
Stargold Motorcycle Corporation	**12,976,786,101**	48,971,126,423
PT. Utama Sulawesi Makmur	**5,217,604,185**	6,885,280,814
Manalebish Bekele Importer	**1,794,957,660**	-
PT. Motormart Multi Artha	**1,185,950,524**	1,335,455,225
PT. Dharma Polimetal	**107,945,482**	1,173,960,705
Others (below Rp 1,000,000,000 each)	**2,535,578,819**	7,684,530,422
Subtotal	**232,018,133,009**	138,023,580,629
Allowance for impairment losses	**(679,129,737)**	(490,017,129)
Subtotal	**231,339,003,272**	137,533,563,500
Net	**237,615,375,024**	137,533,563,500
b. By age category		
Not yet due	**155,172,754,394**	58,243,396,275
Past due		
1 - 30 days	**25,067,225,516**	22,160,669,348
31 - 60 days	**1,768,872,517**	29,055,270,550
61 - 90 days	**1,151,583,430**	8,070,670,162
91 - 120 days	**8,970,259,800**	4,594,988,167
121 - 180 days	**15,737,253,385**	11,411,503,058
181 - 360 days	**28,213,094,359**	3,332,144,094
Over 360 days	**2,213,461,360**	1,154,938,975
Subtotal	**238,294,504,761**	138,023,580,629
Allowance for impairment losses	**(679,129,737)**	(490,017,129)
Total	**237,615,375,024**	137,533,563,500
c. By currency		
US Dollar	**174,395,024,783**	113,049,854,541
Rupiah	**63,899,479,978**	24,973,726,088
Subtotal	**238,294,504,761**	138,023,580,629
Allowance for impairment losses	**(679,129,737)**	(490,017,129)
Total	**237,615,375,024**	137,533,563,500

The changes in allowance for impairment losses are as follows:

	March 31, 2019	March 31, 2018
	Rp	Rp
Balance at beginning of year	**490,017,129**	215,211,854
Provision during the year	**189,112,608**	490,017,129
Write off during the year	**-**	(215,211,854)
Balance at end of year	**679,129,737**	490,017,129

During the period from April 1, 2018 to March 31, 2019, the Company's sales volume has increased by 10% for two wheelers exports and significantly higher number for three wheelers. The growth in sales of 29% resulted in the increase in gross profit by the same percentage.

The strategic focus of the Company in building up its business through aggressive approach in exports of two wheelers in ASEAN and African market and three wheelers, especially Kargo vehicles, has led to the increase in receivables which the management is fully aware and conscious of. The management views this phenomenon as part of "pains of growth" coupled with certain circumstances and is optimistic of overcoming this condition in the next fiscal year.

Included in the Company's trade accounts receivable are past due but not impaired receivables with carrying amounts of Rp 82,442,620,630 and Rp 79,290,167,225 as of March 31, 2019 and 2018, respectively.

Allowance for impairment losses are recognized against trade accounts receivable that are current and past due based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

As of March 31, 2019 and 2018, an allowance for impairment losses of Rp 679,129,737 and Rp 490,017,129 was provided, respectively. Management believes that the allowance for impairment losses on trade accounts receivable from third parties is adequate to cover possible losses on uncollectible accounts.

Trade accounts receivable are used as collateral for a bank loans (Note 12).

7. OTHER ACCOUNTS RECEIVABLE FROM RELATED PARTY

Other accounts receivable from related party represents claim for reimbursements in 2019 from TVS Motor Company Limited, India (Note 25).

8. INVENTORIES

	March 31, 2019	March 31, 2018
	Rp	Rp
Finished goods	**17,560,566,935**	11,947,995,441
Materials, components and spare parts	**134,351,654,213**	107,028,791,855
Others	**313,091,719**	597,858,454
Total	**152,225,312,867**	119,574,645,750
Allowance for inventory obsolescence	**(1,719,549,300)**	(1,181,519,438)
Net	**150,505,763,567**	118,393,126,312

The change in allowance for inventory obsolescence is as follows:

	March 31, 2019	March 31, 2018
	Rp	Rp
Balance at beginning of year	**1,181,519,438**	1,223,471,848
Provision during the year	**1,202,882,038**	1,116,291,951
Write-off during the year	**(664,852,176)**	(1,158,244,361)
Balance at end of year	**1,719,549,300**	1,181,519,438

Management believes that allowance for inventory obsolescence is adequate.

All inventories are insured with total coverage of US$ 10,000,000 and Rp 7,500,000,000 as of March 31, 2019 and US$ 8,500,000 and Rp 7,500,000,000 as of March 31, 2018 to PT. Asuransi Multi Artha Guna Tbk for both years.

Inventories are used as collateral for a bank loans (Note 12).

9. PREPAID TAXES

	March 31, 2019	March 31, 2018
	Rp	Rp
Income tax (Note 24)	1,557,925,998	1,039,823,998
Value added tax (VAT)		
2019	38,980,455,707	-
2018	290,639,299	35,386,935,603
2017	-	20,179,660,205
2016	-	129,221,900
2008	407,691,281	2,481,263,587
Total	41,236,712,285	59,216,905,293
Claims for VAT refund - noncurrent portion	(39,678,786,287)	(35,516,157,503)
Current portion	1,557,925,998	23,700,747,790

VAT – 2008

In June 2017, based on the Tax Decision letter, the tax office shall pay the Company Rp 3,449,490,076 in 2018 and the remaining amount of Rp 2,481,263,587 will be paid in 2019, related with the tax claim for year 2008.

In August 2018, based on the Tax Decision letter, the Company received Rp 1,878,034,793 out of its total claim of Rp 2,481,263,587, related with the tax claim for year 2008. The difference of Rp 195,537,513 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income. The remaining amount of Rp 407,691,281 will be appealed by the Company.

VAT – 2016

In September 2017, based on the Tax Decision letter, the Company received Rp 12,261,621,950 out of its total claim of Rp 12,845,857,693, related with the tax claim for year 2016. The difference of Rp 455,023,843 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income. The remaining amount of Rp 129,221,900 will be appealed by the Company.

In March 2019, the Company recorded Rp 129,221,900 as tax expense under others-net in the statement of profit or loss and other comprehensive income, related with the tax claim for year 2016.

VAT – 2017

In December 2017, the Company filed the revision for its VAT claim from Rp 20,388,281,768 to become Rp 20,179,660,205, related with the tax claim for year 2017. The difference of the Rp 208,621,563 is recorded under others-net in the statement of profit or loss and other comprehensive income.

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended *(Continued)*

In January 2019, the Company received Rp 19,942,884,382 out of its total claim of Rp 20,179,660,205, related with the tax claim for year 2017. The difference of Rp 236,775,823 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income.

VAT – 2018

In November 2018, the Company received Rp 34,841,492,200 out of its total claim of Rp 35,386,935,603. The difference of Rp 254,804,104 was recorded as tax expense under others-net in the statement of profit or loss and other comprehensive income. The remaining amount of Rp 290,639,299 will be appealed by the Company.

VAT – 2019

In March 2019, the Company can either apply for VAT refund or can be compensated for future period amounting to Rp 38,980,455,737.

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.

11. PROPERTY, PLANT AND EQUIPMENT

	April 1, 2018	Additions	Deductions	Revaluation	March 31, 2019
	Rp	Rp	Rp	Rp	Rp
Revalued amount:					
Land	295,918,659,320	-	-	1 0,497,841,360	306,416,500,680
Cost:					
Buildings	86,810,459,998	582,020,995	-	-	87,392,480,993
Machinery and tools	108,110,528,065	1,024,231,927	13,795,000	-	109,120,964,992
Moulds and dies	96,976,199,299	3,285,362,785	-	-	100,261,562,084
Office equipment and					
furnitures	9,811,725,963	513,340,758	-	-	10,325,066,721
Vehicles	1,219,363,584	-	-	-	1,219,363,584
Total	598,846,936,229	5,404,956,465	13,795,000	10,497,841,360	614,735,939,054
Accumulated depreciation:					
Buildings	43,026,472,704	4,346,499,646	-	-	47,372,972,350
Machinery and tools	90,953,605,336	2,851,322,266	13,795,000	-	93,791,132,602
Moulds and dies	23,610,050,723	4,751,665,990	-	-	28,361,716,713
Office equipment and					
furnitures	8,907,676,973	453,114,873	-	-	9,360,791,846
Vehicles	606,665,306	119,647,440	-	-	726,312,746
Total	167,104,471,042	12,522,250,215	13,795,000	-	179,612,926,257
Net Book Value	431,742,465,187				435,123,012,797

	April 1, 2017	Additions	Deductions	Revaluation	March 31, 2018
	Rp	Rp	Rp	Rp	Rp
Revalued amount:					
Land	289,779,000,000	-	-	6,139,659,320	295,918,659,320
Cost:					
Buildings	80,149,536,922	6,660,923,076	-	-	86,810,459,998
Machinery and tools	104,741,832,720	3,368,695,345	-	-	108,110,528,065
Moulds and dies	91,068,428,805	5,907,770,494	-	-	96,976,199,299
Office equipment and					
furnitures	10,327,650,509	384,650,255	900,574,801	-	9,811,725,963
Vehicles	780,003,334	664,708,000	225,347,750	-	1,219,363,584
Total	576,846,452,290	16,986,747,170	1,125,922,551	6,139,659,320	598,846,936,229
Accumulated depreciation:					
Buildings	38,929,091,558	4,097,381,146	-	-	43,026,472,704
Machinery and tools	87,879,382,448	3,074,222,888	-	-	90,953,605,336
Moulds and dies	19,210,984,490	4,399,066,233	-	-	23,610,050,723
Office equipment and					
furnitures	9,370,560,770	428,965,220	891,849,017	-	8,907,676,973
Vehicles	748,454,625	83,558,431	225,347,750	-	606,665,306
Total	156,138,473,891	12,083,193,918	1,117,196,767	-	167,104,471,042
Net Book Value	420,707,978,399				431,742,465,187

Depreciation expense was allocated to the following :

	2019	2018
	Rp	Rp
Manufacturing cost	**11,949,487,902**	11,570,670,267
General and administrative expenses (Note 23)	**572,762,313**	512,523,651
Total	**12,522,250,215**	12,083,193,918

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended *(Continued)*

The Company owns a piece of land located in Karawang, Ciampel – Kutanegara, Jawa Barat with a total area of 126,541 square meters as of March 31, 2019 and 2018, 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 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., and PT. Asuransi FPG Indonesia, against earthquake, fire, lightning, explosion and other possible risks for US$ 44,293,650 as of March 31, 2019 and US$ 38,000,000 and Rp 7,809,500,000 as of March 31, 2018. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Gain on sale and disposal in 2018 are as follows:

	2018
	Rp
Proceeds	68,181,818
Net book value	(8,725,784)
Gain (loss) on sale and disposal	59,456,034

12. BANK LOANS

	March 31, 2019	March 31, 2018
	Rp	Rp
Short-term bank loan's		
Rupiah		
PT. Bank DBS Indonesia	**23,787,588,384**	27,617,776,858
US Dollar		
PT. Bank SBI Indonesia (US$ 11,400,000 in 2019 and		
US$ 13,055,921 in 2018)	**162,381,600,000**	179,597,248,176
PT. Bank DBS Indonesia (US$ 2,119,849 in 2019 and		
US$ 2,133,832 in 2018)	**30,195,124,171**	29,352,990,792
Chinese Yuan		
PT. Bank DBS Indonesia (CNH 551,022 in 2019)	**1,164,860,508**	-
Subtotal	**217,529,173,063**	236,568,015,826
Long-term bank loan		
US Dollar		
Deutsche Bank AG, Singapore branch (US$ 11,666,725		
in 2019 and US$ 10,000,500 in 2018)	**166,180,830,330**	137,566,878,000
Less : Noncurrent portion	**-**	(22,931,252,000)
Current portion of bank loans	**383,710,003,393**	351,203,641,826

The bank loans are repayable as follows:

	March 31, 2019	March 31, 2018
	Rp	Rp
Due in the year		
2018	**-**	351,203,641,826
2019	**383,710,003,393**	22,931,252,000
Total	**383,710,003,393**	374,134,893,826
Accrued interest (Note 16)	**2,354,897,340**	2,243,527,729
Total	**386,064,900,733**	376,378,421,555

PT. Bank DBS Indonesia

In May 2013, the Company obtained the following loan facilities from PT. Bank DBS Indonesia:

- Trade finance facility for accounts payable financing with a maximum limit of US$ 5,000,000 which also can be drawn in Indonesian Rupiah.
- Overdraft working capital facility with a maximum credit of Rp 15,000,000,000.

The trade finance facility and overdraft working capital facility were extended several times, most recently in November 2018 and will mature in August 2019. The outstanding balances are as follows:

	March 31, 2019	March 31, 2018
	Rp	Rp
Trade finance facility		
Rupiah	13,748,081,406	12,925,221,574
US Dollar (US$ 2,119,849 in 2019		
and US$ 2,133,832 in 2018)	30,195,124,171	29,352,990,792
Chinese Yuan (CNH 551,022 in 2019)	1,164,860,508	-
Subtotal	45,108,066,085	42,278,212,366
Overdraft working capital facility		
Rupiah	10,039,506,978	14,692,555,284
Total	55,147,573,063	56,970,767,650

In 2019 and 2018, interest rate per annum is at 7.40% and 6.50% for US Dollar denominated loans, respectively and at 13.50% and 11.00% for IDR denominated loans, respectively.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 6,676,517,682 and Rp 4,078,086,890 in 2019 and 2018, respectively.

The loan facilities require the Company to maintain certain positive covenants. As of March 31, 2019 and 2018, the Company is compliant to the loan covenants.

PT. Bank SBI Indonesia

In 2018, the Company obtained a revolving credit facility from PT. Bank SBI Indonesia with a maximum credit limit of US$ 16,350,000, which is a combination of demand loan, foreign exchange facility and LC facility. The facilities are secured by a Standby Letter of Credit (SBLC) issued by the State Bank of India, CAG, Chennai – India amounting to US$ 16,000,000, which will be due in March 2019. The loan bears an interest rate of 7.50% per annum.

In 2019, the Company renewed the revolving credit facility from PT. Bank SBI Indonesia with a maximum credit limit of US$ 12,350,000, which is a combination of demand loan, foreign exchange facility and LC facility which is due within twelve months since the signing of the credit agreement. The facilities are secured by a Standby Letter of Credit (SBLC) issued by the State Bank of India, CAG, Chennai – India amounting to US$ 13,000,000. The loan bears an interest rate of 7.50% per annum.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 13,570,898,957 and to Rp 11,249,726,857 in 2019 and 2018, respectively.

Deutsche Bank AG, Singapore branch

In July 2017, the Company signed an amendment and restatement deed relating to the pre-shipment facility agreement dated September 23, 2016 with Deutsche Bank AG, Singapore branch where the Company was provided with a usance leter of credit facility to the extent of US$ 5,000,000. In favour of TVS Company Motor Limited, India towards supply of materials. This facility has been utilised by the Company and the letter of credit was issued in July 2017. This additional facility of US$ 5,000,000 has to be liquidated in three equal installments at end of the 12th month, 18th month and 24th month. The loan is based on “Advance Payment and Supply Agreement” between the Company and TVS Motor Company Limited India and is secured over a lien on the collection account with Deutsche Bank AG, Jakarta branch. The outstanding balance as of March 31, 2019 and 2018 is US$ 1,666,725 and US$ 10,000,500, respectively.

In March 2019, the Company obtained a working capital loan facility of US$ 15,000,000 from Deutsche Bank AG, Singapore branch. The loan bears an interest rate of three months LIBOR + 4.45% and is due on September 2019. The Company drew the first tranche of US$ 10,000,000 during March 2019, which is outstanding as of March 31, 2019.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounting to Rp 4,732,244,079 and to Rp 5,032,812,388 in 2019 and 2018, respectively.

13. TRADE ACCOUNTS PAYABLE

	March 31, 2019	March 31, 2018
	Rp	Rp
a. By Creditors		
Related party - TVS Motor Company Limited,		
India (Note 25)	167,742,101,496	54,989,477,805
Third parties		
PT. Setia Guna Sejati	5,610,545,153	5,073,810,054
PT. GS Battery	5,042,198,700	3,484,817,060
PT. FCC Indonesia	3,057,468,074	1,408,941,454
PT. Gangbaro Putra	1,829,921,990	2,211,774,550
Hubei Hangte Ltd.	1,094,437,740	2,551,806,780
PT. Excel Metal Industry	446,447,736	2,022,863,278
Other (below Rp 2,000,000,000 each)	20,056,960,466	24,575,829,144
Subtotal	37,137,979,859	41,329,842,320
Total	204,880,081,355	96,319,320,125

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended *(Continued)*

b. By Currency		
US Dollar	173,279,124,468	65,762,313,678
Rupiah	31,420,344,462	30,557,006,447
Chinese Yuan	180,612,425	-
Total	204,880,081,355	96,319,320,125

14. OTHER ACCOUNTS PAYABLE

	March 31, 2019	March 31, 2018
	Rp	Rp
Related party - TVS Motor Company Limited, India (Note 25)	8,180,247,012	439,411,504
Third parties		
PT. Pan Asia Logistics Indonesia	953,998,131	-
PT. Talisman Insurance Brokers	947,113,408	880,005,008
PT. NCS Logistic Link	770,609,262	-
PT. Speedmark Logistik Indonesia	759,289,089	-
PT. Agility International	558,316,261	-
PT. Tabitha Express	76,213,150	854,564,244
PT. Muri Agung Abadi	-	1,460,583,408
Others (below Rp 600,000,000 each)	3,408,386,255	4,677,222,287
Subtotal	7,473,925,556	7,872,374,947
Total	15,654,172,568	8,311,786,451

Other accounts payable to a related party represents bank guarantee charges and information technology service fees in 2019 and 2018.

15. TAXES PAYABLE

	March 31, 2019	March 31, 2018
	Rp	Rp
Income taxes		
Article 21	160,014,600	363,958,713
Article 4(2) Final	123,057,181	97,338,828
Article 26	93,110,651	92,989,301
Article 23	70,023,100	50,727,795
Article 22	23,691,963	32,922,785
Total	469,897,495	637,937,422

16. ACCRUED EXPENSES

	March 31, 2019	March 31, 2018
	Rp	Rp
Provision for sales, marketing and warranty expenses	13,219,738,901	12,900,490,074
Interest (Note 12)	2,354,897,340	2,243,527,729
Professional fees	721,500,000	1,497,540,000
Employees' social security	653,855,896	92,302,176
Others	14,709,230,231	6,974,376,932
Total	31,659,222,368	23,708,236,911

17. POST-EMPLOYMENT BENEFITS OBLIGATION

The Company provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits are 342 and 313 employees in 2019 and 2018, respectively.

The defined benefit pension plan typically exposes the Company to actuarial risks such as: interest rate risk and salary risk.

Interest risk

A decrease in the bond interest rate will increase the plan liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Amounts recognized in the statement of profit or loss and other comprehensive income with respect to these post-employment benefits are as follows:

	2019	2018
	Rp	Rp
Service cost:		
Current service cost	2,806,033,000	2,720,125,000
Interest cost	1,231,854,000	1,360,433,000
Gain on settlement	-	(3,109,168,000)
Components of defined benefits cost recognised in profit or loss	4,037,887,000	971,390,000
Remeasurement on the net defined benefit obligation		
Actuarial gains arising from changes in financial assumptions	(1,624,737,000)	(81,556,000)
Actuarial gains arising from experience adjustments	(614,940,000)	(838,897,000)
Components of defined benefit costs recognised in other comprehensive income	(2,239,677,000)	(920,453,000)
Total	1,798,210,000	50,937,000

The amounts recognized in the statements of financial position arising from the Company's obligation with respect to its post-employment benefits are as follows:

	March 31, 2019	March 31, 2018
	Rp	Rp
Present value of post-employment benefits obligation	17,882,492,000	16,765,168,000

Changes in the present value of unfunded defined benefits obligations are as follows:

	2019	2018
	Rp	Rp
Balance at beginning of year	16,765,168,000	17,296,600,000
Component of defined benefit costs recognized in profit or loss	4,037,887,000	971,390,000
Component of defined benefit costs recognized in other comprehensive income	(2,239,677,000)	(920,453,000)
Benefits payment	(680,886,000)	(582,369,000)
Balance at end of year	17,882,492,000	16,765,168,000

Significant actuarial assumptions for the determination of the defined benefits obligation is discount rate and expected salary growth. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1% higher (lower), the defined benefits obligation would decrease to Rp 15,991,284,000 (increase to Rp 20,127,279,000).
- If the expected salary growth is 1% higher (lower), the defined benefits obligation would increase to Rp 20,321,101,000 (decrease to Rp 15,805,364,000).

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, PT. Milliman Indonesia. The actuarial valuation was carried out using the following key assumptions:

	2019	2018
Discount rate per annum	8.3%	7.5%
Salary increment rate per annum	7.0%	7.5%
Normal retirement age	55 years old and can be extended up to 60 years old	55 years old and can be extended up to 60 years old
Mortality rate	TMI III	TMI III
Resignation rate	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter	5% p.a. at age of 25 and decreasing linearly to 0% p.a. at age 45 and thereafter
Disability	10% of TMI III	10% of TMI III

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended *(Continued)*

18. CAPITAL STOCK

Name of Stockholders	March 31, 2019 Ordinary Shares	Percentage of Ownership	Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	5,224,187	33%	508,835,813,800
TVS Motor Company (Europe) B.V.	2,870,000	18%	279,538,000,000
TVS Motor Company Limited, India	7,597,000	49%	739,947,800,000
Total	15,691,187	100%	1,528,321,613,800

Name of Stockholders	March 31, 2018 Ordinary Shares	Percentage of Ownership	Total Capital Stock
		%	Rp
TVS Motor (Singapore) Pte., Limited	5,224,187	35%	508,835,813,800
TVS Motor Company (Europe) B.V.	2,870,000	19%	279,538,000,000
TVS Motor Company Limited, India	6,897,000	46%	671,767,800,000
Total	14,191,187	100%	1,460,141,613,800

Movements in paid-in capital are as follows:

	2019	2018
	Rp	Rp
Beginning of the year	**1,460,141,613,800**	1,382,221,613,800
Issuance of capital stock	**68,180,000,000**	77,920,000,000
End of the year	**1,528,321,613,800**	1,460,141,613,800

Changes in the Company's outstanding shares are as follows:

	2019	2018
	Number of Shares	Number of Shares
Beginning of the year	14,991,187	14,191,187
Issuance of capital stock for cash	700,000	800,000
End of the year	15,691,187	14,991,187

In 2019, the Company received additional capital stock subscription amounting to US$ 7,000,000 (equivalent to Rp 99,354,000,000) from TVS Motor Company Limited, India.

In 2018, the Company received additional capital stock subscription amounting to US$ 8,000,000 (equivalent to Rp 107,835,000,000) 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:

	2019	2018
	Rp	Rp
Balance at beginning of year	134,628,517,840	104,713,517,840
Foreign exchange rate difference on issuance of shares	31,174,000,000	29,915,000,000
Balance at end of year	165,802,517,840	134,628,517,840

20. REVALUATION SURPLUS

This amount represents the increase in value of land due to revaluation.

	2019	2018
	Rp	Rp
Balance at beginning of year	268,251,873,564	262,112,214,244
Revaluation surplus (Note 10)	10,497,841,360	6,139,659,320
Balance at end of year	278,749,714,924	268,251,873,564

21. NET SALES

	2019	2018
	Rp	Rp
Sales	492,579,068,525	383,263,025,067
Less sales discounts	(3,437,288,847)	(2,331,908,796)
Net	489,141,779,678	380,931,116,271

0.1% in 2019 and 0.3% in 2018, of the total net sales were made to TVS Motor Company Limited, India, the ultimate holding company (Note 25).

Details of net sales to dealers representing more than 10% of the sales are as follows:

Name of Customers	2019	2018
	Rp	Rp
Koshambh Multitred Pvt., Ltd.	165,662,914,369	116,151,295,108
TVS Global Automobile Traders FZCO	97,165,379,921	7,416,989,040
Agrocorp International Pte., Ltd.	74,075,661,536	84,122,836,515
Niroo Motor Sahand	25,545,139,329	44,304,031,500
Stargold Motorcycle Corporation	63,763,966	61,939,436,228
Total	362,512,859,121	313,934,588,391

22. COST OF GOODS SOLD

	2019	2018
	Rp	Rp
Raw materials and components used	400,776,806,336	307,761,059,368
Direct labor	14,734,154,186	10,923,041,479
Overhead	65,413,222,092	58,573,187,832
Total Manufacturing Cost	480,924,182,614	377,257,288,679
Finished goods		
At beginning of year	11,947,995,441	4,893,211,361
At end of year (Note 8)	(17,560,566,935)	(11,947,995,441)
Cost of Goods Sold	475,311,611,120	370,202,504,599

54% in 2019 and 49% in 2018 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

	2019	2018
	Rp	Rp
Marketing		
Advertising and market research	14,845,075,361	11,989,054,754
Free service charges	525,398,622	280,130,382
Dealer development and public relations	119,903,390	246,654,514
Others	125,412,100	217,757,242
Total	15,615,789,473	12,733,596,892
General and administrative		
Salaries, allowances and other benefits (Note 25)	25,062,572,255	25,746,522,334
Rental	6,056,447,322	6,225,142,829
Travel and transportation	6,017,867,367	4,924,367,697
Consultancy fees	4,817,870,806	5,271,289,481
Training and development	2,703,434,556	4,016,818,610
Data processing	1,728,676,368	1,692,962,105
Taxes, permit and license	1,516,821,939	1,258,135,984
Research and development	1,393,406,127	2,033,488,851
Insurance	1,266,708,806	1,190,370,420
Depreciation (Note 11)	572,762,313	512,523,651
Others	3,929,362,248	3,467,290,331
Total	55,065,930,107	56,338,912,293

24. INCOME TAX

The tax expense of the Company consist of the following :

	2019	2018
	Rp	Rp
Current tax		
Adjustment of Tax Assessment Letter and others		
2016	-	89,286,374
2015	-	319,225,000
Deferred tax	(3,456,286,138)	12,693,676,086
Total	(3,456,286,138)	13,102,187,460

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended *(Continued)*

Current tax

The reconciliation between loss before tax per statements of profit or loss and other comprehensive income and fiscal loss is as follows:

	2019	2018
	Rp	Rp
Loss before tax per statements of profit or loss and other comprehensive income	(94,377,807,304)	(93,477,630,437)
Temporary differences:		
Provision for employee benefits - net	3,357,001,000	389,021,000
Depreciation of property, plant and equipment	1,513,863,136	1,911,483,740
Provision for accrued expenses	319,248,827	3,721,700,220
Total	5,190,112,963	6,022,204,960
Permanent differences:		
Employee welfare	4,034,819,177	3,791,865,020
Tax expenses	499,190,020	2,060,284,989
Provision for inventory obsolescence	1,202,882,038	1,116,291,951
Interest income already subjected to final tax	(375,070,275)	(575,672,830)
Provision for impairment losses	189,112,608	490,017,129
Others	417,265,475	150,366,612
Total	5,968,199,043	7,033,152,871
Fiscal loss before fiscal loss carryforward	(83,219,495,298)	(80,422,272,606)
Fiscal loss carryforward - net of expired portion	(442,485,747,914)	(597,793,184,332)
Tax correction (unappealed tax case)	-	39,042,109,691
Total accumulated fiscal loss	(525,705,243,212)	(639,173,347,247)
Current tax	Nil	Nil

	2019	2018
	Rp	Rp
Prepaid taxes		
2019	518,102,000	-
2018	572,183,998	572,183,998
2017	467,640,000	467,640,000
Prepaid taxes (Note 9)	1,557,925,998	1,039,823,998

Deferred Tax

The details of the Company's deferred tax assets (liabilities) are as follows:

	April 1, 2017	Credited (charged) to profit or loss for the year	Credited to Other Comprehensive Income	March 31, 2018	Credited Charged (charged) to profit or loss for the year	to Other Comprehensive Income	March 31, 2019
	Rp	Rp	Rp	Rp	Rp	Rp	Rp
Deferred tax asset (liabilities):							
Fiscal loss	51,863,377,543	(14,199,227,326)	-	37,664,150,217	3,246,291,759	-	4 0,910,441,976
Accrued expenses	2,294,697,463	930,425,055	-	3,225,122,518	79,812,207	-	3 ,304,934,725
Property, plant and equipment	(16,692,733,508)	477,870,935	-	(16,214,862,573)	(709,068,078)	-	(16,923,930,651)
Post-employment benefits obligation	4,324,150,000	97,255,250	(230,113,250)	4,191,292,000	839,250,250	(559,919,250)	4 ,470,623,000
Deferred Tax Asset - Net	41,789,491,498	(12,693,676,086)	(230,113,250)	28,865,702,162	3,456,286,138	(559,919,250)	3 1,762,069,050

The fiscal loss can be utilized against the taxable income for a period of five years subsequent to the year the fiscal loss was incurred.

A reconciliation between the tax expense and the amounts computed by applying the effective tax rates to profit before tax is as follows:

	2019	2018
	Rp	Rp
Loss before tax per statements of profit or loss and other comprehensive income	(94,377,807,304)	(93,477,630,437)
Tax benefit at effective tax rates	(23,594,451,826)	(23,369,407,609)
Unrecognized deferred tax on fiscal loss	17,558,582,065	34,304,795,477
Tax effect of permanent differences	1,492,049,760	1,758,288,218
Tax base correction	1,087,533,863	-
Adjustment of Tax Assessment	-	408,511,374
Tax expense (benefit)	(3,456,286,138)	13,102,187,460

The Company received Tax Overpayment Assessment Letter (SKPLB) No. 00172/406/15/055/17 dated September 4, 2017 which stated that for fiscal year 2016, the Company has an overpayment related to income taxes amounting Rp 913,637,000 instead of Rp 1,002,923,372 and the difference amounting to Rp 89,286,374 was wrote off and recorded under tax expense.

In 2018, the Company wrote off prepaid income tax Article 28A for 2015 amounting to Rp 319,225,000 and recorded under tax expense.

25. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

a. TVS Motor Company (Europe) B.V. and TVS Motor (Singapore) Pte., Limited, are stockholders of the Company.

b. TVS Motor Company Limited, India (TVS India) is the ultimate holding company of the Company and a stockholder.

c. Related party which conform to criterias on Note 3d is TVS Auto Bangladesh Ltd.

Transactions with Related Parties

The Company entered into certain transactions with related parties, including the following:

a. Compensation paid to the Board of Commissioners and Director of the Company amounted to Rp 5,009,593,680 and Rp 4,556,414,625 in 2019 and 2018, respectively.

b. Net sales to related parties accounted for 2.6% in 2019 and 0.3% in 2018, of the total net sales. At reporting date, the receivables for these sales were presented as trade accounts receivable which constituted 0.6% and nil of the total assets as of March 31, 2019 and 2018, respectively.

c. Purchases from a related party constituted 54% in 2019 and 49% in 2018 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 26% and 11% of the total liabilities as of March 31, 2019 and 2018, respectively.

d. The Company also entered into non-trade transactions such as claim for reimbursements (Note 7), bank guarantee charges and information technology services fees with a related party (Note 14).

26. SIGNIFICANT CONTRACTS AND AGREEMENTS

On April 1, 2017, the Company and TVS Motor Company Limited entered into a new License and Technical Assistance Agreement, wherein the Company obtains the right to use industrial property rights and technical information in connection with the manufacture, assembly, sale and service of TVS two and three wheeler brands. As per agreement, the Company has to pay royalty of 2% on the net ex-factory price of every product sold. The payment of royalty will only begin when the combined production of two and three wheelers exceed 20,000 units per month. This agreement will be valid for 5 years from effectivity date.

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 and for the year then ended *(Continued)*

27. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

		March 31, 2019		March 31, 2018	
		Foreign Currency	**Equivalent in Rp**	Foreign Currency	Equivalent in Rp
Monetary Assets					
Cash and cash equivalents	USD	3,730,611	53,138,825,360	1,175,726	16,173,281,075
	SGD	-	-	10,664	111,833,215
Trade accounts receivable					
Related parties	USD	440,632	6,276,371,752	-	-
Third parties	USD	11,802,770	168,118,653,031	8,218,221	113,049,854,541
Other accounts receivable					
Related party	USD	685,496	9,764,200,893	-	-
Security deposits	USD	7,912	112,697,958	10,437	143,571,372
Total Monetary Assets			237,410,748,994		129,478,540,203
Monetary Liabilities					
Bank loans	USD	25,186,574	358,757,554,501	25,190,253	346,517,116,968
	CNH	551,022	1,164,860,508	-	-
Trade accounts payable					
Related party	USD	11,776,334	167,742,101,496	3,997,490	54,989,477,805
Third parties	USD	388,727	5,537,022,972	783,137	10,772,835,873
	CNH	85,380	180,612,425	-	-
Other accounts payable					
Related party	USD	574,294	8,180,247,012	31,943	439,411,504
Third parties	USD	95,045	1,353,827,532	63,059	867,439,604
Accrued expenses	USD	138,297	1,969,899,049	241,080	3,316,296,480
Deposit from customers	USD	2,000	28,488,000	-	-
Total Monetary Liabilities			544,914,613,495		416,902,578,234
Net Monetary Liabilities			(307,503,864,501)		(287,424,038,031)

The conversion rates used by the Company are as follows:

	March 31, 2019	March 31, 2018
	Rp	Rp
USD	**14,244**	13,756
SGD	**10,507**	10,487
CNH	**2,114**	2,182

28. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT
a. Categories and Classes of Financial Instruments

	March 31, 2019	
	Loans and receivables	Liabilities at amortized cost
	Rp	Rp
Financial Assets		
Cash and cash equivalents	58,025,966,579	-
Trade accounts receivable		
Related parties	6,276,371,752	-
Third parties		-
Other accounts receivable	231,339,003,272	
Related party	10,587,427,232	-
Other current assets	7,433,068,843	-
Security deposits	1,074,954,253	-
Financial Liabilities		
Trade accounts payable		
Related party	-	167,742,101,496
Third parties	-	37,137,979,859
Other acounts payable		
Related party	-	8,180,247,012
Third parties	-	7,473,925,556
Accrued expenses	-	31,659,222,368
Deposit from customers	-	1,234,415,184
Bank loans	-	383,710,003,393
Total	314,736,791,931	637,137,894,868

	March 31, 2018	
	Loans and receivables	Liabilities at amortized cost
	Rp	Rp
Financial Assets		
Cash and cash equivalents	33,742,046,461	-
Trade accounts receivable		
T Thhiridrd p paartriteiess	137,533,563,500	-
Other current assets	1,399,261,345	-
Security deposits	854,060,957	-
Financial Liabilities		
Trade accounts payable		
Related parties	-	54,989,477,805
Third parties	-	41,329,842,320
Other acounts payable		
Related parties	-	439,411,504
Third parties	-	7,872,374,947
Accrued expenses	-	23,708,236,911
Deposit from customers	-	1,410,960,813
Bank loans	-	374,134,893,826
Total	173,528,932,263	503,885,198,126

NOTES TO FINANCIAL STATEMENTS
March 31, 2019 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's capital structure consists of cash and cash equivalents (Note 5), bank loans (Note 12), and equity, consisting of subscribed and paid-up capital (Note 18), foreign exchange rate difference on paid-in capital (Note 19), revaluation surplus (Note 20), other comprehensive income and deficit.

The gearing ratio as of March 31, 2019 and 2018 is as follows:

	March 31, 2019	March 31, 2018
	Rp	Rp
Debt	383,710,003,393	3 74,134,893,826
Cash and cash equivalents	58,118,052,945	33,862,137,727
Debt - net	325,591,950,448	340,272,756,099
Equity	327,147,521,688	306,537,443,744
Net debt to equity ratio	100%	111%

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 Director.

i. Interest rate risk management

The interest rate risk exposure relates to the amount of assets or liabilities which is subject to a risk that a movement in interest rates will adversely affect the loss for the year. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The Company has a policy of obtaining financing from banks which offer the most favorable interest rate. Approvals from the Director and Commissioners must be obtained before committing the Company to any of the instruments to manage the interest rate risk exposure.

Financial instruments that are exposed to interest rate risk are included in the liquidity table in item (iv).

The sensitivity analysis below had been determined based on the exposure of the financial liabilities to floating interest rates as of March 31, 2019 and 2018. 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 2019 and 2018, if interest rate had been 80 and 64 basis points, respectively, higher (lower) and the other variables held constant, the Company's profit after tax would decrease (increase) by Rp 1,002,713,574 and Rp 660,321,014, respectively.

ii. Foreign currency risk management

The Company is exposed to the effects of foreign currency exchange rate fluctuations mainly because of foreign currency denominated transactions such as sales and purchases of goods, and borrowings denominated in foreign currency.

The Company manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. The Company's net open foreign currency exposure as of reporting date is disclosed in Note 27.

The Company is mainly exposed to the US Dollar. The following table details the Company's sensitivity to changes in Indonesian Rupiah against US Dollar. The sensitivity analysis represents management's assessment of the effect to the financial statements caused by the reasonably possible change in foreign exchange rates, on outstanding foreign currency denominated monetary financial assets and liabilities.

	2019		2018	
	Percentage of change in exchange rate	Effect on profit or loss after tax	Percentage of change in exchange rate	Effect on profit or loss after tax
		Rp		Rp
US Dollar	3%	6,888,563,810	1%	2,156,519,034

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not reflect the exposure during the year.

iii. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in a loss to the Company.

As the Company has charged its strategy of focussing more on exports and with more than 90% of its sales are through export of vehicles, the Company supplies its products to well established distributors who are mostly the distributors of the parent company also. Exports to countries like Myanmar, West Africa are done based on letters of credit issued by reputable banks. For exports to certain countries like middle east and other African and ASEAN countries are based on advance remittance of money by telegraphic transfer. In respect of Philippines, the Company has agrees to provide extended credit facility to the distributort/importer assembler in view of the need to supply different variants in different colours in an uninterrupted manner to the several multi brand outlets. The management periodically examines the credit limit exposure and takes decisions accordingly.

In respect of domestic sales, the Company obtains bank guarantee or asset collateral or cash deposit which is the basis of setting up the distributors credit limit. The Company's exposure and its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is continuously monitored and limits are reviewed and approved based on the track record of these distributors. In respect of three wheelers, in order to create more visibility by putting more vehicles on the road, the Company has agreed to provide extended credit period as the lead time for conversion of prospects to customers is quite long.

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade accounts receivables is partially mitigated because the trade accounts receivable are partially secured by bank guarantee, land certificates and letter of credits. Trade accounts receivable amounting to Rp 69,736,521,513 and Rp 52,501,822,350 as of March 31, 2019 and 2018 are fully covered by collaterals.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment losses and credit risk enhancements represents the Company's exposure to credit risk.

iv. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Director, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company receives support from shareholders to finance its ongoing working capital requirements.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

	March 31, 2019						
	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
		Rp	Rp	Rp	Rp	Rp	Rp
Non-interest bearing							
Trade accounts payable							
Related party	-	6 ,820,244,919	15,913,904,812	99,236,406,586	45,771,545,179	-	167,742,101,496
Third party	-	10,002,047,865	13,299,014,577	13,836,917,417	-	-	37,137,979,859
Other accounts payable							
Related party	-	8 69,309,896	3,368,261,730	3,942,675,386	-	-	8,180,247,012
Third party	-	1 ,761,174,166	2,858,191,514	2,854,559,876	-	-	7,473,925,556
Accrued expense	-	7 ,186,534,905	12,549,217,800	11,923,469,663	-	-	31,659,222,368
Variable interest rate instruments							
Bank loans	3% - 6.9%	24,728,390,501	49,054,045,092	96,077,364,457	-	-	169,859,800,050
Fixed interest rate instruments							
Bank loans	7.5% - 13'%	11,742,187,055	34,819,097,473	185,845,747,838	-	-	232,407,032,366
Total		63,109,889,307	131,861,732,998	413,717,141,223	45,771,545,179	-	654,460,308,707

	March 31, 2018						
	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total
		Rp	Rp	Rp	Rp	Rp	Rp
Non-interest bearing							
Trade accounts payable							
Related party		31,718,998	1 4,071,412,149	40,886,346,658	-	-	54,989,477,805
Third party		11,411,798,148	1 9,485,848,364	10,432,195,808	-	-	41,329,842,320
Other accounts payable							
Related party		-	4 39,411,504	-	-	-	439,411,504
Third party		2,594,352,336	3 ,799,949,076	1,478,073,535	-	-	7,872,374,947
Accrued expense		7,838,942,772	2 ,616,486,447	13,252,807,692	-	-	23,708,236,911
Variable interest rate instruments							
Bank loans	3% - 5.4%	403,618,658	4 8,284,215,947	110,404,757,874	-	-	159,092,592,479
Fixed interest rate instruments							
Bank loans	7.5% - 13%	35,231,432,396	5 0,035,690,127	147,065,432,951	-	-	232,332,555,474
Total		57,511,863,308	1 38,733,013,614	323,519,614,518	-	-	519,764,491,439

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. OTHER MATTERS

The Company incurred a total comprehensive loss of Rp 78,743,922,056 during the year ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rp 164,389,378,197. Further, the Company incurred a deficit of Rp 1,653,501,447,376 as of March 31, 2019, as a result of recurring losses from operations. The Company's management believes that they maintain considerable financial resources, including continuous support from the Company's ultimate shareholder. In addition, the Company has been able to improve its performance over the last two years through increase in sales volume, sales turnover and generating gross profit.

Management also implemented and continues to implement the following measures:

- Continued focus on export markets through consolidation of existing markets and entry into new markets;
- Increasing the sales of three wheeler both passenger and Kargo version which was launched recently, including exports of these products;
- Improvement of margins through cost reduction, product mix and country mix;
- Continued focus on waste elimination projects; and
- Focus on niche segments in premium motorcycles in the domestic market.

The Company's management also believes that it is well placed to manage the Company's business risks successfully despite the current condition and is able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

30. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2018 financial statements have been reclassified to conform with the 2019 financial statements presentation:

	March 31, 2018	
	Before Reclassification	After Reclassification
	Rp	Rp
Statement of financial position		
Advance from customers	1,410,960,813	-
Deposit from customers	-	1,410,960,813
Statement of cash flows		
Cash flows from operating activities		
Changes in working capital:		
Advance from customers	(455,468,887)	-
Deposit from customers	-	(455,468,887)

The reclassifications do not require the presentation of a third statement of financial position because these reclassifications did not have a material effect on the information in the statement of financial position at the beginning of the preceding period.

31. 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, 2018	Financing cash flows	Non-cash transaction changes	March 31, 2019
	Rp	Rp		Rp
Bank loans	374,134,893,826	(2,715,938,545)	12,291,048,112	383,710,003,393

32. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 1 to 40 were the responsibilities of the management, and were approved by the Director and authorized for issue on April 22, 2019.

RE-STATED ACCOUNTS OF
PT. TVS MOTOR COMPANY INDONESIA

PT. TVS MOTOR COMPANY INDONESIA

Balance Sheet as at 31st March 2019

	Notes	IDR in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment	1	463,029.47	180.43
Other non-current assets	2	42,534.31	20.62
		505,563.78	201.05
Current assets			
Inventories	3	150,505.76	73.00
Financial assets			
i. Trade receivables	4	248,202.80	120.37
ii. Cash and cash equivalents	5	58,118.06	28.18
Current tax assets (Net)		1,557.93	0.76
Other current assets	6	14,833.87	7.20
		473,218.42	229.51
Total Assets		978,782.20	430.56
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	1,528,321.61	826.52
Other equity	8	(1,212,804.84)	(717.63)
		315,516.77	108.89
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	9	-	-
Provisions	10	25,657.61	12.44
		25,657.61	12.44
Current liabilities			
Financial liabilities			
i. Borrowings	11	217,529.17	105.50
ii. Trade payables	12		
a. Total outstanding dues of micro and small enterprises		-	-
b. Total outstanding dues of other than (ii) (a) above		252,193.48	122.30
iii. Other financial liabilities	13	166,180.83	80.60
Other current liabilities	14	1,704.34	0.83
		637,607.82	309.23
Total liabilities		663,265.43	321.67
Total equity and liabilities		978,782.20	430.56

Statement of profit and loss for the year ended 31st March 2019

		Notes	IDR in Mn.	Rupees in crores
I	Revenue from operations	15	490,931.91	238.87
II	Other income	16	375.07	0.18
III	Total Income (I +II)		491,306.98	239.05
IV	Expenses:			
	Cost of material consumed	17	397,169.07	193.39
	Purchase of stock in trade	17	-	-
	Changes in inventories of finished goods, stock-in -trade and work-in-progress	17	(5,612.57)	(2.87)
	Employee benefits expense	18	63,591.22	30.95
	Finance costs	19	39,691.46	19.31
	Depreciation and amortisation expense	1	15,016.62	9.78
	Other expenses	20	77,763.44	37.84
			587,619.24	288.40
V	Profit before exceptional items,(III - IV)		(96,312.26)	(49.35)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(96,312.26)	(49.35)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(96,312.26)	(49.35)
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		-	(1.03)
			-	(1.03)
XI	Total Comprehensive Income (IX+X)		(96,312.26)	(50.38)
XII	Earnings per equity share (Face value of IDR.97,400/- each)			
	Basic & Diluted earnings per share (in IDR / in rupees)		(6,137.98)	(31.45)

Notes to Accounts

1 Property, Plant & Equipment

IDR in Millions

Description	Property, Plant & Equipment					
	Land	Buildings	Plant & equipment	Vehicles	Furniture, fixtures and eqipments	Total
	1	2	3	4	5	6
Cost of assets						
Gross carrying value as at 01-04-2018	222,928.86	100,871.74	317,017.97	1,219.65	9,811.73	651,849.95
Additions	-	582.02	4,309.59	-	513.34	5,404.95
Sub-total	222,928.86	101,453.76	321,327.56	1,219.65	10,325.07	657,254.90
Sales / deletion	-	-	13.80	-	-	13.80
Total	222,928.86	101,453.76	321,313.76	1,219.65	10,325.07	657,241.10
Depreciation / Amortisation						
Upto 31-03-2018	-	46,439.09	123,255.38	606.66	8,907.68	179,208.81
For the year	-	5,049.56	9,394.30	119.65	453.11	15,016.62
Sub-total	-	51,488.65	132,649.68	726.31	9,360.79	194,225.43
Withdrawn on assets sold / deleted	-	-	13.80	-	-	13.80
Total	-	51,488.65	132,635.88	726.31	9,360.79	194,211.63
Carrying value						
As at 31-03-2019	222,928.86	49,965.11	188,677.88	493.34	964.28	463,029.47

Rupees in crores

Description	Property, Plant & Equipment					
	Land	Buildings	Plant & equipment	Vehicles	Furniture, fixtures and eqipments	Total
	1	2	3	4	5	6
Cost of assets						
Gross carrying value as at 01-04-2018	105.33	47.84	149.67	0.57	4.63	308.04
Additions	-	0.28	2.09		0.18	2.55
Foreign Currency translation reserve difference	2.79	1.08	2.56	0.02	0.20	6.65
Sub-total	108.12	49.20	154.32	0.59	5.01	317.24
Sales / deletion	-	-	-	-	-	-
Total	108.12	49.20	154.32	0.59	5.01	317.24
Depreciation / Amortisation						
Upto 31-03-2018	-	21.79	94.67	0.28	4.21	120.95
For the year	-	2.45	7.05	0.06	0.22	9.78
Foreign Currency translation reserve difference	-	0.54	5.42	0.01	0.11	6.08
Sub-total	-	24.78	107.14	0.35	4.54	136.81
Withdrawn on assets sold / deleted	-	-	-	-	-	-
Total	-	24.78	107.14	0.35	4.54	136.81
Carrying value						
As at 31-03-2019	108.12	24.42	47.18	0.24	0.47	180.43

Notes on accounts - *(continued)*

		IDR in Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
2	OTHER NON-CURRENT ASSETS		
	Advances other than capital advances:		
	Deposits made	1,074.95	0.52
	VAT Receivable	41,459.36	20.10
		42,534.31	20.62
3	INVENTORIES		
	Raw materials and components	132,632.10	64.33
	Finished goods	17,560.57	8.52
	Stores and spares	313.09	0.15
		150,505.76	73.00
4	TRADE RECEIVABLES		
	Secured, considered good	-	-
	Unsecured, considered good	248,202.80	120.37
		248,202.80	120.37
	Less : Loss allowance	-	-
		248,202.80	120.37
5	CASH AND CASH EQUIVALENTS		
	Balances with banks in current accounts	58,025.97	28.14
	Deposits with maturity of less than three months	-	-
	Cash on hand	92.09	0.04
		58,118.06	28.18
6	OTHER CURRENT ASSETS		
	Vendor advance	5,453.85	2.65
	Others	9,380.02	4.55
		14,833.87	7.20

		IDR in Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
7	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	17,500,000 Ordinary shares of IDR.97,400 each	1,704,500.00	921.80
	Issued, subscribed and fully paid up:		
	15,691,187 Ordinary shares of IDR.97,400 each	1,528,321.61	826.52
		1,528,321.61	826.52
8	OTHER EQUITY		
	General reserve	(8,135.60)	(0.81)
	Retained earnings	(1,370,471.76)	(679.50)
	Foreign currency translation reserve	165,802.52	(37.32)
		(1,212,804.84)	(717.63)

9 Non Current Liabilities - Financial Liabilities

Borrowings				As at 31-03-2019	
Description	Frequency	No. of instal-ments due	Maturity	IDR in Mn.	Rupees in crores
Secured:					
Term Loan from Bank	Half- yearly	1	Jul 2019	166,180.83	80.60
Total Borrowings :				166,180.83	80.60
Less : Current maturities of long-term borrowings (Refer Note No. 13)				166,180.83	80.60
Total Long-term Borrowings				-	-
Details of securities created: Term loan from Bank is secured by a lien on collection account.					
Term Loan from Bank carried an interest rate of 3 Month USD LIBOR plus agreed margin.					

Notes on accounts - *(continued)*

		IDR in Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
10	NON - CURRENT LIABILITIES - PROVISIONS		
	Pension	25,657.61	12.44
		25,657.61	12.44
11	FINANCIAL LIABILITIES - BORROWINGS (CURRENT)		
	Borrowings repayable on demand from banks		
	Secured	217,529.17	105.50
		217,529.17	105.50

Short term borrowings from banks include :

a) A loan of Rs.78.76 crores in USD obtained from a bank, secured by a letter of credit issued by a bank in India and

b) A loan of Rs.11.54 crores in IDR, Rs.14.64 crores in USD and Rs.0.56 crores in CNH obtained from another bank secured by susidiary inventories and tradeaccount receivable.

		IDR in Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
12	TRADE PAYABLES		
	Current		
	Dues to Micro and Small Enterprises **	-	-
	Dues to enterprises other than Micro and Small Enterprises	252,193.48	122.30
		252,193.48	122.30

** Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received by the management. The entire closing balance represents the principal amount payable to these enterprises. There are no interests due or outstanding on the same.

		IDR in Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
13	OTHER FINANCIAL LIABILITIES		
	Current		
	Current Maturities of long term borrowings		
	Term loan from bank	166,180.83	80.60
		166,180.83	80.60
14	OTHER CURRENT LIABILITIES		
	Statutory dues	469.90	0.23
	Advance received from customers	1,234.44	0.60
		1,704.34	0.83

			IDR in Mn. Year ended 31-03-2019	Rupees in crores Year ended 31-03-2019
15	REVENUE FROM OPERATIONS			
	Sale of products		489,141.78	238.00
	Other operating revenue		1,790.13	0.87
			490,931.91	238.87
16	OTHER INCOME			
	Interest income		375.07	0.18
			375.07	0.18
17	MATERIAL COST :			
	Cost of Materials Consumed			
	Opening stock of raw materials and components		105,847.27	50.01
	Add: Purchases		423,953.90	207.71
			529,801.17	257.72
	Less: Closing stock of raw materials and components		132,632.10	64.33
	Consumption of raw materials and components		397,169.07	193.39
	Purchases of stock-in-trade		-	-
	Changes in inventories of finished goods, work-in-progress and			
	stock-in-trade:			
	Opening stock:			
	Work-in-progress		-	-
	Stock-in-trade		-	-
	Finished goods		11,948.00	5.65
		(A)	11,948.00	5.65
	Closingstock:			
	Work-in-progress		-	-
	Stock-in-trade		-	-
	Finished goods		17,560.57	8.52
		(B)	17,560.57	8.52
		(A)-(B)	(5,612.57)	(2.87)
18	EMPLOYEE BENEFITS EXPENSE			
	Salaries, wages and bonus		58,631.11	28.53
	Contribution to provident and other funds		649.25	0.32
	Staff welfare expenses		4,310.86	2.10
			63,591.22	30.95

Notes on accounts - *(continued)*

		IDR in Mn. Year ended 31-03-2019	Rupees in crores Year ended 31-03-2019
19	FINANCE COSTS		
	Interest	26,180.24	12.74
	Exchange differences	13,511.22	6.57
		39,691.46	19.31

		IDR in Mn. Year ended 31-03-2019	Rupees in crores Year ended 31-03-2019
20	OTHER EXPENSES		
	(a) Consumption of stores, spares and tools	1,471.99	0.72
	(b) Power and fuel	3,173.89	1.54
	(c) Rent	8,607.35	4.19
	(d) Repairs - buildings	2,214.14	1.08
	(e) Repairs - plant and equipment	1,845.49	0.90
	(f) Insurance	1,266.71	0.62
	(g) Rates and taxes (excluding taxes on income)	1,516.82	0.74
	(h) Audit fees	694.40	0.34
	(i) Packing and freight charges	24,014.75	11.68
	(j) Advertisement and publicity	14,845.08	7.22
	(k) Other marketing expenses	770.71	0.38
	(l) Miscellaneous expenses (under this head there is no expenditure which is in excess of 1%of revenue from operations or Rs.10 lakh, whichever is higher)	17,342.11	8.43
		77,763.44	37.84

Independent Auditor's Report

Board of Directors

Sundaram Holding USA, Inc. and subsidiaries

We have audited the accompanying consolidated financial statements of Sundaram Holding USA, Inc. and subsidiaries ('the Company'), which comprise the consolidated balance sheets as at March 31, 2019 and March 31, 2018 and the related consolidated statements of loss, changes in stockholders' equity and cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of the Company as at March 31, 2019 and March 31, 2018 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

Knav P.A.
Atlanta, Georgia

April 24, 2019

CONSOLIDATED BALANCE SHEET

(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	912,555	5,722,589
Inventories	331,652	-
Other current assets	4,993	5,567
Total current assets	**1,249,200**	**5,728,156**
Property, plant and equipment, net	47,268,202	3,129,714
Capital work-in-progress	18,658,167	18,387,233
Capital advances	1,943,686	4,815,811
Total assets	**69,119,255**	**32,060,914**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	20,000,000	-
Other current liabilities	4,540,880	3,588,764
Total current liabilities	**24,540,880**	**3,588,764**
Other liabilities	1,100,000	-
Total liabilities	**25,640,880**	**3,588,764**
Stockholders' equity		
Common stock, $1 par, authorized - 60,000,000 shares (*previous year 50,000,000 shares)*; issued and outstanding - 51,000,000 *shares* (*previous year 32,000,000 shares*) *(Refer note O)*	51,000,000	32,000,000
Accumulated deficit	(7,521,625)	(3,527,850)
Total stockholders' equity	**43,478,375**	**28,472,150**
Total liabilities and stockholders' equity	**69,119,255**	**32,060,914**

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF LOSS

(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
Costs and expenses		
Depreciation expenses	581,379	51,523
Finance charges	38,161	-
Payroll expenses	1,169,920	1,086,193
General and administrative expenses	2,204,315	1,140,579
Total costs and expenses	**3,993,775**	**2,278,295**
Loss before tax	**(3,993,775)**	**(2,278,295)**
Net loss	**(3,993,775)**	**(2,278,295)**

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the year ended March 31, 2019 and March 31, 2018

(All amounts in United States Dollars, except number of shares)

	Common stock					
Particulars	**Authorized**		**Issued & outstanding**		**Accumulated deficit**	**Total stockholders' equity**
	Shares	**Value**	**Shares**	**Value**		
Balance as at April 01, 2017	**10,000,000**	**10,000,000**	**5,294,432**	**5,294,432**	**(1,249,555)**	**4,044,877**
Common stock authorized/issued	40,000,000	40,000,000	26,705,568	26,705,568	-	26,705,568
Net loss	-	-	-	-	(2,278,295)	(2,278,295)
Balance as at March 31, 2018	**50,000,000**	**50,000,000**	**32,000,000**	**32,000,000**	**(3,527,850)**	**28,472,150**
Balance as at April 01, 2018	**50,000,000**	**50,000,000**	**32,000,000**	**32,000,000**	**(3,527,850)**	**28,472,150**
Common stock authorized	10,000,000		10,000,000	-		-
Common stock issued	-	-	19,000,000	19,000,000	-	**19,000,000**
Net loss	-	-	-	-	(3,993,775)	**(3,993,775)**
Balance as at March 31, 2019	**60,000,000**	**60,000,000**	**51,000,000**	**51,000,000**	**(7,521,625)**	**43,478,375**

(The accompanying notes are an integral part of these consolidated financial statements)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(All amounts in United States Dollars, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Net loss	(3,993,775)	(2,278,295)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	581,379	51,523
Changes in assets and liabilities		
Other current liabilities	1,014,594	347,849
Inventories	(331,652)	-
Other current assets	574	(2,917)
Net cash used in operating activities	**(2,728,881)**	**(1,881,840)**
Cash flow from investing activities		
Purchase of property, plant and equipment and capital assets	(41,081,153)	(19,919,904)
Net cash used in investing activities	**(41,081,153)**	**(19,919,904)**
Cash flow from financing activities		
Issuance of common stock	19,000,000	26,510,005
Short-term borrowings	20,000,000	-
Net cash provided by financing activities	**39,000,000**	**26,510,005**
Net (decrease) increase in cash and cash equivalents	**(4,810,034)**	**4,708,261**
Cash and cash equivalents at the beginning of the year	5,722,589	1,014,328
Cash and cash equivalents at the end of the year	**912,559**	**5,722,589**
Supplemental non-cash information		
Amount payable converted into equity contribution. *(Refer Note K)*	-	195,563
Interest paid	238,496	-
Interest capitalized during the year	286,054	-

(The accompanying notes are an integral part of these consolidated financial statements)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in United States Dollars unless otherwise stated)

NOTE A – NATURE OF OPERATIONS

Sundaram Holding USA Inc. (the “Company”), was incorporated in the State of Delaware on September 09, 2015. The Company is held by Sundaram Auto Components Limited and Sundaram Clayton Limited. The Company is the sole owner member of four single member limited liability companies - Green Hills Land Holding LLC, Component Equipment Leasing LLC, Sundaram Clayton USA LLC (erstwhile Workspace Projects LLC) (all incorporated on September 16, 2016) and Premier Land Holding LLC (incorporated on December 06, 2016). The Company and its subsidiaries are in a start-up phase and they are yet to start their revenue generating activities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The significant accounting policies are detailed below.

1. Basis of presentation

a. The accompanying financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States 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.

b. The financial statements are presented for the year ended March 31, 2019 and March 31, 2018.

c. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to confirm to the classifications used in the current year. This has no impact on the statement of income (loss).

2. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for realization of deferred tax assets, determination of useful lives for property, plant and equipment and their impairment, and inventory valuation and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revisions in accounting estimates are recognized prospectively in the current and future periods.

3. Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of $ 250,000 per depositor at each financial institution.

4. Revenue recognition

The Company is currently in a start-up phase and is expected to start operations once the set-up for commercial production is completed.

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 net realizable 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.

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 Company depreciates property, plant and equipment over the estimated useful life using the straight-line method, including capital lease assets which are depreciated over the terms of their respective leases. 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.

The estimated useful life used to determine depreciation is:

Building	10 years
Machinery and equipment	4-15 years
Production tools and dies	4-8 years
Vehicles	9 years
Furniture and fixtures	5 years
Computers and office equipment	3 years

Deposits paid towards the acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not ready for use before such date are disclosed under capital work-in-progress.

7. Impairment of long-lived assets

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

8. 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.

9. 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.

10. Income taxes

In accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

11. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

12. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

13. Recently issued accounting standards not yet adopted

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, Leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases, other than those that meet the definition of a short-term lease. This update will establish a lease asset and lease liability by lessees for those leases classified as operating under current GAAP. Leases will be classified as either operating or finance under the new guidance. Operating leases will result in straight-line expense in the income statement, similar to current operating leases, and finance leases will result in more expense being recognized in the earlier years of the lease term, similar to current capital leases. This ASU is effective for the Company beginning April 01, 2020. The Company is currently evaluating the impact of this standard on its financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Company is currently assessing the impact of the adoption of this guidance on its financial statements and disclosures.

NOTE C - INVENTORIES

Inventories comprise of:

	As at	
	March 31, 2019	**March 31, 2018**
Raw material	325,137	-
Stores and spares	6,515	-
Total	**331,652**	**-**

The inventory of raw material is held for testing the machine output before commencement of actual production which will commence in the next fiscal year.

NOTE D - OTHER CURRENT ASSETS

Other current assets comprise of:

	As at	
	March 31, 2019	**March 31, 2018**
Prepaid expenses	-	2,900
Security deposits	4,993	2,667
Total	**4993**	**5,567**

NOTE E - PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment of the Company comprise of:

	As at	
	March 31, 2019	**March 31, 2018**
Land	2,934,860	2,934,860
Building	39,160,146	-
Machinery and equipment	4,675,650	-
Vehicles	211,140	143,250
Furniture and fixtures	280,268	28,453
Computers and office equipment	92,152	82,835
Production tools and dies	555,047	-
Less: accumulated depreciation	(641,062)	(59,684)
Total	**47,268,202**	**3,129,714**

Depreciation for the year ended March 31, 2019 was $581,379 (March 31, 2018 : $ 51,523).

NOTE F - CAPITAL WORK-IN-PROGRESS

The Company has spent an amount of $ 18,658,167 during the year ended March 31, 2019 (previous year $ 18,387,233) towards the construction of manufacturing facility in Ridgeville, South Carolina for its operations. The construction and installation of machinery continues as at the balance sheet date.

NOTE G - CAPITAL ADVANCES

Capital advance of $ 1,943,686 (Previous year $ 4,815,811) has been given towards the purchase of machinery, and IT infrastructure which shall be acquired in the latter half of the next financial year.

NOTE H - SHORT-TERM BORROWING

The Company obtained a revolving credit facility from bank amounting to $ 20,000,000 during the current year. The interest accrued during the year was $ 324,214. The interest outstanding as on March 31, 2019 is $ 85,719. The interest capitalized during the year was $ 286,054.

The revolving credit facility is secured by an existing standby letter of credit issued by a bank in India. The applicable interest rate on the facility is LIBOR + 1.5%.

NOTE I - OTHER CURRENT LIABILITIES

	As at	
	March 31, 2019	**March 31, 2018**
Other current liabilities comprise of:		
Capital vendor payables*	3,978,908	3,384,160
Related party payable	300,526	-
Employee related liability	124,713	167,517
Accrued state franchise taxes	51,015	26,706
Interest payable	85,719	10,381
Total	**4,540,881**	**3,588,763**

*The net payable to vendors is on account of construction in progress and installation of machinery.

NOTE J - OTHER LIABILITIES

The Company received an incentive of $ 1,100,000 during the year 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, a "C" corporation, 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.

NOTE K - INCOME TAXES

The Company files federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The following is the summary of items giving rise to deferred tax assets and liabilities:

	As at	
	March 31, 2019	**March 31, 2018**
Non–current deferred tax assets		
Organization cost	1,661,776	852,288
Net operating losses	386,904	34,569
Accrued expense	18,517	-
Total non-current deferred tax asset	**2,067,197**	**886,857**
Non-current deferred tax liability		
Property, plant and equipment	(198,957)	21,597
Total non-current deferred tax liability	**(198,957)**	**21,597**
Total deferred tax asset, net	**1,868,239**	**865,260**
Valuation allowance	(1,868,239)	(865,260)
Deferred tax asset, net	**-**	**-**

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment. Since the Company is still to start earning revenue, the management believes there exists significant uncertainties regarding the realization of deferred tax assets and accordingly the Company has provided a valuation allowance of $ 1,868,239 and of $ 865,260 as of March 31,2019 and March 31,2018, respectively.

The Company has net operating loss carryforwards of $ 1,608,392 as at March 31, 2019 at federal level out of which $ 1,370,339, if unutilized, will never expire and the remaining shall expire beginning tax year 2035. The net operating loss carryforwards at state level are $ 1,244,079 as at March 31, 2019 which if unutilized will expire based on the statute of the 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 is of no material impact on the Company's financial position, results of operation or cash flows.

The tax years 2015, 2016 and 2017 remain subject to examination by the taxing authorities.

NOTE L - RELATED PARTY TRANSACTIONS

The Company had accounts payable to Sundaram Clayton Limited as at year ended March 31, 2019 amounting to $ 300,526. This was on account of expenses incurred for tools & dies and casting samples by the aforesaid related party.

NOTE M - CONCENTRATION OF RISKS

The Company is in a start-up phase and is expected to start operations once the set-up for commercial production is completed.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents. The cash resources of the Company are invested with banks after an evaluation of the credit risk. By their nature, all such cash equivalents involve risk including the credit risk of non-performance by counter parties. In management's opinion, as of the balance sheet date, there was no significant risk of loss in the event of non-performance of the counter parties to these cash equivalents.

NOTE N - COMMITMENTS AND CONTINGENCIES

Capital commitments

As at March 31, 2019, the Company has committed to spend $ 11,323,937 (as at March 31, 2018 amounting to $ 27,273,874) under agreements to purchase property and equipment and set up its operating facility.

Operating lease obligations

During the year, Company has entered into two new leases for a period of 12 months in South Carolina–

a. Location A from March 2019 till April 2020.

b. Location B from July 2018 till June 2019.

During the year the Company has extended the lease with American Homes from May 2018 for one more year.

The total rent expense for the year ended March 31, 2019 is $ 89,224 (March 31, 2018: $ 66,498). The minimum future lease payment for the year ending March 31, 2019 is $ 23,750.

NOTE O - STOCKHOLDERS' EQUITY

Authorized common stock

The authorized common stock is 60,000,000 shares with a par value of $ 1 as at March 31, 2019.

Common stock issued

Common stock issued and outstanding as at March 31, 2019 was 51,000,000 shares at $ 1 par value each. (March 31, 2018 – 32,000,000 shares of $ 1 par value each.)

	Year ended	
	March 31, 2019	**March 31, 2018**
Sundaram Auto Components Limited	38,000,000	24,000,000
Sundaram Clayton Limited*	13,000,000	8,000,000
Total number of shares issued	**51,000,000**	**32,000,000**

The Company issued the following additional shares, $ 1 par value each, as below –

The Company issued 19,000,000 shares at $1 par value during the year ended March 31, 2019 out of which 14,000,000 shares were issued to Sundaram Auto Components Limited and $ 5,000,000 shares were issued to Sundaram Clayton Limited.

During the year ended March 31, 2018 the Company had accounts payables to Sundaram Clayton Limited for expenses incurred by the related party. The Company repaid the amounts by converting it to common stock of 195,563 shares, $ 1 par value, in the year ended March 31, 2018.

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 P - 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 $ 7,913 during the year.

NOTE Q - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 24, 2019 which is the date the financial statements were issued. There are no material effects of the same on the financial statements as on March 31, 2019.

RE-STATED ACCOUNTS OF
SUNDARAM HOLDING USA INC.

BALANCE SHEET AS AT 31ST MARCH 2019

	Notes	USD in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment	1	3.39	23.43
Capital work in progress	1	68.16	471.36
Other non current assets	2	1.94	13.44
		73.49	508.23
Current assets			
Financial assets			
Inventories	3	0.34	2.30
Cash and cash equivalents	4	0.91	6.31
Other current assets	5	-	0.03
		1.25	8.64
Total Assets		74.74	516.87
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	51.00	337.28
Other equity	7	(1.90)	2.28
		49.10	339.56
Liabilities			
Current liabilities			
Financial liabilities			
Borrowings	8	20.00	138.31
Other financial liabilities	9	4.37	30.18
Other current liabilities	10	1.27	8.82
		25.64	177.31
Total Equity and Liabilities		74.74	516.87

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

		Notes	USD in Mn.	Rupees in crores
I	Revenue from operations		-	-
II	Other income		-	-
III	Total Income (I +II)		-	-
IV	Expenses:			
	Depreciation and amortisation expense	1	0.06	0.50
	Other expenses	11	0.08	0.53
			0.14	1.03
V	Profit before exceptional items,(III - IV)		(0.14)	(1.03)
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		(0.14)	(1.03)
VIII	Tax expense			
	i) Current tax		-	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		(0.14)	(1.03)
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		-	12.67
			-	12.67
XI	Total Comprehensive Income(IX + X)		(0.14)	11.64
XII	Earnings per equity share (Face value of USD 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		-	(0.20)

Notes on accounts

1 PROPERTY, PLANT & EQUIPMENT

USD in Millions

Description	Property, Plant & Equipment				
	Land	Vehicles	Furniture	Office Equipments	Total
	1	2	3	4	5
Cost of assets					
Gross carrying value as at 01-04-2018	2.93	0.14	0.03	0.08	3.18
Additions	-	0.07	0.25	0.01	0.33
Sub-total	2.93	0.21	0.28	0.09	3.51
Sales / deletion	-	-	-	-	-
Total	2.93	0.21	0.28	0.09	3.51
Depreciation / Amortisation					
Upto 31-03-2018	-	0.03	0.01	0.02	0.06
For the year	-	0.03	0.01	0.02	0.06
Sub-total	-	0.06	0.02	0.04	0.12
Withdrawn on assets sold / deleted	-	-	-	-	-
Total	-	0.06	0.02	0.04	0.12
Carrying value					
As at 31-03-2019	2.93	0.15	0.26	0.05	3.39
Capital work-in-progress (at cost) as at 31-03-2019					
(a) Building					-
(b) Plant & equipment					18.66
(c) Pre-operative expenses					49.50
Total					68.16

Rupees in crores

Description	Property, Plant & Equipment				
	Land	Vehicles	Furniture	Office Equipments	Total
	1	2	3	4	5
Cost of assets					
Gross carrying value as at 01-04-2018	19.13	0.93	0.19	0.54	20.79
Additions	-	0.47	1.74	0.06	2.27
Foreign exchange translation reserve adjustments	1.17	0.06	0.01	0.04	1.28
Sub-total	20.30	1.46	1.94	0.64	24.34
Sales / deletion	-	-	-	-	-
Total	20.30	1.46	1.94	0.64	24.34
Depreciation / Amortisation					
Upto 31-03-2018	-	0.19	0.06	0.14	0.39
For the year	-	0.20	0.11	0.19	0.50
Foreign exchange translation reserve adjustments	-	0.02			0.02
Sub-total	-	0.41	0.17	0.33	0.91
Withdrawn on	-				-
assets sold / deleted					
Total	-	0.41	0.17	0.33	0.91
Carrying value					
As at 31-03-2019	20.30	1.05	1.77	0.31	23.43
Capital work-in-progress (at cost) as at 31-03-2019					
(a) Building					-
(b) Plant & equipment					129.03
(c) Pre-operative expenses					342.33
Total					471.36

Notes on accounts - *(Continued)*

		USD in Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
2	OTHER NON CURRENT ASSETS		
	Capital advances	1.94	13.44
		1.94	13.44
3	INVENTORIES		
	Raw materials and components	0.33	2.25
	Stores and spares	0.01	0.05
		0.34	2.30
4	CASH AND CASH EQUIVALENTS		
	Balance with banks	0.91	6.31
		0.91	6.31
5	OTHER CURRENT ASSETS		
	Trade deposits	-	0.03
		-	0.03
6	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	60,000,000 Ordinary shares of USD 1 each	60.00	396.80
	Issued, subscribed and fully paid up:		
	51,000,000 Ordinary shares of USD 1 each	51.00	337.28
		51.00	337.28

		USD in Mn. As at 31-03-2019	Rupees in crores As at 31-03-2019
7	OTHER EQUITY		
	Retained earnings	(1.90)	(12.57)
	Foreign currency translation reserve	-	14.85
		(1.90)	2.28
8	FINANCIAL LIABILITIES - BORROWINGS (CURRENT)		
	Repayable on demand :		
	From Banks (Secured)	20.00	138.31
		20.00	138.31
9	OTHER FINANCIAL LIABILITIES		
	Interest accrued but not due	0.09	0.59
	Payable against capital goods	4.28	29.59
		4.37	30.18
10	OTHER CURRENT LIABILITIES		
	Statutory dues	0.05	0.35
	Employee related liability	0.12	0.86
	Deferred Income	1.10	7.61
		1.27	8.82

		Year ended 31-03-2019	Year ended 31-03-2019
11	OTHER EXPENSES		
	General and administrative expenses	0.08	0.53
		0.08	0.53

Independent Auditor's Report

Board of Directors
Sundaram-Clayton (USA) Limited

We have audited the accompanying financial statements of Sundaram Clayton (USA) Limited ('the Company'), which comprise the balance sheets as at March 31, 2019 and March 31, 2018 and the related statements of income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as at March 31, 2019 and March 31, 2018 and the results of its operations and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

KNAV P.A.
Atlanta, Georgia

April 12, 2019

BALANCE SHEETS

(All amounts in United States Dollars, unless otherwise stated)

	As at	
	March 31, 2019	March 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	15,222	16,193
Total assets	**15,222**	**16,193**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Other current liabilities	13,068	14,330
Total current liabilities	**13,068**	**14,330**
Stockholder's equity		
Common stock, $1 par, 100 shares authorized, issued and outstanding	100	100
Accumulated surplus	2,054	1,763
Total stockholder's equity	**2,154**	**1,863**
Total liabilities and stockholder's equity	**15,222**	**16,193**

(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, 2019	March 31, 2018
Revenues		
Service fees	7,574	10,167
Total revenues	**7,574**	**10,167**
Costs and expenses		
General and administrative expenses	7,165	9,672
Total costs and expenses	**7,165**	**9,672**
Income before tax	**409**	**495**
Current tax expense	118	105
Net income	**291**	**390**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF STOCKHOLDER'S EQUITY

For the years April 01, 2018 to March 31, 2019 and April 01, 2017 to March 31, 2018

(All amounts in United States Dollars, except number of shares)

Particulars	Common stock Authorized, issued & outstanding		Accumulated surplus	Total stockholder's equity
	Shares	Value		
Balance as at April 1, 2017	**100**	**100**	**1,373**	**1,473**
Net income for the year	-	-	390	**390**
Balance as at March 31, 2018	**100**	**100**	**1,763**	**1,863**
Balance as at April 1, 2018	**100**	**100**	**1,763**	**1,863**
Net income for the year	-	-	291	**291**
Balance as at March 31, 2019	**100**	**100**	**2,054**	**2,154**

(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, 2019	**March 31, 2018**
Cash flow from operating activities		
Net income	291	390
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Changes in assets and liabilities		
Other current liabilities	(1,262)	195
Net cash provided by (used in) operating activities	**(971)**	**585**
Net increase (decrease) in cash and cash equivalents	**(971)**	**585**
Cash and cash equivalents at the beginning of the year	16,193	15,608
Cash and cash equivalents at the end of the year	**15,222**	**16,193**
Supplemental cash flow information		
Income taxes paid	118	105

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

(All amounts in United States Dollars, unless otherwise stated)

NOTE A – NATURE OF OPERATIONS

Sundaram-Clayton (USA) Limited (the “Company” or “SCUL”), was incorporated in the State of Illinois on December 14, 2011. The Company is a wholly owned subsidiary of Sundaram Clayton Limited (“SCL” or “parent company”). The Company provides Professional Employer Organization (“PEO”) services to its parent company in North America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with generally accepted accounting principles in United States of America. The significant accounting policies are detailed below:

1. Basis of preparation

The financial statements are for the year April 01, 2018 to March 31, 2019 and April 01, 2017 to March 31, 2018. All amounts are stated in US Dollars, unless specified otherwise.

2. Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management’s estimates for accruals at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

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 Professional employer organization (“PEO”) worksite employees, primarily consisting of payroll wages and payroll taxes. Benefits and workers’ compensation fees for PEO worksite employees are included in PEO revenues and the associated costs are included in operating expenses.

5. Income taxes

In accordance with the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 740 “Income Taxes,” income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred tax asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized.

6. Fair values measurements and financial instruments

The Company applies fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that 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, 2019	**March 31, 2018**
Advance from related party *(Refer note E)*	12,964	14,226
Provision for tax	104	104
Total	**13,068**	**14,330**

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, 2019	**March 31, 2018**
Current tax	118	105
Total	**118**	**105**

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. However, there were no such instances were identified and therefore no deferred tax asset or liability existed as at March 31, 2019 and March 31, 2018

The tax years of 2016 through 2018 remain subject to examination by the taxing authorities.

NOTE E - RELATED PARTY TRANSACTIONS

The Company has a vendor-customer relationship with Sundaram Clayton Limited - USA branch office (‘Branch of parent company’). The PEO service charges during the year ended March 31, 2019 are $ 7,574 (March 31, 2018 is $ 10,167). The advance payable as at March 31, 2019 is $ 12,964 (March 31, 2018: $ 14,226).

NOTE F - CONCENTRATION OF RISK

The only customer of the Company is Sundaram Clayton Limited - USA branch office (Branch of parent company) located in Illinois, North America. Accordingly, trade receivables are concentrated in North America. The Company derives all its revenue from its parent. The revenue stream and credit worthiness of its receivables depends upon the financial condition of its parent company. However, the trade receivable balance is $ Nil as at March 31, 2019 (March 31, 2018: $ Nil). The advance payable to the parent company as at March 31, 2019 is $ 12,964 (March 31, 2018: $ 14,226).

NOTE G - COMMOM STOCK

Common stock

The Company's common stock authorized, issued and outstanding as at March 31, 2019 was 100 shares at $ 1 par value each. (March 31, 2018: 100 shares of $ 1 par value each.)

Voting

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

Liquidation

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the shareholders. The Company is currently owned by a single shareholder.

NOTE H - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 11, 2018 which is the date the financial statements were issued. There are no material effects of the same on the financial statements as on March 31, 2019.

RE-STATED ACCOUNTS OF
SUNDARAM-CLAYTON (USA) LIMITED

Balance Sheet as at 31st March 2019

	Notes	USD in Mn.	Rupees in crores
ASSETS			
Non-current assets			
Property, plant and equipment		-	-
Non-Current tax assets (Net)		-	-
		-	-
Current assets			
Financial assets			
Cash and cash equivalents	1	15,222.00	0.11
		15,222.00	0.11
Total Assets		15,222.00	0.11
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2	100.00	-
Other equity	3	2,054.00	0.01
		2,154.00	0.01
Liabilities			
Current liabilities			
Other current liabilities	4	13,068.00	0.10
		13,068.00	0.10
Total equity and liabilities		15,222.00	0.11

Statement of Profit and loss for the year ended 31st March 2019

		Notes	USD in Mn.	Rupees in crores
I	Revenue from operations	5	7,574.00	0.05
II	Other income		-	-
III	Total Income (I +II)		7,574.00	0.05
IV	Expenses:			
	Other expenses	6	7,165.00	0.05
			7,165.00	0.05
V	Profit before exceptional items,(III - IV)		409.00	0.00
VI	Exceptional items		-	-
VII	Profit before tax (V+ VI)		409.00	0.00
VIII	Tax expense			
	i) Current tax		118.00	-
	ii) Deferred tax		-	-
IX	Profit for the year (VII - VIII)		291.00	0.00
X	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	B. Items that will be reclassified to profit or loss			
	Foreign currency translation adjustments		-	-
			-	-
XI	Total Comprehensive Income(IX + X)		291.00	0.00
XII	Earnings per equity share (Face value of USD 1/- each)			
	Basic & Diluted earnings per share (in USD / in rupees)		2.91	258.90

Notes on Accounts - *(Continued)*

		USD in Mn.	Rupees in crores
1	CASH AND CASH EQUIVALENTS		
	Balance with banks	15,222.00	0.11
		15,222.00	0.11
2	EQUITY SHARE CAPITAL		
	Authorised, issued, subscribed and fully paid up:		
	Authorised:		
	100 Ordinary shares of USD 1 each	100.00	-
	Issued, subscribed and fully paid up:		
	100 Ordinary shares of USD 1 each	100.00	-
		100.00	-
3	OTHER EQUITY		
	General reserve	-	-
	Retained earnings	2,054.00	0.01
	Foreign currency translation reserve	-	-
		2,054.00	0.01
4	OTHER CURRENT LIABILITIES		
	Advance from related party	12,964.00	0.10
	Provision for tax	104.00	-
		13,068.00	0.10

		USD in Mn.	Rupees in crores
5	REVENUE FROM OPERATIONS		
	Service fee	7,574.00	0.05
		7,574.00	0.05
6	OTHER EXPENSES		
	General and administrative expenses	7,165.00	0.05
		7,165.00	0.05