

**Annual Report of
*Subsidiary Companies of
Sundaram-Clayton Limited*
for the year 2015-2016**

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TVS MOTOR COMPANY LIMITED

Board of Directors	VENU SRINIVASAN <i>Chairman & Managing Director</i> SUDARSHAN VENU <i>Joint Managing Director</i> H. LAKSHMANAN T. KANNAN C. R. DUA R. RAMAKRISHNAN PRINCE ASIRVATHAM HEMANT KRISHAN SINGH Dr. LAKSHMI VENU	Share Transfer Agent Sundaram-Clayton Limited, "Jayalakshmi Estates", 1 st Floor, No.29 (Old No.8), 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
Audit Committee	T. KANNAN <i>Chairman</i> C.R. DUA R. RAMAKRISHNAN PRINCE ASIRVATHAM	Bankers STATE BANK OF INDIA Corporate Accounts Group Branch, Chennai. STATE BANK OF MYSORE Corporate Accounts Branch, Bengaluru.
Stakeholders' Relationship Committee	R. RAMAKRISHNAN <i>Chairman</i> VENU SRINIVASAN SUDARSHAN VENU	Registered Office "Jayalakshmi Estates", No. 29 (Old No.8), Haddows Road, Chennai - 600 006, Tamil Nadu, India. Tel : 044 - 2827 2233; Fax : 044 - 2825 7121 CIN No. L35921TN1992PLC022845 E-mail: contactus@tvs motor.com Website: www.tvs motor.com
Nomination and Remuneration Committee	T. KANNAN <i>Chairman</i> C.R. DUA H. LAKSHMANAN	Plant Locations 1. Post Box No. 4, Harita, Hosur - 635 109, Tamil Nadu, India. Tel : 04344 - 276780; Fax : 04344 - 276016 2. Post Box No. 1, Byathahalli Village, Kadakola Post, Mysore - 571 311, Karnataka, India. Tel : 0821 - 2596561; Fax : 0821 - 2596550 / 2596553 3. Bhatian Village, Bharatgarh Road, Teh. Nalagarh Solan District - 174 101, Himachal Pradesh, India. Tel : 01795 - 220492/93; Fax : 01795 - 220496
Corporate Social Responsibility Committee	VENU SRINIVASAN <i>Chairman</i> H. LAKSHMANAN PRINCE ASIRVATHAM	Subsidiary Companies Sundaram Auto Components Limited, Chennai TVS Housing Limited, Chennai TVS Motor Company (Europe) B.V., Amsterdam TVS Motor (Singapore) Pte. Limited, Singapore PT. TVS Motor Company Indonesia, Jakarta Sundaram Business Development Consulting (Shanghai) Co. Ltd., Shanghai Sundaram Holding USA Inc. Delaware, USA
President & CEO	K.N. RADHAKRISHNAN	
Chief Financial Officer (CFO)	S.G. MURALI	
Company Secretary	K.S. SRINIVASAN	
Auditors	V. SANKAR AIYAR & Co., Chartered Accountants, 2-C, Court Chambers, 35 New Marine Lines, Mumbai - 400 020.	
Cost Auditor	A.N. RAMAN Cost Accountant, No. 10 P, Muthukumaraswami Salai, Off. Baby Nagar 1 st Main Road, Velachery, Chennai - 600 042.	
Secretarial Auditor	S. KRISHNAMURTHY & CO., Company Secretaries, No. 16, Pattammal Street, Mandaveli, Chennai - 600 028.	
Shares listed with	BSE Ltd., Mumbai. National Stock Exchange of India Ltd., Mumbai.	

TVS MOTOR COMPANY LIMITED

Directors' report to the Shareholders

The directors have pleasure in presenting the twenty-fourth annual report and the audited financial statements for the year ended 31st March 2016.

1. COMPANY PERFORMANCE

The Company continued to grow ahead of the industry for the second year in succession and in 2015-16, registered sales of 25.7 lakh two wheelers, growing by 7% over last year. Sale of Motorcycles increased by 7% and scooters by 16%. Moped sales declined by 2.8%. Three-wheeler sales of the Company increased by 3% in 2015-16. Sales of spare parts grew by 12.7%. Despite continued weakness in economic activity and increased competitive intensity, Company managed to grow satisfactorily.

Company's products continued to top the quality charts. Across categories almost all the products were labelled as best by the recently concluded JD Power Study for the second consecutive year.

Total revenue of the Company including other income increased from Rs.10,072.62 Cr in the previous year to Rs.11,295.18 Cr in the current year. Profit before tax (PBT) for the year 2015-16 increased significantly from Rs. 456.16 Cr in the previous year to Rs.565.97 Cr in the current year. Similarly, PAT increased from Rs. 347.83 Cr achieved in the previous year after considering the extraordinary and exceptional items to Rs. 432.14 Cr in 2015-16.

2. FINANCIAL HIGHLIGHTS

Details	Year ended 31-03-2016	Year ended 31-03-2015
SALES		
Quantitative	(Numbers in lakhs)	
Motorcycles	10.17	9.51
Mopeds	7.38	7.59
Scooters	8.13	7.00
Three Wheelers	1.11	1.08
Total vehicles sold	26.79	25.18
Financials		
	(Rupees in crores)	
Motorcycles	4236.16	3810.20
Mopeds	1554.81	1553.04
Scooters	3054.91	2431.91
Three Wheelers	1023.92	976.00
Spares & Accessories and Raw Materials	1238.38	1093.10
Other Operating Income	135.69	178.08
Other Income	51.31	30.29
Sales (Net of Excise duty) & other income	11295.18	10072.62

Details	Year ended 31-03-2016	Year ended 31-03-2015
	(Rupees in crores)	
EBITDA	848.35	668.91
Less:		
Finance Charges & Interest (Gross)	46.24	27.42
Amortisation	46.30	32.00
Depreciation	189.84	153.33
Profit before tax	565.97	456.16
Less: Provision for tax	133.83	108.33
Profit for the year after tax	432.14	347.83
Add: Balance in Statement of Profit and Loss	722.08	481.76
Profit available for appropriation	1154.22	829.59
Appropriations:		
Dividend and Dividend Distribution Tax #	140.92	107.51
Surplus carried forward	1013.30	722.08
	1154.22	829.59

Rs.140.92 Cr includes Rs.0.20 Cr relating to increased surcharge applicable on dividend relating to 2014-15 paid in 2015-16.

3. DIVIDEND

The board of directors of the Company (the board) at its meeting held on 29th January 2016, declared a first interim dividend of Re.1/- per share (100%) for the year 2015-16 absorbing a sum of Rs. 55.65 Cr including dividend distribution tax. The same was paid to the shareholders on 10th February 2016.

The board at its meeting held on 12th March 2016 declared a second interim dividend of Rs. 1.50 per share (150%) for the year 2015-16 absorbing a sum of Rs. 85.07 Cr including dividend distribution tax. The same was paid to the shareholders on 23rd March 2016.

Hence, the total amount of both dividends for the year ended 31st March 2016 aggregated to Rs. 2.50 per share (250%) on 47,50,87,114 equity shares of Re.1/- each.

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

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

Below normal monsoon resulted in a weak rural economic activity. Low commodity prices affected economic growth and in turn currency availability in key export markets in Africa. This resulted in a growth of 3% only in two wheeler industry during 2015-16 as compared to 9% during 2014-15.

In the domestic market, two wheeler industry grew by 3% (from 159 lakh units in 2014-15 to 164 lakh units in 2015-16). Scooter as a category continued to gain share

in total two wheeler industry. The category share of scooters increased from 27% to 31% due to changing consumer preferences and strong urban demand. Scooters increased from 47.00 lakh units to 50.31 lakh units. The motorcycle segment remained flat for the second consecutive year (107.91 lakh numbers). Within motorcycles continued traction in urban demand enabled the premium segment to grow by 14% (from 20.7 lakh numbers in 2014-15 to 23.7 lakh numbers in 2015-16). In complete contrast commuting segment declined by 3% (from 95.4 lakh numbers in 2014-15 to 92.1 lakh numbers in 2015-16). Mopeds declined by 3.5% in 2015-16 compared to a 3.6% growth in 2014-15. The two wheeler exports grew by 1% (from 24.6 lakh units in 2014-15 to 24.8 lakh units in 2015-16).

Industry sales of three wheelers (Domestic plus Export)

The three wheeler industry inclusive of diesel vehicles (3 plus 1 segment) declined by 4% (from 6.23 lakh numbers in 2014-15 to 5.99 lakh numbers in 2015-16). Exports account for more than 70% of 3 Wheeler industry and it declined by 3% (from 4.04 lakh units in 2014-15 to 3.90 lakh units in 2015-16). 3 wheeler domestic passenger market declined by 5% during 2015-16 mainly due to non-availability of open permits in key states (from 2.19 lakh units in 2014-15 to 2.09 lakh units in 2015-16).

BUSINESS OUTLOOK AND OVERVIEW

Recovery in rural India is key to revival in economic activity. High fiscal thrust and a normal monsoon can stimulate rural demand. But lead time for these to translate into actual demand may vary across states. Urban demand is likely to be better than the current year due to 7th pay commission disbursements expected in later half of the year. Consequently, the growth in two wheeler industry in 2016-17 is expected to be around 3%.

New Product Launches and Initiatives

During the year 2015-16, the following new products and variants were launched.

TVS Victor:



TVS Victor was the first indigenously developed four stroke motorcycle and has been a well known brand in commuter segment. The TVS Victor, now comes in an all-new avatar. It is an ideal combination of modern styling, superior engine performance and class leading comfort. It houses an advanced and refined 3-valve Eco thrust engine. An electric start fires up the 4 speed powertrain to churn out 9.6 PS of power @ 8000 rpm with a torque of 9.4 Nm @ 6000 rpm. Telescopic oil damped front suspension and 5 step adjustable hydraulic series spring suspension at the rear ensure smooth ride and handling. A broad seat adds to the comfort of the motorcycle. TVS Victor comes with new mirrors and

instrument panel. The new 55 watt headlight is brightest in the segment.

TVS Apache RTR 200:



Designed to deliver an adrenaline rush with an exhilarating race performance, TVS Apache RTR 200's advanced four valve racing O3C oil cooled over square, five-speed engine is equipped with balancer shaft mechanism and is programmed to whip up an impressive 20.5 PS @ 8500 rpm with a torque of 18.1 Nm @ 7000 rpm. Apache RTR 200 also comes with a EFi variant and will be available in Indian & International markets. For the first time in the 200cc segment, TVS has introduced an oil cooled combustion chamber with ram air assist, which enables the motorcycle to achieve a top speed of 128 km/h with an astounding performance of 0-60 km/h in a mere 3.9 seconds. This makes it one of the fastest accelerating motorcycles in its segment. The bike is equipped with petal discs and advanced double channel ABS with rear liftoff protection (RLP) facility.

TVS Jupiter:



Jupiter brand lives true to its philosophy of 'ZYADA KA FAYDA'. Launched in September 2013 with next-gen 110cc CVT-i Engine, best-in-class mileage and many class-leading features, TVS Jupiter, the most awarded scooter took riding comfort of scooters to the next level. It is the no.2 scooter brand in India and has crossed one million customer base, the fastest ever in the scooter category.

Consistent product innovation has been an integral part of TVS Jupiter story. To continue the momentum and to infuse the excitement, a deluxe variant of TVS Jupiter christened as "TVS Jupiter ZX" was launched in 2 colours - Stallion Brown & Matte Sky Blue. Meticulously designed and lovingly crafted, TVS Jupiter ZX's Premium Beige coloured Interior Panels, Dura Cool Seat, 3D Logo of "Jupiter ZX" on side panels are pure indulgence. "Jupiter ZX" scooter adapts to the customer's needs and can be uniquely suited to match their style, status and personality.

TVS Wego:



TVS Wego is the only dual usage Scooter which enables young urban married couples to enjoy quality time together. It was introduced in 2010 as Premium stylish scooter designed for the riding suitability of both "him & her". It is loaded with a long list of features starting from a fully digital speedometer, body balance technology, all metal body, a powerful 110 CVT-i engine which gives the best-in-class mileage.

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To raise the bar, TVS Wego recently launched a refresh version in Mono and Dual Tone Sky Blue color, adding more features like synchronized braking system, digital clock, body colored pillion grab rail and easy to use parking brakes. With this, TVS Wego has become an epitome of a clever integration of style, performance, power, convenience, comfort and safety.

TVS Scooty Zest 110:



TVS Scooty Zest 110 is designed to partner the young modern woman of today. With best-in-class pick-up, handling, storage and mileage, this scooter excels in all departments like its confident rider. With gorgeous color options and a first-time ever USB charger, it is the perfect 'college wali gaadi'. TVS Scooty Zest 110 has been awarded the 'Best Executive Scooter'. TVS Scooty Zest 110 also became the first-ever Scooter with a female rider to conquer the 18380 feet of Khardung la in Himalayas, one of the highest Motorable roads in the world. To celebrate this unique feat Company introduced, 'Special Edition' of Scooty Zest 110'. with a new color, new sticker, new seat cover, new pigmented panels and a total new look for Scooty.

TVS XL 100:



A new four stroke TVS XL 100 moped was launched in October 2015. The new TVS XL 100 has been designed to meet the evolving needs of today's customer.

Two wheeler operations

The superior quality of our products is well reflected in the recently concluded JD Power study. The Company's products have the lowest number of defects compared to competitors. The study ranks them among the top, second year in a row, in all the segments the Company plays in. TVS Wego has the best initial quality in scooter industry, followed by Jupiter and TVS Zest. In Economy Segment motorcycles; TVS Star City+ and Sport are at 2nd & 3rd positions while in Premium Segment Apache RTR 180 & 160 are at 1st & 2nd position. In APEAL (Automotive Performance, Execution and Layout) survey, measuring how gratifying a new two-wheeler is to own and ride based on owner evaluations TVS Zest, TVS Wego, Jupiter, Star City+ & Sport secured highest rank in their respective categories.

Domestic Sales

Category shift from motorcycles to scooters continued in 2015-16. Scooter share in two wheeler industry went up from 28% to 31%. The shift in the scooter consumer preferences towards bigger scooters resulted in drop of TVS Scooty sales and this was addressed by TVS Jupiter. Also the timely refreshes and introduction of limited edition kept the brand momentum high. Scooter sales in domestic market grew by 14%.

Apache scaled new heights with a growth of 32% during the year. The Company expanded the portfolio in premium segment by launching new Apache 200. Overall Motorcycles sales grew by 8% during the year.

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

Exports

The Company's two wheeler exports grew by 11% in 2015-16 despite global economic downturn driven by low crude and commodity prices. However, the exports to key African countries suffered due to restricted availability of foreign exchange in these countries.

Three wheeler operations

Sale of three wheelers grew by a modest 2.7% due to non-availability of permits in key states and slow growth in diesel segment. Exports suffered due to forex shortage in Nigeria and higher down payment regulation in Sri Lanka.

Opportunities and Threats

Growing middle class, need for mobility and increased penetration levels will continue to trigger growth of two wheeler industry. Strong presence of the Company in all segments of two wheeler industry will help the Company to consolidate its gain of last year.

RISKS AND CONCERNS

For continued thrust in rural India, efficient implementation of schemes enabling entrepreneurship and investment, a good monsoon is essential for sustained growth in consumer demand. Currency devaluation in key two wheeler export markets remains a concern. Moreover, currency availability in key export markets can exert further pressure. The continued momentum in scooters and motorcycles and success of planned launches is vital to achieve business objectives. If the two wheeler industry growth remains at a low level, higher competitive intensity can lead to lower margins. The Company will initiate various cost reduction measures to mitigate this risk.

RISK MANAGEMENT POLICY

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

Risks and effectiveness of their management are internally reviewed and reported regularly to the board. The Management has reported to the board that the Company's risk management and internal compliance and control system are operating efficiently and effectively in all material respects.

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 reviews reports by

members of the management team and recommends suitable action. Risk minimisation policy has already been approved by the board.

OPERATIONS REVIEW

Total Quality Management (TQM)

In the journey towards excellence, the Company continues to rely on TQM. Periodic assessment of gaps and immediate action to address such identified gaps have strengthened the process across the Company.

Cost Management

Total cost management is a continuous journey and the Company has been instituting various cost control measures across the organization. The Company will continue to pursue process innovation, value engineering and alternate sourcing to reduce material costs during this year.

Research and Development

Company's Research and Development (R&D) team has launched three attractive new products in key segments. Leveraging the strength of indigenous competence and capabilities, these new products have been developed meeting highest quality standards, with very high appeal value for the customers in terms of overall product quality, innovative features, superlative performance and premium touch and feel.

The R&D team continued their efforts in developing cutting edge technologies that are relevant for the requirements of the Company. These 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. The R&D team has so far published 100 technical papers in national and international conferences.

TVS Racing continues to add valuable inputs to the new product development by leveraging its advanced capabilities and racing experience. TVS Racing has won 8 out of 9 National championships and 5 major awards in 2015.

Information Technology

The Company has been using ERP to integrate its various business processes within the Company and its business partners. The Company continued to implement several projects in the supply chain to improve its efficiency and transparency. Digital manufacturing execution system has been improved to further enhance automation, process quality control and traceability.

During the year the Company has embarked on mobile platforms to get closer to customers by launching mobile apps. Digital frameworks and several enhancements in dealer management system were undertaken to integrate Customer Relationship Management (CRM) and measure customer satisfaction and retention.

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

The Company is ISO 27001:2005 certified for all manufacturing units and sales offices. Business continuity plan for major business and design applications have been implemented and tested.

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.

INTERNAL FINANCIAL CONTROL

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

Occupational Health & Safety (OHS)

The Company has successfully completed 2nd surveillance audit in the 3rd recertification process of Occupational Health & Safety system through implementation of OHSAS 18001:2007 standard in Hosur & Mysore plants. During this year, as a part of continual improvement, around 1375 hazard control measures have been implemented across its plant in Hosur, Mysore and Himachal Pradesh. Robot automations with safety features were part of the Company's control measures to eliminate human exposures to different hazards. The plant safety rating system scores have significantly improved and the Company plants have reached "Gold" status. Towards building a sustainable safety culture, periodical safety trainings have been organized and around 4850 employees were covered in last year.

Towards environmental sustainability, advanced facilities, to recycle waste and to harness renewable energy, were commissioned. Several comprehensive systems like Environmental Management System (ISO14001:2004) and Occupational Health and Safety Management System (OHSAS 18001:2007) are adopted.

HUMAN RESOURCE DEVELOPMENT (HRD)

HRD framework has manpower planning & resourcing, employee engagement, performance & compensation management, competency based development, career &

succession planning and organisation building as its six constituents. Each of these constituents have a structured approach, guidelines, policies and standard operating procedures which are reviewed and updated periodically to deliver consistent results.

Through a systematic talent review process, leadership development for identified talent through exposure to globally acclaimed programs, challenging project assignments and job rotations are taken up on a regular basis.

The Company continues to maintain its record of good industrial relations without any interruption in work. As on 31st March 2016, the Company had 5240 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, economic conditions affecting demand / supply and price conditions in the domestic and overseas market in which the Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

5. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Act, 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 2016, the applicable Accounting Standards had been followed and that there were no material departures;
- ii. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- iii. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the directors had prepared the accounts for the financial year ended 31st March 2016 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 were 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), the CSR arm of the Company established by the group companies in 1996 with the vision of building self-reliant rural community.

Over 20 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/ programs, falling within the CSR activities specified under the Act, 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 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 / programs 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 average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2015-16.

S.No.	Name of the Trust	Amount spent (Rs in Lakhs)
1	Sri Sathya Sai Central Trust	385.00
2	AIM for SEVA	50.00
3	NIMHANS	64.50
4	Voluntary Health Services	25.00
5	Srinivasan Services Trust	191.00
	Total	715.50

Presently, SST is working in 3,449 villages spread across Tamil Nadu, Karnataka, Maharashtra, Himachal Pradesh and Andhra Pradesh covering about 20,90,000 population and 4,63,500 families. Its major focus areas are Economic development, health care, quality education, environment and infrastructure.

Of the 3,449 villages, 2,654 villages (16,72,620 population and 3,67,170 families) have been funded by the Company during the year.

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Achievements in 2,654 villages are:

Economic development:

- 2,27,667 families living in these villages have a monthly income of above Rs.15,000/-. They have financial security.
- 1880 farmers groups have been formed with 31,323 members.
- Improved agriculture practices enabled 1,51,862 farmers owning 1,64,124 hectares to increase the yields than the state average by 15%.
- 1,36,050 families earn more than Rs 3,500/- per month through livestock.

Women empowerment:

- Formed 7,064 Self Help Groups. These groups have 1,06,720 women as members.
- Of the 1,06,720 members, 99,170 members are in income generation activities. They earn a minimum income of Rs. 2,500/- per month.

Health care:

- 60,512 children in the age group below 5 are not malnourished.
- 2,75,970 women are freed from anemia.
- 2,32,436 households were provided access to toilet facilities.
- The morbidity percentage reduced from 9% to 5%.
- Enrolment in anganwadis increased from 86% to 100% and attendance is 99%.
- 1,073 anganwadis have met all the Integrated Child Development Services Scheme (ICDS) standards.
- 88% involvement of mother volunteers in the functioning of anganwadis. They volunteer their time to ensure proper functioning.

Quality education:

- 100% enrolment of children in schools. There are no drop outs in the schools.
- Percentage of slow learners reduced in schools from 27% to 14%.
- Out of 1,204 schools, 807 schools are now model schools.
- 73,345 illiterate women out of 1,18,872 have been made literates.

Environment and Infrastructure:

- 2,14,120 households dispose solid waste through individual and common compost pits. 82 tons of vermi compost generated per month from wastes.
- Sewage water from 2,18,234 households disposed through soak pits, kitchen gardens and drains.
- Safe drinking water is available to 2,137 villages.

Communities take care of their development needs. 5,302 social leaders are active in this effort.

As required under Section 135 of the Act 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 2015-16 are given by way of Annexure IV attached to this Report.

7. FINANCIAL PERFORMANCE & POSITION OF SUBSIDIARIES & ASSOCIATE COMPANIES

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

Subsidiaries

- Sundaram Auto Components Limited, Chennai;
- TVS Housing Limited, Chennai;
- PT. TVS Motor Company Indonesia, Jakarta;
- TVS Motor Company (Europe) B.V., Amsterdam;
- TVS Motor (Singapore) Pte. Limited, Singapore;
- Sundaram Business Development Consulting (Shanghai) Co. Ltd., Shanghai; and
- Sundaram Holding USA Inc., Delaware, USA.

Associates

- Emerald Haven Realty Limited, Chennai; and
- Green Infra Wind Energy Theni Limited, New Delhi.

Sundaram Auto Components Limited (SACL)

During the year, SACL, a wholly owned subsidiary of the Company, achieved a turnover of Rs.2,737 Cr including Rs.491 Cr in Plastics Component business. SACL earned a profit after tax of Rs.28.64 Cr during 2015-16.

SACL increased its customer base by addition of new customers for manufacture of cluster components and heating, ventilating and air-conditioning parts.

SACL productionized 314 new parts for various customers.

SACL received the following awards:

- "Outstanding Supplier for achieving Delivery Target" from TOYODA GOSEI
- "Q1" certification from FORD India
- "SQ mark" certification from Hyundai Motors India Ltd.
- "Best Supplier Kaizen award" from India Japan Lighting Pvt. Ltd.

SACL on 24th December, 2015, declared a first interim dividend of Rs.4.00 per share (40%) for the year 2015-16 absorbing a sum of Rs.5.56 Cr including dividend distribution tax.

SACL again on 7th March, 2016 declared a second interim dividend of Rs.3.00 per share (30%) for the year 2015-16 absorbing a sum of Rs.4.18 Cr. including dividend distribution tax.

Hence, the total amount of both dividends paid, for the year ended 31st March, 2016 aggregates to Rs.7.00 per share (70%) thereby absorbing a sum of Rs.9.74 Cr. including dividend distribution tax.

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

EHRL is the developer of the Nedungundram, Chennai project of TVSH. Phase 1 was developed as apartments and Phase 2 was launched as villas and row houses. As of 31st March 2016, all the 448 apartments have been sold and customers have taken possession of the apartments. Despite the tough real estate market condition in Chennai, the responses for the villas and row houses have been quite good. As the phase 2 is nearing completion, the Company has already sold about 90% of the units. The Company is confident that the remaining units would be sold during 2016-17.

PT.TVS Motor Company Indonesia (PT TVSM)

During 2015-16, motorcycle industry in Indonesia declined by 12% (from 7.6 million units in 2014-15 to 6.6 million units in 2015-16). The decline was mainly due to lower economic growth and weak consumer sentiments due to subdued commodity prices and further tightening of credit. While the bebek segment declined by 33%, sports motorcycle segment went down by 23%. The scooter category marginally declined by 5%. Within 2 wheelers, the scooter segment continued to dominate with a category share of 75%.

During the year, PT TVSM launched the 110cc Dazz scooter with fuel injection system in Indonesian market. It also launched the new Apache 200cc sports motorcycle. PT TVSM continued its focus on exports to ASEAN and African countries. PT TVSM commenced its exports to Latin American market by entering Colombia.

The decline in two wheeler industry resulted in lower domestic sales during 2015-16. PT TVSM sold total of 17,100 vehicles as against 23,300 vehicles sold in the previous year. However, the focus on ASEAN and African markets helped the company to export 15,000 nos, registering an increase of 4% over the previous year. The EBITDA loss for the year of 6.8 Mn USD is marginally lower than EBITDA loss of 7.7 Mn USD of 2014-15. Focus during 2016-17 will be to build on the portfolio and substantially reduce the EBITDA loss.

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.

Sundaram Business Development Consulting (Shanghai) Company Limited (SBDC)

SBDC was initially established to explore options of sourcing auto components and local assembly of two wheelers etc., in China. After a complete review, board felt that it may not be viable to carry out manufacturing activities in China and therefore steps were taken for closure of operations of SBDC. All required formalities were completed in April 2016. Hence in the books a provision of Rs.1.07 Cr has been made for diminution in the value of investments.

Sundaram Holding USA Inc.

SACL made an investment of USD 750 consisting of 750 shares with face value of USD 1 each in Sundaram Holding USA Inc., (SHUI) a company established under the applicable laws of United States of America (USA) for carrying out the business of SACL in USA. SACL by this investment acquired 75% of the paid up capital of SHUI and hence, it has become a subsidiary of the Company effective 9th September 2015, by virtue of the provisions of Section 2(87) of the Act.

Green Infra Wind Energy Theni Ltd (GIWETL)

SACL had earlier invested Rs.3 Cr. (30 lakh shares of Rs.10 each) representing 21.58% of total share capital of Rs.13.9 Cr. of GIWETL. The above investment was made by SACL purely to comply with the legal requirement to draw low cost green energy from 6 MW committed to SACL by GIWETL. SACL has no operating control and not involved in daily operation of GIWETL. Hence, both the Company and SACL have not consolidated the financials of GIWETL.

8. CONSOLIDATED FINANCIAL STATEMENTS

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

The audited financial statements of the subsidiary companies will be made available to the shareholders, on receipt of a request from any shareholder and it has also been placed on the website of the Company. This will also be available for inspection by the shareholders at the registered office during business hours.

The consolidated profit after tax of the Company and its subsidiaries & associate amounted to Rs. 369.33 Cr for the financial year 2015-16 as compared to Rs. 328.26 Cr in the previous year.

9. DIRECTORS & KEY MANAGERIAL PERSONNEL

Independent Directors (IDs)

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

At the annual general meeting held on 14th July 2014, M/s T Kannan, C R Dua, R Ramakrishnan, 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 AGM and entitled 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 as determined by the board from time to time.

On appointment, each ID has acknowledged the terms of appointment as set out in their letter of appointment. 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, all IDs have declared that they met the criteria of independence as provided under Section 149(6) of the Act.

The detailed terms of appointment of IDs are 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

The IDs were fully kept informed of the Company's activities in all its spheres.

During the year under review, a separate meeting of IDs was held on 12th March 2016 and the IDs reviewed the performance of:

- (i) non-IDs viz., M/s Venu Srinivasan, Chairman and Managing Director, Sudarshan Venu, Joint Managing Director, H Lakshmanan, and Dr Lakshmi Venu, directors; and
- (ii) the board as a whole.

They also reviewed the performance of Chairman after taking into account, the views of Executive and Non-Executive Directors.

They also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the board that is necessary for the board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

Woman director

In terms of Section 149 of the Act and Regulation 17 of the SEBI (LODR) Regulations 2015, the Company is required to have a woman director on its board.

Dr Lakshmi Venu was appointed as non-executive and non-independent director of the Company in terms of Section 161 read with Section 149 of the Act, effective 10th September 2014. Her appointment was regularized at the AGM held on 29th July 2015.

Non-executive and non-independent directors (NE-NIDs)

In terms of the provisions of sub-section (6) read with explanation to Section 152 of the Act, 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 AGM.

Mr H Lakshmanan, director who is liable to retire by rotation at the AGM, and being eligible, offers himself for re-appointment.

The directors, therefore, recommend his re-appointment as director of the Company.

Key Managerial Personnel (KMP)

M/s Venu Srinivasan, Chairman and Managing Director, Mr Sudarshan Venu, Joint Managing Director, Mr K N Radhakrishnan, Chief Executive Officer, Mr S G Murali, Chief Financial Officer and Mr K S Srinivasan, Company Secretary are KMP of the Company in terms of Section 2(51) and Section 203 of the Act.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee of Directors (NRC) reviews the composition of the board, to ensure that there is an appropriate mix of abilities, experience and diversity to serve the interests of all shareholders and the Company.

In accordance with the requirements under Section 178 of the Act, Nomination and Remuneration Policy was formulated to govern the terms of nomination / appointment and remuneration of (i) Directors, (ii) KMP and (iii) Senior Management Personnel (SMP) of the Company. The same was approved by the board at its meeting held on 23rd September, 2014. There is no change in the Policy during the year under review.

The NRC also reviews succession planning of KMP, SMP and board. The Company's approach in recent years is to have a greater component of performance linked remuneration for SMP.

The process of appointing a director / KMP / SMP is, that when a vacancy arises, or is expected, the 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, and the balance of skills added to that of which the existing members hold.

The NRC will review the profile of persons and the most suitable person is either recommended for appointment by the board or is recommended to shareholders for their election. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

NRC will ensure that any person(s) who is / are appointed or continues in the employment of the Company as its executive chairman, managing director, whole-time director shall comply with the conditions as laid out under Part I of Schedule V to the Act.

NRC will ensure that any appointment of a person as an independent Director of the Company will be made in accordance with the provisions of Section 149 read with Schedule IV to the Act along with any other applicable provisions and SEBI (LODR) Regulations, 2015.

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.

Variation in the terms of remuneration payable to CMD and JMD

The board, on the recommendation of NRC, at its meeting held on 3rd May 2016, reviewed the remuneration payable to CMD after taking into consideration, the time spent and contribution to the growth of the Company including his active involvement in all spheres of affairs and leading the Company's management in achieving sales and profits and felt that, CMD can be compensated by way of monthly remuneration and allied perquisites along with the profit related commission, from the financial year 2016-17 effective 1st April 2016, within the overall limits prescribed under Section 197 of the Act.

The board also reviewed the remuneration payable to JMD after taking into consideration his active involvement in all spheres of management and exploring business opportunities both in India and abroad and felt that, JMD can be compensated by way of enhanced profit related commission.

Such modification in the terms of remuneration will amount to variation of remuneration payable to them within the overall limit permissible under Sections 197 and 198 read with Schedule V to the Act and placed before the members for their approval by way of ordinary resolutions in the ensuing AGM.

NRC has recommended the modifications in the terms of remuneration payable to both CMD and JMD, to the board subject to approval of the shareholders.

Evaluation of the board, committees and directors

In terms of Section 134 of the Act and the Corporate Governance requirements as prescribed under SEBI (LODR) Regulations 2015, the board reviewed and evaluated its own performance from the perspectives of Company's performance, strategy and implementation, risk management and corporate ethics, based on the evaluation criteria laid down by the NRC.

Board

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 Committees viz., Audit Committee, NRC, Stakeholders Relationship Committee (SRC) and Corporate Social Responsibility Committee (CSR).

The board upon evaluation concluded that it is well balanced in terms of diversity of experience encompassing all the

activities of the Company. The Company endeavours to have a diverse board representing a range of experience at policy-making levels in business and technology, and in areas that are relevant to the Company's global activities.

The board also noted that corporate responsibility, ethics and compliance are taken seriously, and there is a good balance between the core values of the Company and the interests of stakeholders. The board is satisfied with the Company's performance in all fronts viz., new product development, operations, sales and marketing, finance management, international business, employee relations and compliance with statutory / regulatory requirements and finally concluded that the board operates effectively and is closely aligned to the culture of the business.

Directors

The performance of individual directors including all Independent directors is 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 of the direction articulated by the management team towards consistent improvement.

Committees

The performance of each committee was evaluated by the board after seeking inputs from its members on the basis of the criteria such as matters assessed against terms of reference, time spent by the committees in considering matters, quality of information received, work of each committee, overall effectiveness and decision making and compliance with the corporate governance requirements and concluded that all the committees continued to function effectively, with full participation by all its members and the members of executive management of the Company.

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.

Number of board meetings held

The number of board meetings held during the financial year 2015-16 are provided as part of Corporate Governance Report prepared in terms of the SEBI (LODR) Regulations 2015.

10.AUDITORS

Statutory Auditors

The Company at its twenty second AGM held on 14th July 2014 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 four consecutive years in 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 all applicable taxes, out of pocket expenses, travelling and other expenses as may be mutually agreed between the board and the Auditors.

It is therefore proposed to continue them as statutory auditors for the fourth year in the first term of five consecutive years, from the conclusion of this AGM, subject to ratification by the members at the AGM.

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 2016-17.

The Auditors' Reports for the financial year 2015-16 does not contain any qualification, reservation or adverse remarks and the same is attached with the annual financial statements.

Secretarial Auditors

As per Section 204 of the Act 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 by Section 204 of the Act, the Secretarial Audit Report for the year 2015-16 given by M/s S Krishnamurthy & Co., Company Secretaries, 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.

M/s S Krishnamurthy & Co., Company Secretaries, Chennai, was re-appointed as Secretarial Auditors for carrying out the secretarial audit for the financial year 2016-17.

Cost Auditor

As per Section 148 of the Act read with the Companies (Cost Records and Audit) Rules 2014, as amended, the cost audit records maintained by the Company in respect of engine parts, etc., manufactured by the Company specified under Central Excise 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, subject to the approval

of the Central Government, 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 a Cost Auditor for conducting Cost Audit for the financial year 2016-17.

The Company has also received necessary certificate under Section 141 of the Act from him conveying his eligibility. A sum of Rs.5 lakhs has been fixed by the board as remuneration in addition to reimbursement of all applicable taxes, travelling and out-of-pocket expenses payable to him for the financial year 2016-17 and is also required to be ratified by the members, at the ensuing AGM as per Section 148(3) of the Act.

11.CORPORATE GOVERNANCE

The Company has been practising the principles of good 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 SEBI (LODR) Regulations 2015 form part of this Annual Report.

The chairman and managing director 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 SEBI (LODR) Regulations 2015 pertaining to CEO / CFO certification for the financial year ended 31st March 2016.

12.POLICY ON VIGIL MECHANISM

The Company has adopted a Policy on Vigil Mechanism in accordance with the provisions of the Act and Regulation 22 of SEBI (LODR) Regulations 2015, 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 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 conduct.

The policy is disclosed on the Company's website in the following link <http://www.tvsmotor.com/pdf/Whistle-Blower-Policy.pdf>.

13.PUBLIC DEPOSITS

The Company has not accepted any deposit from the public within the meaning of Chapter V of the Act, for the year ended 31st March 2016.

14. STATUTORY STATEMENTS

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure I to this report, in terms of the requirements of Section 134(3)(m) of the Act 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 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 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 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure III. In terms of first proviso to Section 136(1) of the Act, the Annual Report, excluding the aforesaid annexure is being sent to the shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours 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 related party transactions

Details of material related party transactions under Section 188 of the Act 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

The details of loans and guarantees under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, for the financial year 2015-16 are given as Annexure VII to this report. On loans granted to the employees, the Company has charged interest as per its remuneration policy, in compliance with Section 186 of the Act.

Please refer note No. X to Notes on accounts for the financial year 2015-16, for details of investments made by the Company.

Other laws

During the year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company in terms 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 company i.e. Sundaram-Clayton Limited, Chennai. The directors 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 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

Bengaluru
3rd May 2016

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 2015-16:

- a. Optimal utilization of plant and equipment.
- b. Paint plant process water heating through refrigerant heat pump.
- c. Alternate source of power (Wind Power).
- d. Installation of 1 MW roof top solar power plant at Hosur.

The above measures have resulted in an annual saving of approximately Rs. 4.25 crores.

2. Proposed measures during the year 2016-17:

- a. Optimal utilization of plant and equipment.
- b. Hybrid solar heat pump for engine pre-heating in Captive Power Plant.
- c. Alternate source of power.
- d. Process water heating through refrigerant heat pumps.
- e. Additional installation of 2MW roof top solar power plant at Mysore.

The above measures are expected to yield an annual saving of approximately Rs. 5 crores.

3. Steps taken for utilizing alternate sources of energy:

During the year 2015-16, the Company has utilized the power generated through wind energy to an extent of 130 lakh units. The Company is planning to continue the utilization of renewable energy during the year 2016-17.

Towards continual commitment of utilizing renewable energy, the Company has already commissioned 1 MW roof top solar plant in 2015-16, with an estimated generation of 15 lakh units per annum.

4. Capital investment in energy conservation equipment:

In the year 2015-16, the Company has invested Rs. 2.20 crores towards optimization of compressors, alternate source of heat energy with refrigerant heating and in replacement of conventional lights into Light Emitting Diode (LED) / induction lighting, as "Energy Efficient" measures. The Company is planning to invest around Rs. 7.50 crores in energy saving equipment in 2016-17 viz., alternate heating source with heat pumps, solar power equipments, LED lights and other energy efficient systems.

B. TECHNOLOGY ABSORPTION FOR 2015-16

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

- i. Designed, developed and launched new 110cc class 4stroke motorcycle with best-in-class engine smoothness, improved ergonomics and enhanced fuel economy.

- ii. Designed, developed and launched new 200cc premium motorcycle with innovative features, best-in-class ergonomics, ride and handling.
- iii. Designed, developed and launched new 100cc class 4stroke moped with best-in-class single speed engine, improved ergonomics and enhanced fuel economy.
- iv. Developed innovative engine technology for superior performance and implemented in 2 new products.
- v. Design and development of high performance motorcycle is completed and further development is in progress.
- vi. Designed and developed new 4stroke 110cc motorcycle for African markets.
- vii. Designed, developed and launched new 125cc motorcycle for Latin American market.

Future plan of action:

- i. Development of new technologies for reduction of emission and reduction of CO₂ to meet future emission norms.
- ii. Development of technologies including alternate materials, weight reduction, cost reduction and improvement of fuel economy.
- iii. Development of skills and techniques to improve fit and finish quality of products.
- iv. Development of new technologies to improve noise, vibration and harshness of the products.

Data relating to imported technology:

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

Expenditure on R&D Rs.226.38 Cr.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Export activities:

During the year, export of two wheelers is 3.59 lakh units and three wheelers is 0.95 lakh units. The Company continued export of components and sub-assemblies to its subsidiary in Indonesia.

2. Total foreign exchange earned and used (actual):

	(Rs. in Cr)
Foreign exchange used	1,570.55
Foreign exchange earned	2,326.00

For and on behalf of the Board

Bengaluru
3rd May 2016

VENU SRINIVASAN
Chairman

Annexure - II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2016

[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
v)	Address of the Registered office and contact details	:	"Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006
vi)	Whether listed company Yes / No	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Sundaram-Clayton Limited "Jayalakshmi Estates", 1 st Floor, No.29, 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:-

Sl. No	Name and Description of main products / services	NIC code of the product / service	% to total turnover of the Company
1	Motorcycles, Scooters, Mopeds	30911	78.3%
2	Three Wheelers	30912	9.1%
3	Parts & Accessories	30913	11.0%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Sundaram-Clayton Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	L35999TN1962PLC004792	Holding Company	57.40% in the Company	2(46)
2	Sundaram Auto Components Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U29249TN1992PLC051417	Subsidiary	100%	2(87)
3	TVS Housing Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U70101TN2010PLC075027	Subsidiary	100%	2(87)

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Sl. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
4	PT. TVS Motor Company Indonesia Gedung Wirausaha 3 rd Floor, Jalan, H.R. Rasuna Said, Kav. C5, Jakarta 12920	NA	Subsidiary	42.05% by the Company; 22.78% by TVSM Europe; and 35.17% by TVSM Singapore	2(87)
5	TVS Motor Company (Europe) B.V. Claude, Debussylaan 24 1082 MD, Amsterdam	NA	Subsidiary	100%	2(87)
6	TVS Motor (Singapore) Pte. Limited 17, Phillip Street, # 05-01, Grand Building, Singapore - 048 695	NA	Subsidiary	100%	2(87)
7	Sundaram Business Development Consulting (Shanghai) Company Limited RM10P 10, 2299 YAN AN Road (West), Shanghai Mart, Shanghai - 200 336	NA	Subsidiary	100%	2(87)
8	Sundaram Holding USA Inc., 2711, Centerville Road, #400 Wilmington, New Castle - 19808 State of Delaware, USA.	NA	Subsidiary	75% held by S.No.2	2(87)
9	Emerald Haven Realty Limited "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	U45200TN2010PLC075953	Associate	49%	2(6)
10	Green Infra Wind Energy Theni Limited 1, 2nd Floor, Tower No. 2, NBCC Plaza, Sector V, Pushp Vihar, Saket New Delhi - 110 017	U40109DL2011PLC275063	Associate	22%	2(6)

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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 31 st March 2015)				No. of Shares held at the end of the year (as on 31 st March 2016)				change in shareholding during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
Indian									
- Bodies Corp.	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	4,11,29,050	6,570	4,11,35,620	8.66	5,38,28,325	2,428	5,38,30,753	11.33	2.67
b) Banks / FI	12,14,447	70,216	12,84,663	0.27	22,97,866	67,216	23,65,082	0.50	0.23
c) Insurance Companies	1,51,73,315	-	1,51,73,315	3.19	1,31,90,065	-	1,31,90,065	2.78	(0.41)
d) FIs	6,75,33,664	-	6,75,44,664	14.22	6,85,56,793	11,000	6,85,67,793	14.43	0.21
Sub-Total (B)(1)	12,50,50,476	76,786	12,51,38,262	26.34	13,78,73,049	80,644	13,79,53,693	29.04	2.70
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,91,46,080	69,848	1,92,15,928	4.04	77,95,730	66,856	78,62,586	1.65	(2.39)
ii) Overseas	-	136	136	-	68	68	136	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4,19,69,810	72,51,800	4,92,21,610	10.36	3,73,62,182	58,53,266	4,32,15,448	9.10	(1.26)
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	41,96,909	-	41,96,909	0.88	84,61,234	-	84,61,234	1.78	0.90
c) Directors and relatives	28,46,966	5,000	28,51,966	0.60	28,45,966	5,000	28,50,966	0.60	-
d) Others (specify)	17,50,937	28,580	17,79,517	0.37	20,32,685	27,580	20,60,265	0.43	0.06
Sub-total (B)(2):	6,99,10,702	73,55,364	7,72,66,066	16.26	5,84,97,865	59,52,770	6,44,50,635	13.56	(2.70)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	19,49,61,178	74,32,150	20,24,04,328	42.60	19,63,70,914	60,33,414	20,24,04,328	42.60	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	46,76,43,964	74,32,150	47,50,87,114	100.00	46,90,53,700	60,33,414	47,50,87,114	100.00	-

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ii) Shareholding of Promoters

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' Shareholding (please specify, if there is no change) - N.A

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

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	
RELIANCE CAPITAL TRUSTEE CO. LTD.									
29,667,945 (6.24%)	01-04-2015	Opening Balance							
	10-04-2015	Transfer / Purchase	395,000	0.08	30,062,945	6.33			
	24-04-2015	Transfer / Purchase	900,000	0.19	30,962,945	6.52			
	01-05-2015	Transfer / Purchase	112,716	0.02	31,075,661	6.54			
	06-05-2015	Transfer / Purchase	517,284	0.11	31,592,945	6.65			
	08-05-2015	Transfer / Purchase	450,000	0.09	32,042,945	6.74			
	15-05-2015	Transfer / Purchase	695,000	0.15	32,737,945	6.89			
	05-06-2015	Transfer / Purchase	565,000	0.12	33,302,945	7.01			
	12-06-2015	Transfer / Purchase	180,000	0.04	33,482,945	7.05			
	19-06-2015	Transfer / Purchase	270,000	0.06	33,752,945	7.10			
	26-06-2015	Transfer / Purchase	25,000	0.01	33,777,945	7.11			
	03-07-2015	Transfer / Purchase	90,000	0.02	33,867,945	7.13			
	17-07-2015	Transfer / Sale	84,774	0.02	33,783,171	7.11			
	24-07-2015	Transfer / Sale	787,454	0.17	32,995,717	6.95			
	31-07-2015	Transfer / Purchase	502,228	0.11	33,497,945	7.05			
	07-08-2015	Transfer / Purchase	10,000	0.00	33,507,945	7.05			
	21-08-2015	Transfer / Purchase	16,600	0.00	33,524,545	7.06			
	28-08-2015	Transfer / Purchase	269,897	0.06	33,794,442	7.11			
	04-09-2015	Transfer / Purchase	8,182	0.00	33,802,624	7.12			
	11-09-2015	Transfer / Purchase	135,475	0.03	33,938,099	7.14			
	18-09-2015	Transfer / Purchase	19,000	0.00	33,957,099	7.15			
	25-09-2015	Transfer / Sale	24,600	0.01	33,932,499	7.14			
	30-09-2015	Transfer / Purchase	200,000	0.04	34,132,499	7.18			
	09-10-2015	Transfer / Purchase	2,420,092	0.51	36,552,591	7.69			
	30-10-2015	Transfer / Sale	576,633	0.12	35,975,958	7.57			
	06-11-2015	Transfer / Sale	1,267,851	0.27	34,708,107	7.31			
	13-11-2015	Transfer / Sale	819,070	0.17	33,889,037	7.13			
	20-11-2015	Transfer / Sale	178,334	0.04	33,710,703	7.10			
	27-11-2015	Transfer / Sale	2,337,666	0.49	31,373,037	6.60			
	04-12-2015	Transfer / Sale	275,179	0.06	31,097,858	6.55			
	11-12-2015	Transfer / Purchase	450,000	0.09	31,547,858	6.64			
	18-12-2015	Transfer / Sale	265,780	0.06	31,282,078	6.58			
	25-12-2015	Transfer / Sale	754,220	0.16	30,527,858	6.43			
31-12-2015	Transfer / Sale	448,821	0.09	30,079,037	6.33				
08-01-2016	Transfer / Sale	800,000	0.17	29,279,037	6.16				
15-01-2016	Transfer / Sale	600,000	0.13	28,679,037	6.04				
22-01-2016	Transfer / Purchase	810,000	0.17	29,489,037	6.21				
29-01-2016	Transfer / Sale	825,180	0.17	28,663,857	6.03				
05-02-2016	Transfer / Purchase	90,180	0.02	28,754,037	6.05				
12-02-2016	Transfer / Purchase	230,000	0.05	28,984,037	6.10				
19-02-2016	Transfer / Sale	12,568	0.00	28,971,469	6.10				

TVS MOTOR COMPANY LIMITED

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
	19-02-2016	Transfer / Purchase	100,000	0.02	29,071,469	6.12		
	26-02-2016	Transfer / Sale	643,409	0.14	28,428,060	5.98		
	04-03-2016	Transfer / Purchase	95,626	0.02	28,523,686	6.00		
	04-03-2016	Transfer / Sale	161,,200	0.03	28,362,486	5.97		
	11-03-2016	Transfer / Sale	440,060	0.09	27,922,426	5.88		
	18-03-2016	Transfer / Sale	1,516,131	0.32	26,406,295	5.56		
	25-03-2016	Transfer / Sale	637,600	0.13	25,768,695	5.42		
	31-03-2016	Transfer / Sale	300,635	0.06	25,468,060	5.36		
	31-03-2016	Closing Balance					25,468,060	5.36

JWALAMUKHI INVESTMENT HOLDINGS

14,364,519 (3.02%)	01-04-2015	Opening Balance						
	17-04-2015	Transfer / Purchase	2,600,000	0.55	16,964,519	3.57		
	24-04-2015	Transfer / Purchase	2,100,000	0.44	19,064,519	4.01		
	01-05-2015	Transfer / Purchase	1,336,044	0.28	20,400,563	4.29		
	06-05-2015	Transfer / Purchase	250,000	0.05	20,650,563	4.35		
	08-05-2015	Transfer / Purchase	75,000	0.02	20,725,563	4.36		
	31-03-2016	Closing Balance					20,725,563	4.36

FRANKLIN TEMPLETON MUTUAL FUND

5,788,446 (1.22 %)	01-04-2015	Opening Balance						
	10-04-2015	Transfer / Purchase	335,990	0.07	6,124,436	1.29		
	17-04-2015	Transfer / Purchase	100,000	0.02	6,224,436	1.31		
	24-04-2015	Transfer / Purchase	700,000	0.15	6,924,436	1.46		
	01-05-2015	Transfer / Purchase	510,000	0.11	7,434,436	1.56		
	06-05-2015	Transfer / Purchase	100,000	0.02	7,534,436	1.59		
	08-05-2015	Transfer / Purchase	200,000	0.04	7,734,436	1.63		
	15-05-2015	Transfer / Purchase	1,547,139	0.33	9,281,575	1.95		
	22-05-2015	Transfer / Purchase	827,861	0.17	10,109,436	2.13		
	05-06-2015	Transfer / Purchase	885,278	0.19	10,994,714	2.31		
	12-06-2015	Transfer / Purchase	216,297	0.05	11,211,011	2.36		
	19-06-2015	Transfer / Purchase	298,425	0.06	11,509,436	2.42		
	26-06-2015	Transfer / Purchase	300,000	0.06	11,809,436	2.49		
	30-06-2015	Transfer / Purchase	100,000	0.02	11,909,436	2.51		
	03-07-2015	Transfer / Purchase	160,000	0.03	12,069,436	2.54		
	17-07-2015	Transfer / Purchase	75,000	0.02	12,144,436	2.56		
	22-07-2015	Transfer / Purchase	100,000	0.02	12,244,436	2.58		
	24-07-2015	Transfer / Purchase	50,000	0.01	12,294,436	2.59		
	31-07-2015	Transfer / Purchase	1,238,211	0.26	13,532,647	2.85		
	07-08-2015	Transfer / Purchase	626,789	0.13	14,159,436	2.98		
	14-08-2015	Transfer / Purchase	501,000	0.11	14,660,436	3.09		
	21-08-2015	Transfer / Purchase	549,000	0.12	15,209,436	3.20		
	28-08-2015	Transfer / Purchase	1,227,857	0.26	16,437,293	3.46		
	04-09-2015	Transfer / Purchase	178,070	0.04	16,615,363	3.50		
	11-09-2015	Transfer / Purchase	104,981	0.02	16,720,344	3.52		

TVS MOTOR COMPANY LIMITED

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
	18-09-2015	Transfer / Purchase	105,360	0.02	16,825,704	3.54		
	25-09-2015	Transfer / Purchase	1,100,000	0.23	17,925,704	3.77		
	30-09-2015	Transfer / Purchase	50,000	0.01	17,975,704	3.78		
	09-10-2015	Transfer / Purchase	100,000	0.02	18,075,704	3.80		
	30-10-2015	Transfer / Sale	300,000	0.06	17,775,704	3.74		
	13-11-2015	Transfer / Sale	430,811	0.09	17,344,893	3.65		
	20-11-2015	Transfer / Sale	494,189	0.10	16,850,704	3.55		
	31-12-2015	Transfer / Purchase	300,000	0.06	17,150,704	3.61		
	08-01-2016	Transfer / Purchase	83,732	0.02	17,234,436	3.63		
	22-01-2016	Transfer / Purchase	150,000	0.03	17,384,436	3.66		
	29-01-2016	Transfer / Sale	200,000	0.04	17,184,436	3.62		
	19-02-2016	Transfer / Purchase	100,000	0.02	17,284,436	3.64		
	04-03-2016	Transfer / Purchase	200,000	0.04	17,484,436	3.68		
	25-03-2016	Transfer / Sale	625,000	0.13	16,859,436	3.55		
	31-03-2016	Transfer / Sale	1,195,000	0.25	15,664,436	3.30		
	31-03-2016	Closing Balance					15,664,436	3.30

TREE LINE ASIA MASTER FUND (SINGAPORE) PTE LTD								
6,000,000 (1.26%)	01-04-2015							
	06-05-2015	Transfer / Purchase	900,000	0.19	6,900,000	1.45		
	31-03-2016	Closing Balance					6,900,000	1.45

FRANKLIN TEMPLETON INVESTMENT FUNDS								
6,364,703 (1.34%)	01-04-2015	Opening Balance						
	10-04-2015	Transfer / Purchase	1,291,697	0.27	7,656,400	1.61		
	17-04-2015	Transfer / Purchase	2,508,600	0.53	10,165,000	2.14		
	24-04-2015	Transfer / Purchase	141,400	0.03	10,306,400	2.17		
	01-05-2015	Transfer / Purchase	496,600	0.10	10,803,000	2.27		
	30-10-2015	Transfer / Sale	1,058,279	0.22	9,744,721	2.05		
	13-11-2015	Transfer / Sale	744,721	0.16	9,000,000	1.89		
	20-11-2015	Transfer / Sale	51,970	0.01	8,948,030	1.88		
	27-11-2015	Transfer / Sale	1,188,175	0.25	7,759,855	1.63		
	04-12-2015	Transfer / Sale	400,000	0.08	7,359,855	1.55		
	25-12-2015	Transfer / Sale	286,800	0.06	7,073,055	1.49		
	31-12-2015	Transfer / Sale	719,070	0.15	6,353,985	1.34		
	08-01-2016	Transfer / Sale	214,130	0.05	6,139,855	1.29		
	26-02-2016	Transfer / Purchase	690,000	0.15	6,829,855	1.44		
	31-03-2016	Transfer / Sale	680,000	0.14	6,149,855	1.29		
	31-03-2016	Closing Balance					6,149,855	1.29

TVS MOTOR COMPANY LIMITED

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
LIFE INSURANCE CORPORATION OF INDIA								
6,327,945 (1.33%)	01-04-2015	Opening Balance						
	04-03-2016	Transfer / Sale	300,734	0.06	6,027,211	1.27		
	11-03-2016	Transfer / Sale	334,754	0.07	5,692,457	1.20		
	18-03-2016	Transfer / Sale	294,051	0.06	5,398,406	1.14		
	25-03-2016	Transfer / Sale	60,000	0.01	5,338,406	1.12		
	31-03-2016	Transfer / Sale	10,461	0.00	5,327,945	1.12		
	31-03-2016	Closing Balance					5,327,945	1.12

ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD								
829,958 (0.17%)	01-04-2015	Opening Balance						
	15-05-2015	Transfer / Sale	500,000	0.11	329,958	0.07		
	28-08-2015	Transfer / Purchase	47,310	0.01	377,268	0.08		
	04-09-2015	Transfer / Purchase	260,421	0.05	637,689	0.13		
	11-09-2015	Transfer / Purchase	343,075	0.07	980,764	0.21		
	18-09-2015	Transfer / Purchase	150,270	0.03	1,131,034	0.24		
	25-09-2015	Transfer / Purchase	4,748,139	1.00	5,879,173	1.24		
	13-11-2015	Transfer / Sale	37,229	0.01	5,841,944	1.23		
	27-11-2015	Transfer / Sale	16,281	0.00	5,825,663	1.23		
	04-12-2015	Transfer / Purchase	258,000	0.05	6,083,663	1.28		
	15-01-2016	Transfer / Sale	44,346	0.01	6,039,317	1.27		
	29-01-2016	Transfer / Purchase	131,577	0.03	6,170,894	1.30		
	29-01-2016	Transfer / Sale	93,100	0.02	6,077,794	1.28		
	05-02-2016	Transfer / Purchase	18,502	0.00	6,096,296	1.28		
	19-02-2016	Transfer / Purchase	240,368	0.05	6,336,664	1.33		
	04-03-2016	Transfer / Purchase	34,610	0.01	6,371,274	1.34		
	25-03-2016	Transfer / Purchase	357,414	0.08	6,728,688	1.42		
	31-03-2016	Transfer / Sale	1,373,036	0.29	5,355,652	1.13		
	31-03-2016	Transfer / Sale	80,520	0.02	5,275,132	1.11		
	31-03-2016	Closing Balance					5,275,132	1.11

TVS MOTOR COMPANY LIMITED

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
INDUS INDIA FUND (MAURITIUS) LIMITED								
0	01-04-2015	Opening Balance						
	30-06-2015	Transfer / Purchase	57,793	0.01	57,793	0.01		
	17-07-2015	Transfer / Purchase	14,807	0.00	72,600	0.02		
	22-07-2015	Transfer / Purchase	7,200	0.00	79,800	0.02		
	07-08-2015	Transfer / Purchase	20,200	0.00	100,000	0.02		
	21-08-2015	Transfer / Purchase	43,000	0.01	143,000	0.03		
	28-08-2015	Transfer / Purchase	18,200	0.00	161,200	0.03		
	04-09-2015	Transfer / Purchase	17,300	0.00	178,500	0.04		
	30-09-2015	Transfer / Purchase	17,300	0.00	195,800	0.04		
	30-10-2015	Transfer / Purchase	1,144,301	0.24	1,340,101	0.28		
	06-11-2015	Transfer / Purchase	1,728,151	0.36	3,068,252	0.65		
	31-12-2015	Transfer / Purchase	21,972	0.00	3,090,224	0.65		
	08-01-2016	Transfer / Purchase	14,700	0.00	3,104,924	0.65		
	04-03-2016	Transfer / Purchase	1,070,036	0.23	4,174,960	0.88		
	11-03-2016	Transfer / Purchase	62	0.00	4,175,022	0.88		
	31-03-2016	Closing Balance					4,175,022	0.88

DB INTERNATIONAL (ASIA) LTD								
0	01-04-2015	Opening Balance						
	12-06-2015	Transfer / Purchase	338	0.00	338	0.00		
	10-07-2015	Transfer / Purchase	2,600	0.00	2,938	0.00		
	17-07-2015	Transfer / Purchase	5,200	0.00	8,138	0.00		
	31-07-2015	Transfer / Purchase	231,000	0.05	239,138	0.05		
	28-08-2015	Transfer / Sale	230,769	0.05	8,369	0.00		
	04-09-2015	Transfer / Sale	11	0.00	8,358	0.00		
	25-09-2015	Transfer / Purchase	380	0.00	8,738	0.00		
	23-10-2015	Transfer / Sale	710	0.00	8,028	0.00		
	04-12-2015	Transfer / Sale	100	0.00	7,928	0.00		
	25-12-2015	Transfer / Purchase	275,000	0.06	282,928	0.06		
	31-12-2015	Transfer / Purchase	1,205,000	0.25	1,487,928	0.31		
	08-01-2016	Transfer / Purchase	740,000	0.16	2,227,928	0.47		
	05-02-2016	Transfer / Purchase	125,000	0.03	2,352,928	0.50		
	19-02-2016	Transfer / Sale	20,000	0.00	2,332,928	0.49		
	26-02-2016	Transfer / Sale	1,064	0.00	2,331,864	0.49		
	25-03-2016	Transfer / Sale	1,205	0.00	2,330,659	0.49		
	31-03-2016	Transfer / Purchase	805,421	0.17	3,136,080	0.66		
	31-03-2016	Closing Balance					3,136,080	0.66

THE GOODWILL TRUST								
0	01-04-2015	Opening Balance						
	31-03-2016	Transfer / Purchase	3,000,000	0.63	3,000,000	0.63		
	31-03-2016	Closing Balance					3,000,000	0.63

TVS MOTOR COMPANY LIMITED

v) Shareholding of Directors and Key Managerial Personnel:

Name of the Directors / KMP (M/s.)	Opening Balance (% of the total share capital)	Date of Dealing	Purchase or Sale	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
Venu Srinivasan	25,69,726 (0.54)	-	-	-	-	-	-	25,69,726	0.54
Sudarshan Venu	Nil	-	-	-	-	-	-	Nil	-
Dr Lakshmi Venu	Nil	-	-	-	-	-	-	Nil	-
H Lakshmanan	56,870 (0.012)	22.05.2015	Sale	1,000	-	-	-	55,870	0.012
T Kannan	5,000	-	-	-	-	-	-	5,000	0.001
C R Dua	Nil	-	-	-	-	-	-	Nil	-
Prince Asirvatham	1,000 -	-	-	-	-	-	-	1,000	-
R Ramakrishnan	1,08,000 (0.023)	-	-	-	-	-	-	1,08,000	0.023
Hemant Krishan Singh	Nil	-	-	-	-	-	-	-	-
K N Radhakrishnan	3,000	-	-	-	-	-	-	3,000	-
S G Murali	Nil	-	-	-	-	-	-	Nil	-
K S Srinivasan	Nil	-	-	-	-	-	-	Nil	-

V. INDEBTEDNESS

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

(Rs. in Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	343.33	627.14	970.47
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	0.68	0.10	0.78
Total (i + ii + iii)	344.01	627.24	971.25
Change in Indebtedness during the financial year			
- Addition	210.43	-	210.43
- Reduction	-	(254.69)	(254.69)
Net Change	210.43	(254.69)	(44.26)
Indebtedness at the end of the financial year			
i) Principal Amount	552.18	372.21	924.39
ii) Interest due but not paid	-	-	-
iii) Interest accrued but not due	2.26	0.34	2.60
Total (i + ii + iii)	554.44	372.55	926.99

TVS MOTOR COMPANY LIMITED

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager: (Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr Venu Srinivasan CMD	Mr Sudarshan Venu JMD	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	–	48.00	48.00
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	–	70.35	70.35
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	–	8.16	8.16
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission - as % of profit - others, specify	1388.49	833.09	2221.58
5.	Others	–	–	–
	Total (A)	1388.49	959.60	2348.09
	Ceiling as per the Act	–	–	5203.70

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

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		TK	CRD	PA	RK	HKS	
	Independent Directors						
	Fee for attending board / committee meetings	1.20	2.00	2.00	2.40	0.80	8.40
	Commission	15.00	15.00	15.00	15.00	12.00	72.00
	Others	–	–	–	–	–	–
	Total (1)	16.20	17.00	17.00	17.40	12.80	80.40
		Name of Directors					
		HL	Dr LV				
	Other Non -Executive Directors						
	Fee for attending board / committee meetings	2.20	0.80				3.00
	Commission	–	–				–
	Others	–	–				–
	Total (2)	2.20	0.80				3.00
	Total (B)=(1+2)						83.40
	Total Managerial Remuneration (A) + (B)						2431.49
	Overall Ceiling as per the Act						5724.07

TK - Mr T Kannan; CRD - Mr C R Dua; PA - Mr Prince Asirvatham; RK - Mr R Ramakrishnan; HKS - Mr Hemant Krishan Singh; HL - Mr H Lakshmanan; and Dr LV - Dr Lakshmi Venu

TVS MOTOR COMPANY LIMITED

C. Remuneration to Key Managerial Personnel other than MD/ Manager / WTD

(Rs. in lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr K N Radhakrishnan CEO	Mr S G Murali CFO	Mr K S Srinivasan CS	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	452.53	181.40	19.84	653.77
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	2.50	-	-	2.50
	(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	-	-	-	-
	Total	455.03	181.40	19.84	656.27

CEO : Chief Executive Officer; CFO - Chief Financial Officer; CS - Company Secretary

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Annexure - IV

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 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 programs - <http://www.tvsmotor.com/pdf/CSR-Policy-Feb-2015.pdf>.

4. Composition of the CSR Committee:

Sl. No.	Name of the Director (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 Rs. 357.56 Cr

6. Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 7.15 Cr

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7. Details of CSR spent during the financial year:

(a) Total amount spent for the financial year **Rs. 7.16 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 Telefax: +91-44-2833 2115 Email: sst@scl.co.in Website: www.tvssst.org	Sri Sathya Sai Central Trust, Prasanthi Nilayam - 515 134 Anantapur district, Andhra Pradesh, India. Telefax: +91-8555- 287390 Email: finance@sssct.org	AIM For Seva No.4, Desika Road, Mylapore, Chennai - 600 004 Phone No: 044 - 2498 7955 / 66 Email: aimallindiamovement@gmail.com	Voluntary Health Services Rajiv Gandhi IT Expy, Tharamani, Chennai - 600 013 Phone No: +91(44)22541972/74 Email: secyvhs.1958@gmail.com	National Institute of Mental Health & Neuro Sciences, (NIMHANS) Hosur Road, Lakkasandra, Bengaluru, Karnataka - 560 029 Phone No: 080 - 26995200 Email: dirstaff@nimhans.ac.in
2	CSR Project or activity identified as mentioned in Schedule VII to the Companies Act, 2013	<ul style="list-style-type: none"> Eradicating hunger, poverty, promoting preventive healthcare and sanitation and making available safe drinking water; Promoting 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 maintaining quality of soil, air and water; Rural development projects 	Promoting free medical care is one of the object of the Trust	Promoting education	Health care activities	Promoting education, including special education and employment enhancing vocation skills especially among children, women and livelihood enhancement projects
3	Sector in which the Project is covered	Economic development, Health care, Quality education, Environment and Infrastructure	Providing free medical care including consultation, diagnosis, comprehensive treatment and follow-up to all patients totally free of charge	Providing access to Education in the rural areas to the children irrespective of caste, creed, religion etc., Improve access by establishing holistic learning 'student homes' in close proximity to schools.	Health Care activities / Project - Centre for Advanced Rehabilitation, Specialties	Mental health and neuro sciences
4	Areas in which Projects / Programmes undertaken	<ul style="list-style-type: none"> Hosur, Padavedu, Thirukkurungudi, Navatirupati and Javadhu Hills Mysore and Chamrajanagar Himachal Pradesh Venkatagiri 	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 Puttaparthi and Whitefield, Bengaluru and Sri Sathya Sai Mobile Hospital.	<ul style="list-style-type: none"> Cumbum, Tamilnadu Chikmangalur, Karnataka Palakad, Tamilnadu Udupi, Karnataka 	Hospitals and 14 Mini Health Care Centers in Chennai and Kancheepuram Districts	Bengaluru
	Local Area / Others		Prasanthi Nilayam, Puttaparthi and Whitefield, Bengaluru		Tharamani	
	State & district	<ul style="list-style-type: none"> Tamil Nadu : Krishnagiri, Tiruvannamalai, Tirunelveli and Thoothukudi districts Karnataka : Mysore, Bengaluru Urban and Chamrajanagar districts Himachal Pradesh : Solan district Andhra Pradesh - Nellore 	- Anantapur district, Andhra Pradesh and Bengaluru, Karnataka	As stated above	- Tamilnadu - Chennai & Kancheepuram	- Bengaluru, Karnataka

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	Amount outlay (budget) project or program-wise	Rs.600.00 lakhs	Rs.49620 Lakhs	Rs.57.00 Lakhs	Rs.25.00 Lakhs	Rs.64.50 Lakhs
5	Amount spent on the projects or programmes	Rs.586.48 lakhs	Rs. 7100 Lakhs	Rs.50.00 Lakhs	Rs.25.00Lakhs	Rs.64.50 Lakhs
6	Sub-heads Direct expenses On projects / programs	Rs.586.48 lakhs (including contribution of the Company of Rs.191 Lakhs)	Rs. 7100 Lakhs (including contribution of the Company of Rs.385 Lakhs)	Rs.50.00 Lakhs	Rs.25.00 Lakhs	Rs.64.50 Lakhs
	Overheads	Nil	Nil	Nil	Nil	Nil
7	Cumulative expenditure upto the reporting period	Rs.586.48 lakhs (including contribution of the Company of Rs.191 Lakhs)	Rs.36400 Lakhs (including contribution of the Company of Rs.385 Lakhs)	Rs.50.00 Lakhs	Rs.25.00 Lakhs	Rs.64.50 Lakhs

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

Not applicable

9. CSR Committee states that the CSR activities being undertaken / proposed will be implemented and monitored as per CSR Policy and is in compliance with CSR objectives and policy of the Company. Some of the programmes in the areas of healthcare are multiyear projects.

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

For and on behalf of the Board

VENU SRINIVASAN

Chairman and Managing Director and
Chairman of CSR Committee

Bengaluru
3rd May 2016

Annexure - V

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	1:233	52
	Sudarshan Venu	JMD	1:161	74
	H Lakshmanan	NENID	NA	NA
	Dr Lakshmi Venu	NENID	NA	NA
	T Kannan	NEID	1:3	NIL
	C R Dua	NEID	1:3	NIL
	Prince Asirvatham	NEID	1:3	NIL
	R Ramakrishnan	NEID	1:3	NIL
	Hemant Krishan Singh	NEID	1:2	NIL
	K N Radhakrishnan	President & CEO	NA	29
	S G Murali	CFO	NA	7
	K S Srinivasan	CS	NA	22

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2	The percentage increase in the median remuneration of employees in the financial year		10.59%			
3	The number of permanent employees on the rolls of the Company		5240			
4	The explanation on the relationship between average increase in remuneration and company performance		Company performance EBITDA Growth	27%		
			Average increase in remuneration	11%		
5	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	Designation	% increase in remuneration	Company Performance (EBITDA in %)		
	Mr Venu Srinivasan	CMD	52	27		
	Mr Sudarshan Venu	JMD	74			
	Mr K N Radhakrishnan	President & CEO	29			
	Mr S G Murali	CFO	7			
	Mr K S Srinivasan	CS	22			
Total		50				
6	Variations in the market capitalisation of the Company, price earnings ratio and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer	Details as on 31 st March		2014-15	2015-16	Increase
		No. of Shares		475087114	475087114	-
		Share Price (in Rs.)	BSE	263.75	322.65	18 %
			NSE	263.85	322.80	18 %
		EPS		7.32	9.10	20 %
		PE Ratio (based on audited results)		36	35	-1 %
		Company's Market Cap		Rs.12530 Cr approx (based on BSE price)	Rs.15329 Cr approx (based on BSE price)	18 %
The Company has not made any public offer till date, since its incorporation. Its shares were listed on Stock Exchanges due to a scheme of amalgamation of the erstwhile listed company, namely TVS Suzuki Limited sanctioned by the Hon'ble High Court of Madras vide its order dated 10 th December 1999.						
7	a. Average percentile increase already made in the salaries of employees other than the managerial personnel in the financial year 2015-16		15%			
	b. Average percentile increase in the managerial remuneration in the financial year 2015-16 There are no exceptional circumstances for increase in the managerial remuneration.		60%			
8	The key parameters for any variable component of remuneration availed by the directors		Every year, the board fixes the Commission payable to CMD and JMD within the statutory limit as approved by the members. There is no variable component of remuneration payable to Independent directors.			
9	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and		Not Applicable			
10	Affirmation that the remuneration is as per the remuneration policy of the Company.		Remuneration paid during the year 2015-16 is as per the remuneration policy of the Company			

CMD - Chairman and Managing Director

JMD - Joint Managing Director

CS - Company Secretary

CEO - Chief Executive Officer

CFO - Chief Financial Officer

NEID - Non Executive Independent Director

NENID - Non Executive Non Independent Director

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Annexure - VI

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 contracts, arrangements or transactions at arm's length basis:

(a)	Name of the related party	Sundaram Auto Components Limited		
(b)	Nature of relationship	Wholly owned subsidiary		
(c)	Duration of the contracts / arrangements/ transactions	2015-16		
(d)	Date(s) of approval by the Board, if any:	29 th April 2015 and 29 th January 2016		
	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	Two wheelers and Three wheelers	Based on dealer price	2216.94
	Purchase	Plastic Components and Dies & Moulds Land and buildings	Mark-up on cost of raw materials and conversion cost Guideline value	351.35 3.96
	Rendering of Services	Share of cost of salary, training expenses, rent, sharing of common expenses	At Cost	0.20

Annexure - VII

DETAILS OF LOANS AND GUARANTEES UNDER SECTION 186 OF THE COMPANIES ACT 2013 FOR THE FINANCIAL YEAR 2015-2016

S. No.	Name of the body corporate	Nature of relationship	Purpose of loan / acquisition / guarantee / security	Rate of interest	Amount of loan / security / guarantee (Rs. in Cr)	% to Free Reserves	Purpose for which the loan / guarantee utilised by the recipient
1	TVS Motor Singapore Pte Ltd	Wholly owned subsidiary	Inter Corporate loan	8%	55.30	2.92	For business purpose
2	PT. TVS Motor Company Indonesia	Wholly owned subsidiary	Guarantee	–	205.38	10.87	For availing credit facilities
3	TVS Credit Services Limited	–	Guarantee	–	33.34	1.76	

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 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's corporate governance philosophy has been further strengthened by adopting a Code of Business Conduct and Ethics and Code of Conduct for Prevention of Insider Trading for board of directors and senior management personnel.

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 2016, the total strength of the board is nine. As the Company has an executive chairman viz., Mr Venu Srinivasan who is the chairman and managing director, the board is required, in terms of Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations], to have fifty per cent of its directors as independent directors and at least one woman director.

Accordingly, the board has five non-executive independent directors (NE-ID) viz., M/s T Kannan, C R Dua, R Ramakrishnan, Prince Asirvatham and Hemant Krishan Singh and two non-executive non-independent directors (NE- NID), viz., M/s H Lakshmanan and Dr Lakshmi Venu. Mr Sudarshan Venu, joint managing director is the executive and non-independent director. Thus, the composition of the Company's board is in conformity with SEBI (LODR) Regulations.

All the existing NE-IDs, not liable to retire by rotation, have been appointed by the shareholders at the annual general meeting held on 14th July 2014 for a term of five years and none of them serves as NE-ID in more than seven listed companies.

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.

The Companies Act 2013 (the Act 2013) read with the relevant rules made thereunder, now facilitates the participation of a director in the board / committee meetings through video conferencing or other audio visual means. Accordingly, the option to participate in the meetings through video conferencing was made available for the directors, except in respect of restricted items which are not permitted to be transacted through video conferencing.

The Company regularly places, before the board for its review, the information as required under Part A of Schedule II to SEBI (LODR) 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 just below the level of 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 background 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 Control, etc in board / audit committee meetings.

During the year 2015-16, the board met five times on 29th April 2015, 24th July 2015, 27th October 2015, 29th January 2016 and 12th March 2016 and the gap between two meetings did not exceed one hundred and twenty days. Besides, the NE-IDs held a separate meeting in compliance with the provisions of the applicable provisions of the the Act 2013, and Regulation 25(3) of SEBI (LODR) Regulations.

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2.3 Attendance and other directorships:

The details of attendance of the directors at the board meetings during the year and at the last annual general meeting held on 29th July 2015 and also the number of other directorships and committee memberships / chairmanships as on 31st March 2016 are as follows:

Name of the Director / DIN (M/s)	Category	Attendance particulars		Number of other directorships, committee memberships / chairmanships		
		Board Meetings	Last Annual General Meeting	Other directorships*	Committee memberships**	Committee chairmanships
Venu Srinivasan (DIN 00051523)	CMD	3	Yes	11	4	–
H Lakshmanan (DIN 00057973)	NE-NID	5	Yes	13	5	3
T Kannan (DIN 00040674)	NE-ID	3	No [@]	8	2	1
C R Dua (DIN 00036080)	NE-ID	5	No	17	4	1
R Ramakrishnan (DIN 00809342)	NE-ID	5	Yes	10	4	2
Prince Asirvatham (DIN 00193260)	NE-ID	5	Yes	2	–	–
Hemant Krishan Singh (DIN 06467315)	NE-ID	4	Yes	1	–	–
Sudarshan Venu (DIN 03601690)	JMD	5	Yes	2	–	–
Dr Lakshmi Venu (DIN 02702020)	NE-NID	4	Yes	6	1	–

CMD : Chairman & Managing Director
 NE-NID : Non-Executive - Non-Independent Director
 NE-ID : Non-Executive - Independent Director
 JMD : Joint Managing Director

* includes private companies and companies incorporated outside India.
 ** includes committees where the director holds the position of Chairman.
[@] authorised Mr Prince Asirvatham, one of the Audit Committee member who also chaired the Audit Committee meeting where annual audited accounts for the year 2014-15 were considered and recommended to the board for its approval, to attend the AGM and to answer investors' queries.

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 committees as covered under Regulation 26 of SEBI (LODR) Regulations, as per the disclosures made by the directors. CMD, JMD and Dr LV are related to each other. None of the other directors on the board is related to any other director on the board.

2.4 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 SEBI (LODR) Regulations. Functional heads are present whenever necessary and apprise all the directors about the developments. They also make presentations to the board and audit committee of directors.

Apart from this, the observations on the audit carried out by the internal auditors and the compliance report on payment of statutory liabilities submitted by the statutory auditors of the Company are placed and discussed with functional heads, by the committee / board. The board also reviews the declarations made by the chairman and managing director and the company secretary regarding compliance 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 is placed at every succeeding

meeting of the board / committee for reporting the compliance.

2.5 Familiarization program

A familiarization program is made available to directors covering such topics as the board's role, board composition and conduct, and the risks and responsibilities of the Company directors, 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 include 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: <http://www.tvsmotor.com/pdf/TVSM-ID-Familiarisation-Prog.pdf>.

2.6 Code of Business Conduct and Ethics for members of the board and senior management personnel:

The Company has in place the Code of Business Conduct and Ethics for member 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 <http://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 2016. The annual report contains a declaration to this effect signed by the chairman and managing director.

2.7 Appointment / Re-appointment of directors:

In terms of Regulation 36(3) of SEBI (LODR) Regulations, a brief resume of director proposed to be re-appointed, nature of his expertise in specific functional areas, other directorships and committee memberships, shareholdings and relationships, if any, with other directors are provided in the notice convening the ensuing annual general meeting of the Company.

2.8 Committees of the board:

The board has, in order to have a focused attention on business and for better governance and accountability, constituted the following mandatory committees, viz., Audit 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 and their performance reviewed by the Board. 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 to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Modified opinions, if any, in the draft audit report.
- d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- e. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- f. Approving or subsequently modifying any transactions of the Company with related parties;
- g. Scrutinizing the inter-corporate loans and investments;
- h. Reviewing the valuation of undertakings or assets of the Company, wherever it is necessary;
- i. Evaluating internal financial controls and risk management systems;

- j. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- k. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- l. Discussing with internal auditors of any significant findings and follow up there on;
- 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 (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background of the candidate; and
- r. 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 SEBI (LODR) Regulations.

The subjects reviewed and recommended in the meetings of the Audit Committee were apprised to the board by the Chairman of the Audit 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 members and the chairman:

As at 31st March 2016, the audit committee consists of the following non-executive independent directors:

M/s T Kannan, C R Dua, R Ramakrishnan and Prince Asirvatham

Mr T Kannan, is the Chairman of the audit committee. Mr K S Srinivasan, company secretary acts as the secretary of the audit committee.

Mr T Kannan, Chairman of the audit committee was not present at the annual general meeting held on 29th July 2015. However he authorized Mr Prince Asirvatham, director, to represent him in the said meeting.

The composition of the Committee is in accordance with the requirements of Regulation 18 of SEBI (LODR) Regulations read with Section 177 of the Act 2013.

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	Name of the directors (M/s)
28.04.2015	C R Dua, Prince Asirvatham and R Ramakrishnan
23.07.2015	T Kannan, C R Dua and Prince Asirvatham
26.10.2015	C R Dua, Prince Asirvatham and R Ramakrishnan
28.01.2016	T Kannan, C R Dua, Prince Asirvatham and R Ramakrishnan

4. Subsidiary companies

The Company's wholly owned subsidiary, Sundaram Auto Components Limited is covered within the definition of "unlisted material subsidiary" incorporated in India in terms of Regulation 16(1)(c) read with Regulation 24 of SEBI (LODR) Regulations.

The board of directors of the said subsidiary consists of one independent director representing the Company viz., Mr R Ramakrishnan in terms of Regulation 24(1) of SEBI (LODR) Regulations.

The other subsidiaries are TVS Housing Limited, PT. TVS Motor Company Indonesia, TVS Motor Singapore Pte. Limited, TVS Motor Company Europe B.V., Sundaram Business Development Consulting (Shanghai) Co. Ltd. and Sundaram Holding USA Inc., USA.

The audit committee of directors of the Company 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. A subsidiary is considered as "a material subsidiary", if the investment by the Company exceeds 20% of its "consolidated networth" or if it has generated 20% or more of its "consolidated income" during the previous financial year.

Based on the above criteria, Sundaram Auto Components Limited and PT. TVS Motor Company Indonesia are the 'material subsidiaries' covered under the said Policy as at 31st March 2016.

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

5. Disclosures

5.1 Materially significant related party transactions:

All transactions entered into with Related Parties, as defined under the Act 2013 and SEBI (LODR) Regulations during the financial year 2015-16 were in the ordinary course of business and on an arms' length pricing 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 with the interests of the Company and that requires approval of the Company in terms of SEBI (LODR) Regulations.

The transactions with the related parties, namely its promoters, its holding, subsidiary and associate companies etc., of routine nature have been reported elsewhere in the annual report, as per Accounting Standard 18 issued by Companies (Accounting Standards) Rules, 2006 / The Institute of Chartered Accountants of India.

Details of material related party transactions are enclosed as Annexure VI to the directors' report for the year ended 31st March 2016.

Related Party Transactions Policy:

The board has formulated a policy on related party transactions. The audit committee reviews and approves transactions (RPTs) between the Company and related parties, as defined under the SEBI (LODR) Regulations, to ensure that the terms of such RPTs would reasonably be expected of transactions negotiated or at arm's length. The audit committee meets prior to each scheduled board meeting to review all RPTs of the Company on a quarterly basis.

The board at its meeting held on 3rd May 2016, approved the terms of reference to the audit committee for considering the criteria for granting omnibus approval for related party transactions on an annual basis in compliance with Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended.

Copy of the said policy is available on the Company's website in the following link <http://www.tvsmotor.com/pdf/Related-Party-Transaction-Policy.pdf>.

5.2 Disclosure of accounting treatment:

The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and Company (Accounting Standards) Rules, 2006.

The Central Government issued a notification on 29th December 2011 amending the existing Accounting Standard 11 relating to 'The effects of changes in foreign exchange rates' and extended upto 31st March 2020. By this amendment, companies are permitted to add / deduct from the carrying cost of depreciable assets, exchange differences arising out of exchange rate fluctuations with corresponding adjustments in general reserves and provision for depreciation. In order to give effect to the aforesaid amendment, companies are required to exercise their option in this regard. The option once exercised is irrevocable.

This has been effected in the computation of the results of the Company. Exchange difference with regard to External Commercial Borrowing other than relating to acquisition of capital assets are added to or deducted from Foreign Currency Monetary Item Translation Difference Account.

5.3 Risk Management:

The board has established a Risk Management Policy which formalizes Company's 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.

The Company has constituted a Risk Mitigation Committee including the Chief Executive Officer and the Chief Financial Officer of the Company. The Committee meets periodically to review the risk management and mitigation plans. The Company's policy on Risk Management has been discussed in detail in the director's report.

5.4 Instances of non-compliances, if any:

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

5.5 Disclosure by senior management personnel:

The senior management personnel have made disclosures to the board relating to all material, financial and other transactions stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

5.6 CEO and CFO Certification:

The chairman and managing director (CEO) and Chief Financial Officer (CFO) of the Company have certified to the board on financial and other matters in accordance with Regulation 33 of the SEBI (LODR) Regulations pertaining to CEO/CFO certification for the financial year ended 31st March 2016.

5.7 Compliance with mandatory / non-mandatory requirements:

The Company has complied with all applicable mandatory requirements in terms of SEBI (LODR) Regulations. The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed elsewhere in this report.

5.8 Code of Conduct for Prohibition of Insider Trading:

In compliance with the SEBI (Prohibition of Insider Trading) Regulations 2015, as amended till date, the Company has a comprehensive Code of conduct for prevention of insider trading and the same is being strictly adhered to by the directors, senior management personnel and other persons covered under this Code. 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 and cautioning them on the consequences of non-compliances thereof.

The Company regularly follows closure of trading window prior to the publication of price sensitive information. The Company has been advising the directors, senior management personnel and other persons covered by the Code not to trade in Company's securities during the closure of trading window period.

The Company has formulated a Code of Practices and Procedures for fair disclosure of "Unpublished Price Sensitive Information" (UPSI) and a Code of Conduct to regulate, monitor and report trading by insiders in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations 2015, effective from 15th May 2015.

5.9 Management discussion and analysis report, familiarization programme and whistle blower policy:

All the above reports / policies forms part of the directors' report.

6. Nomination and Remuneration Committee (NRC)

6.1 Composition of the Committee:

As at 31st March 2016, the NRC consists of the following directors as its members with majority of non-executive independent directors:

Names of the directors (M/s)	Status
T Kannan C R Dua	Non-Executive and Independent Director
H Lakshmanan	Non-Executive and Non-Independent Director

Mr T Kannan is the Chairman of the NRC.

Mr K S Srinivasan, company secretary acts as the secretary of the Committee.

Mr T Kannan, Chairman of the NRC was not present at the AGM held on 29th July 2015. However he authorized Mr H Lakshmanan, director, to represent him in the said meeting.

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 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 automobile industry.
- Retaining, motivating and promoting talent among the employees and ensuring long term sustainability of talented SMP by creation of competitive advantage through a structured talent review.

6.3 The role / scope of the NRC is as follows:

- To make recommendations to the board with respect to incentive compensation plans for executive director(s) and remuneration of non-executive director(s).

- To identify persons who are qualified to become director(s), KMP and SMP of the Company.
- To recommend to the board for appointment / removal of director(s), KMP and SMP of the Company.
- To formulate criteria for determining qualification, positive attributes and independence of a director.
- 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 and also the performance of KMP and SMP.

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

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 sub-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 the SMP for 2015-16 and this has been in accordance with the above process.

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 CMD, wherever appropriate, for this purpose.

6.5 Remuneration Policy:

NRC formulates policies 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.

Executive director(s)

The NRC will determine the remuneration payable to the executive director(s) and recommend to the board for its approval. The board's approval shall be subject to the prior approval or post approval or ratification of the shareholders of the Company and / or Central Government, if required under applicable laws. The remuneration payable to the executive chairman, managing director and whole-time director of the Company shall be in accordance with the applicable percentage(s) / slab(s) / condition(s) as set out in (i) the articles of association of the Company and (ii) the Act 2013 and any rules made thereunder, which may be in force, from time to time.

Where the Company is required to avail any insurance on behalf of its Executive Director(s) for indemnifying them against any liability(ies), the same shall be availed by the board and premium payable on such insurance shall not be treated as part of the remuneration payable by the Company to any such personnel. However, in the event that such executive director is proved guilty resulting in an insurance claim against the Company, any premium paid on such insurance shall be treated as part of the remuneration of the executive director(s), responsible for such claim.

Non- Executive / Independent Director(s)

The non-executive /independent director(s) will receive remuneration by way of fees for attending meetings of board or any committee in which Director(s) is member, provided that, the amount of such sitting fees shall not exceed (i) INR 1,00,000 (Indian Rupees One lakh) per meeting of the board or any committee in which the Director(s) is member or (ii) such other amount as may be prescribed by the Central Government from time to time.

Remuneration to KMP and SMP of the Company

NRC will recommend to the board and the board will approve the remuneration payable to (i) KMP, who is / are not an executive director(s), and

(ii) SMP of the Company. The break-up of the remuneration payable to KMP and SMP of the Company including the perquisites such as employer's contribution to provident fund, pension scheme, medical expenses, club fees and the like will also be approved by the board on the recommendations received from the NRC.

Profit Related Commission

Executive Director(s)

In addition to fixed remuneration, the executive director(s) shall be entitled to receive commission linked to the profits of the Company for each financial year subject to the limits prescribed under the provisions of the Act 2013.

Non - Executive / Independent Director(s)

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 prescribed limit of the profits of the Company computed in accordance with applicable provisions of the Act 2013.

Other KMP and SMP

In addition to fixed remuneration, to motivate other KMP viz., who is / are not an Executive Director(s) and SMP of the Company to pursue a long term growth and success for and of the Company, the NRC shall recommend the board the amounts that may be distributed amongst other KMP and SMP of the Company as performance based remuneration, on such interval as the NRC may think fit.

Equity based remuneration along with profit related commission

Subject to the provisions of the Act 2013, all director(s), KMP and SMP of the Company shall be entitled to avail any stock options including stock appreciation rights or such other benefits if issued by the Company, except for:

- (i) an employee, who is promoter(s) or relative(s) of the promoter(s);
- (ii) any director(s) holding more than 10% (ten percent) equity shares of the Company, either directly or indirectly.

The equity based remuneration to executive chairman, managing directors and whole-time director(s) of the Company shall be subject to

limits prescribed under the Act 2013 or any rules framed thereunder and any other applicable law including securities laws in India.

An independent director shall not be entitled to take part in any stock option plan issued by the Company.

6.6 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)
28.04.2015	C R Dua and H Lakshmanan

6.7 Remuneration to directors:

Executive directors:

The remuneration payable to the chairman and managing director (CMD) and Joint Managing Director (JMD) is fixed by the board 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 2015-2016:

(Rs. in lakhs)

Name of the Directors	Salary	Commis- sion	Perqui- sites	Contribution to PF and other funds	Total
Mr Venu Srinivasan, Chairman and Managing Director	-	1388.49	-	-	1388.49
Mr Sudarshan Venu, Joint Managing Director	48.00	833.09	70.35	8.16	959.60

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 position of CMD and JMD, respectively, 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 as CMD and JMD from the Company and SCL does not exceed the higher maximum limit admissible, from any one of these two companies.

The directors are paid commission within the permissible limits approved by the members and

determined by the board every year depending upon the performance of the Company.

The terms of their appointment were elaborately dealt with in the directors' report.

Non-executive directors

Sitting fees

Rs. 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, 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 sitting fees and commission.

As approved by the shareholders at the AGM of the Company held on 12th September 2012, Non-executive and Independent Directors are being paid commission, not exceeding 1% in the aggregate of the net profits of the Company, subject to a maximum, as determined by the board, for each such director for every financial year for a period of five years commencing from 1st April 2013.

A commission of Rs.15 lakhs per annum is payable to each such IDs, who serve as members of the audit committee as well and Rs.12 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 14th July 2014, 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.

The above compensation structure is commensurate with the best practices in terms of remunerating NE-IDs and adequately compensates for the time and contribution made by the NE-IDs.

At the AGM held on 14th July 2014, all the IDs were appointed to hold office for a first term of five consecutive years from the conclusion of that AGM and to receive remuneration by way of fees, reimbursement of expenses for participation in the meetings of the board and / or committees and also profit related commission in terms of Section 197 of the Act, 2013 in addition to sitting fee.

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

6.8 Particulars of sitting fees / commission paid to the non-executive and independent / non-independent directors during the financial year 2015-2016 are as follows: (Rs. in lakhs)

Name of the Director (M/s)	Sitting fees	Commission	Total
H Lakshmanan	2.20	-	2.20
T Kannan	1.20	15.00	16.20
C R Dua	2.00	15.00	17.00
R Ramakrishnan	2.40	15.00	17.40
Prince Asirvatham	2.00	15.00	17.00
Hemant Krishan Singh	0.80	12.00	12.80
Dr Lakshmi Venu	0.80	-	0.80
Total	11.40	72.00	83.40

6.9 Details of shareholdings of non-executive directors in the Company as on 31st March 2016:

S.No	Name of the Director (M/s)	No. of Equity shares held
1.	T Kannan	5,000
2.	H Lakshmanan	55,870
3.	R Ramakrishnan	1,08,000
4.	C R Dua	-
5.	Prince Asirvatham	1,000
6.	Hemant Krishan Singh	-
7.	Dr Lakshmi Venu	-

7. Stakeholders' Relationship Committee

7.1 The Stakeholders' Relationship Committee (SRC) consists of three members viz., M/s Venu Srinivasan and Sudarshan Venu, executive and non-independent directors and R Ramakrishnan, non-executive and independent director. Mr R Ramakrishnan, is the chairman of the committee and he was present at the AGM held on 29th July 2015.

7.2 As required by SEBI (LODR) Regulations, Mr K S Srinivasan, company secretary is the compliance officer of the SRC. For any clarification / complaint, the shareholders may contact the company secretary.

7.3 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)
29.04.2015	R Ramakrishnan, Venu Srinivasan and Sudarshan Venu
24.07.2015	R Ramakrishnan, Venu Srinivasan and Sudarshan Venu
27.10.2015	R Ramakrishnan and Sudarshan Venu
29.01.2016	R Ramakrishnan, Venu Srinivasan and Sudarshan Venu

7.4 The SRC oversees and reviews all the matters connected with share transfers, issue of duplicate share certificates and other issues pertaining to shares. The SRC also looks into redressal of investors' grievances pertaining to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. The Company, in order to expedite the process of share transfers has 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 2015-16:

S.No	Nature of complaints	No. of complaints
1.	Non-receipt of share certificates, including bonus share certificates	3
2.	Non-receipt of dividend warrants	14
3.	Non-receipt of annual reports	1
	TOTAL	18

7.6 All the queries and complaints received during the financial year ended 31st March 2016, were duly redressed and no query was pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time and no share certificate was pending for dematerialization.

7.7 Reconciliation of Share Capital Audit:

A qualified Practising Company Secretary carries out a 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) and the total issued and listed capital and places the report for perusal of the Board.

The RSC audit report confirms that the total issued and listed capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

8. Administrative Committee

The Administrative Committee of directors consist of three directors viz., M/s Venu Srinivasan, T Kannan and H Lakshmanan. Mr Venu Srinivasan, is the chairman of the committee.

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

Date of the Meeting	Members present (M/s)
04.05.2015	Venu Srinivasan, T Kannan and H Lakshmanan
28.10.2015 28.11.2015 02.01.2016	Venu Srinivasan and H Lakshmanan

9. General body meeting

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

Year	Location	Date	Time
2012-13	The Music Academy, New No.168, (Old No.306), T.T.K. Road, Royapettah, Chennai 600 014	19.07.2013	
2013-14		14.07.2014	10.00 AM
2014-15		29.07.2015	

9.2 Special resolutions passed in the previous three AGMs:

During the last three years, namely 2012-13 to 2014-15 approvals of the shareholders were obtained by passing special resolutions as follows:

Year	Subject matter of special resolution	Date of AGM
2012-13	Nil	19.07.2013
2013-14	i) Appointment of M/s T Kannan, C R Dua, Prince Asirvatham, R Ramakrishnan and Hemant Krishnan Singh, as Independent directors of the Company for the first term of five years each; and ii) Approving the variation in certain perquisites payable to Mr Sudarshan Venu, whole-time director of the Company.	14.07.2014
2014-15	Nil	29.07.2015

9.3 None of the subjects placed before the shareholders in the last / ensuing AGM required / requires approval by a Postal Ballot. However, in terms of Regulation 44 of SEBI (LODR) Regulations and Section 108 of the Act 2013 read with the Companies (Management and Administration) Rules, 2014, the Company provided to the members facility 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 29th July 2015.

10. 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.

10.1 Quarterly results:

The unaudited quarterly financial results of the Company were published in English and regional newspapers. These are not sent individually to the shareholders.

10.2 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.

10.3 Website:

The Company has in place a website addressed as www.tvsmotor.com. This website contains the basic information about the Company, e.g. details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of the designated officials of the Company, who are responsible for assisting and handling investor grievances, such other details as may be required under Regulation 46 of SEBI (LODR) Regulations. The Company ensures that the contents of this website are periodically updated. In addition, the Company makes use of this website for publishing official news release and presentations, if any, made to institutional investors / analysts.

11. General shareholder information

11.1 Annual General Meeting:

Date and time : Tuesday,
2nd August, 2016, 10.35 AM

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

11.2 Financial year : 1st April to 31st March

Financial calendar : 2016-2017 (Tentative)

Financial reporting : Financial calendar
for the quarter ending

30th June, 2016 : between 15th July and
14th August, 2016

30th September, 2016 : between 15th October and
14th November, 2016

31st December, 2016 : between 15th January and
14th February, 2017

31st March, 2017 : between 15th April and
30th May, 2017

11.3 Particulars of dividend payment:

The board of directors of the Company at its meeting held on 29th January 2016, declared a first interim dividend of Re.1/- per share (100%) for the year 2015-16 absorbing a sum of Rs. 55.65 Cr including dividend distribution tax. The same was paid to the shareholders on 10th February 2016.

The board at its meeting held on 12th March 2016 declared a second interim dividend of Rs. 1.50 per share (150%) for the year 2015-16 absorbing a sum of Rs. 85.07 Cr including dividend distribution tax. The same was paid to the shareholders on 23rd March 2016.

Hence, the total amount of both dividends for the year ended 31st March 2016 aggregate to Rs. 2.50 per share (250%) on 47,50,87,114 equity shares of Re.1/- each.

11.4 Listing on Stock Exchanges:

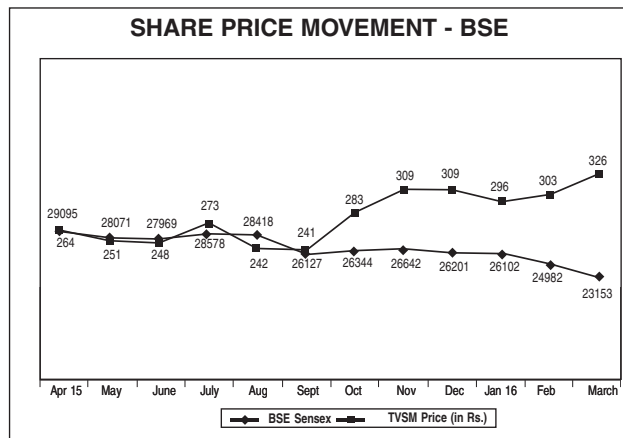
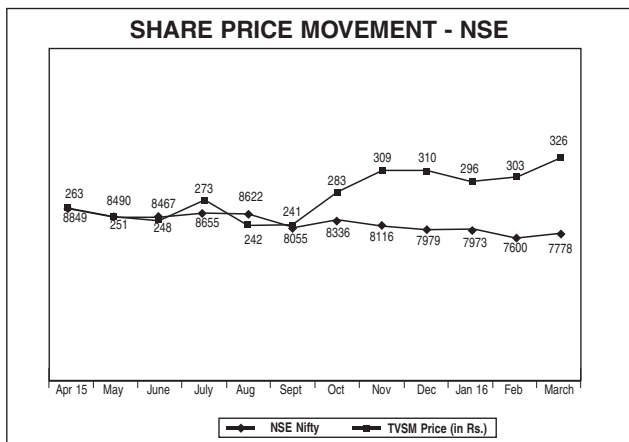
Name & Address of the Stock Exchange	Stock Code / Symbol
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001. India Tel.: 91 22 2272 1233 Fax : 91 22 2272 1919	532343
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (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 2016-17 were duly paid to the above Stock Exchanges and Depositories)

11.5 Market Price Data: (in Rs.)

Month	NSE (Monthly)		BSE (Monthly)	
	High price	Low price	High price	Low price
April 2015	263.30	220.60	263.90	220.70
May 2015	250.60	208.40	250.60	208.70
June 2015	248.00	214.50	248.00	215.00
July 2015	272.75	228.40	272.70	228.90
August 2015	241.60	201.00	241.50	201.00
September 2015	241.40	202.00	241.40	202.60
October 2015	283.10	227.45	282.65	227.40
November 2015	309.25	262.35	309.30	262.40
December 2015	309.80	267.50	309.10	267.50
January 2016	296.00	263.35	296.30	263.10
February 2016	302.75	256.00	302.60	256.30
March 2016	326.35	266.60	326.10	266.50

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



11.7 Share Transfer Agents and share transfer system:

- 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 SEBI (LODR) Regulations 2015. 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.
- All matters connected with the share transfer, dividends and other matters are being handled by the STA located at the address mentioned elsewhere in this report.
- Shares lodged for transfers are normally processed within 15 days from the date of lodgement, if the documents are clear in all respects.
- 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 the STA within 7 days.
- Certificates are being obtained and submitted to 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 SEBI (LODR) Regulations.
- Certificates have also been received from a Company Secretary-in-practice and submitted to the Stock Exchanges, on a quarterly basis, for timely dematerialization of shares of the Company

and for reconciliation of the share capital of the Company, as required under SEBI (Depositories and Participants) Regulations, 1996.

- g. The Company, as required under Regulation 6(2)(d) of SEBI (LODR) Regulations, has designated the following e-mail IDs, namely investorscomplaintssta@scl.co.in / kss@scl.co.in for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.
- h. A certificate signed by the compliance officer of the Registrar and share transfer agent of the Company viz., Sundaram-Clayton Limited and the company secretary towards maintenance of share transfer facility by STA in compliance with Regulation 7(3) of the SEBI (LODR) Regulations have been obtained and the same have been submitted to the Stock Exchanges.
- i. Shareholders are, therefore, requested to correspond with the STA for transfer / transmission of shares, change of address and queries pertaining to their shareholding, dividend, etc., at their address given in this report.

11.8 Shareholding pattern of the Company as on 31st March 2016

Category of Shareholder	No. of shares held	%
Promoter & Promoter Group		
Bodies Corporate	27,26,82,786	57.40
Total (A)	27,26,82,786	57.40
Public Shareholding		
Mutual Funds	5,38,30,753	11.33
Banks / Financial Institutions	23,65,082	0.50
Insurance Companies	1,31,90,065	2.78
Foreign Portfolio Investors	6,85,67,793	14.43
Total Institutions (B)	13,79,53,693	29.04
Bodies Corporate	78,62,586	1.65
Individuals holding nominal capital in excess of Rs. 2 lakh	78,68,905	1.65
Individuals holding nominal capital upto Rs. 2 lakh	4,38,07,777	9.22
NRI Repatriable	7,67,741	0.16
NRI Non- Repatriable	5,04,862	0.11
Overseas Body Corporate	136	-
Foreign National (IND)	1,000	-
Directors & relatives	28,50,966	0.60
Clearing members	7,83,897	0.17
Trusts	2,765	-
Total Non-Institutions (C)	6,44,50,635	13.56
Total Public Shareholding (B+C)	20,24,04,328	42.60
Grand Total (A+B+C)	47,50,87,114	100.00

11.9 Distribution of shareholding as on 31st March 2016:

Shareholding (Range)	No. of shares	%	No. of members	%
Upto 5000	3,36,86,828	7.09	1,05,683	98.76
5001 - 10000	55,06,941	1.16	747	0.70
10001 - 20000	37,84,008	0.80	256	0.24
20001 - 50000	42,60,853	0.90	133	0.12
50001 - 100000	44,64,172	0.94	62	0.06
100001 & above	42,33,84,312	89.11	126	0.12
Total	47,50,87,114	100.00	1,07,007	100.00

11.10 Dematerialization of shares and liquidity:

The promoter holding consisting of 27,26,82,786 equity shares of Re.1/- each has been fully dematerialized. Out of 20,24,04,328 equity shares of Re.1/- each held by persons other than promoters 19,63,70,914 shares have been dematerialized as on 31st March, 2016 accounting for 97.02%.

11.11 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.

11.12 Other Disclosures

a) There were no pecuniary relationships or transactions with NE-IDs vis-a-vis the Company during the year under review, except payment of sitting fees and profit related commission.

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) SEBI (LODR) Regulations

SEBI on September 2, 2015, issued SEBI (LODR) Regulations with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability.

The said Regulations were effective 1st December, 2015. Accordingly, the Company entered into Listing Agreement with BSE Limited and the National Stock Exchange of India Limited during December 2015.

d) 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.

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 change in 2 Wheelers and 3 Wheelers are done based on market conditions. Company has not entered into any commodity derivatives with any of the bankers.

11.13 Plant Locations:

Hosur : Post Box No. 4, Harita
 Hosur - 635 109, Tamil Nadu
 Tel : 04344-276780
 Fax : 04344-276016
 Email : kn.radhakrishnan@tvsmotor.com
 sg.murali@tvsmotor.com

Mysore : Post Box No.1
 Byathahalli Village, Kadakola Post
 Mysore - 571 311, Karnataka
 Tel : 0821 - 2596561
 Fax : 0821 - 2596550 / 2596553
 Email : kn.radhakrishnan@tvsmotor.com

Himachal : Bhatian Village, Bharatgarh Road,
 Pradesh Teh. Nalagarh, Solan District - 174 101.
 Himachal Pradesh
 Tel : 01795 - 220492 / 93
 Fax : 01795 - 220496
 Email : kn.radhakrishnan@tvsmotor.com

11.14 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
 Unit: TVS Motor Company Limited
 "Jayalakshmi Estates", I Floor,
 No. 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. 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:

12.1 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 Companies 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.

12.2 Shareholder rights:

The half-yearly results of the Company are published in newspapers as soon as they are approved by the board and are also uploaded on the Company's website namely www.tvsmotor.com. The results are not sent to the shareholders individually.

12.3 Audit qualifications:

The financial statements of the Company are unqualified.

13. Request to shareholders

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

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.

Registration of Electronic Clearing Service (ECS) mandate:

The 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.

Transfer of shares in physical mode:

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

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

In terms of SEBI (LODR) Regulations 2015, it has become mandatory for transferees to furnish a copy of Permanent Account Number (PAN) for registration of transfer of shares to be held in physical mode.

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

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.

Registration of Nominations:

Nomination in respect of shares, as per Section 72 of the Act, 2013 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc.

It would therefore be in the best interest of the shareholders holding shares in physical form registered

as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH-13. This form will be made available on request. Investors holding shares in demat form are advised to contact their DPs for making nominations.

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.

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.

Timely encashment of dividends:

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation/ losing your right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund (IEPF).

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, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31st March, 2009 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

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 205C of the Companies Act, 1956.

TVS MOTOR COMPANY LIMITED

Accordingly a sum of Rs. 10.87 lakhs, being unclaimed dividend, was transferred to IEPF during the year.

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
2008-2009 Interim	26.06.2009	26.07.2009	26.07.2016
2009-2010 1 st Interim	20.01.2010	19.02.2010	19.02.2017
2009-2010 2 nd Interim	21.07.2010	20.08.2010	20.08.2017
2010-2011 1 st Interim	20.01.2011	19.02.2011	19.02.2018
2010-2011 2 nd Interim	29.07.2011	28.08.2011	28.08.2018
2011-2012 1 st Interim	14.03.2012	13.04.2012	13.04.2019
2011-2012 2 nd Interim	24.05.2012	23.06.2012	23.06.2019
2012-2013 1 st Interim	01.02.2013	03.03.2013	03.03.2020
2012-2013 2 nd Interim	30.04.2013	30.05.2013	30.05.2020
2013-2014 1 st Interim	25.10.2013	24.11.2013	24.11.2020
2013-2014 2 nd Interim	29.04.2014	29.05.2014	29.05.2021
2014-2015 1 st Interim	03.02.2015	05.03.2015	05.03.2022
2014-2015 2 nd Interim	29.04.2015	29.05.2015	29.05.2022
2015-2016 1 st Interim	29.01.2016	28.02.2016	28.02.2023
2015-2016 2 nd interim	12.03.2016	11.04.2016	11.04.2023

14. UNCLAIMED SHARE CERTIFICATES

In terms of the provisions of Regulation 39(4) read with Schedule VI of the SEBI (LODR) Regulations, the unclaimed share certificates are required to be dematerialized and transferred to "Unclaimed Suspense Account". As required under the SEBI (LODR) Regulations, the Company sent reminder letters to the shareholders, whose share certificates were returned undelivered or unclaimed. The voting rights in respect of unclaimed shares held in Unclaimed Suspense Account stands frozen in terms of Regulation 39 read

with Schedule VI of SEBI (LODR) Regulations, till the rightful owners of such shares claim them.

After complying with the requirements under the SEBI (LODR) Regulations, the Company has opened an "Unclaimed Suspense Account" and details are as follows:

Details	No. of shareholders	No. of shares
No of Shares in the Unclaimed suspense account as on 31 st March 2015	1,021	9,92,655
No. of shares transferred to the shareholders on request till 31 st March 2016	12	9,855
No of Shares in the Unclaimed suspense account as on 31 st March 2016	1,009	9,82,800

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 registered either 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 STA / 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 2016.

VENU SRINIVASAN
Chairman & Managing Director

Place : Bengaluru
Date : 3rd May 2016

TVS MOTOR COMPANY LIMITED

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

To

The Board of Directors
TVS Motor Company Limited

(1) We certify that we have reviewed the financial statements and the cash flow statement for the year ended 31st March 2016 and to the best of our knowledge and belief,

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) these statements together present a true and fair view of the Company's affairs for the year ended 31st March 2016, and are in compliance with the existing accounting standards, applicable laws and regulations; and

(c) no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.

(2) Further, we accept that it is our responsibility to establish and maintain internal controls for financial reporting.

(3) Accordingly, we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we further certify that:

(a) there are no deficiencies in the design or operation of internal controls;

(b) there are no significant changes in internal control over the financial reporting during the year;

(c) there are no significant changes in accounting policies during the year; and

(d) there have been no instances of any significant fraud of which we became aware and the involvement therein, if any, of the management or an employee, having a significant role in the Company's internal control system over the financial reporting.

Venu Srinivasan
Chairman & Managing Director

S G Murali
Chief Financial Officer

Place : Bengaluru
Date : 3rd May 2016

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 2016 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations].

The compliance of conditions of Corporate Governance is the responsibility of Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement / SEBI (LODR) Regulations, as applicable.

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

Place : Bengaluru
Date : 3rd May 2016

S. VENKATRAMAN
Partner
Membership Number: F34319

Form No. MR-3
Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[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 Motor Company Limited,
[CIN: L35921TN1992PLC022845]
No.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 (hereinafter called "the Company") during the financial year from 1st April 2015 to 31st March 2016 (the year / audit period). The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

We are issuing this report based on our verification of books, papers, minute books and other records maintained, forms / returns filed, compliance related action taken during the year as well as after 31st March 2016 but before the issue of this report, and the information provided by the Company, its officers, agents and authorized representatives during our conduct of secretarial audit.

A. We hereby report that:

1. In our opinion, during the audit period covering the financial year ended on 31st March 2016, the Company complied with the statutory provisions listed hereunder, and also 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.
2. We have examined the books, papers, minute books and other records maintained by the Company and forms / returns filed during the year according to the applicable provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
 - (ii) The Companies Act, 1956 and the rules made thereunder.
 - (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
 - (iv) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.

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

(vi) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act).

(a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015);

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

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

(d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15th May 2015);

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

(f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (with effect from 1st December 2015).

(vii) The listing agreements (old agreements upto 30th November 2015 and new agreements with effect from 1st December 2015) entered into by the Company with:

(a) BSE Limited;

(b) National Stock Exchange of India Limited; and

(viii) Secretarial Standards on Meetings of Board of Directors and General meetings, issued by the Institute of Company Secretaries of India ("Secretarial Standards") under Section 118(10) of the Act (with effect from 1st July 2015).

3. We are informed that:

(i) The Company, during the year, was not required to comply with the following laws / regulations /

agreement / guidelines and consequently not required to maintain any books, papers, minute books or other records or file any forms / returns under:

- (a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (e) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; and
- (ii) No other law was specifically applicable to the Company, considering the nature of its business, compliance with which we are specifically required to report on.
4. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2016 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the information and explanations provided to us:
- (i) Complied with the applicable provisions of the Act, Rules, SEBI Regulations and Listing agreement mentioned under paragraph A-2 above;
 - (ii) Generally complied with the applicable Secretarial Standards; and
 - (iii) Generally complied with the applicable provisions of FEMA.

B. We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director.
2. 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.
3. Adequate notice is given to all directors to schedule the Board Meetings.
4. Agenda and detailed notes on agenda for Board meetings were sent at least seven days in advance, except for one Board meeting for which the agenda and notes were sent four days in advance and consent obtained for the same from all the directors entitled thereto.
5. A system exists for seeking and obtaining further information and clarifications on the agenda items before the Board meeting and for meaningful participation at the meeting.
6. Majority decision is carried through. We are informed that there were no dissenting views from any Board member that were required to be captured and recorded as part of the minutes.

C. We 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.

D. We further report that during the audit period, there were no specific events / actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

For S Krishnamurthy & Co
Company Secretaries

K. SRIRAM
Partner

Date : 3rd May 2016
Place: Chennai

Membership No: F6312
Certificate of Practice No: 2215

Annexure – A to Secretarial Audit Report of even date

To,

The Members,
TVS Motor Company Limited,
[CIN: L35921TN1992PLC022845]
No.29, Haddows Road,
Chennai – 600006

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2016 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the Company's management. Our responsibility is to express an opinion on the secretarial records produced for 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 2016 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal /

professional opinion 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.
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

Date : 3rd May 2016
Place: Chennai

Partner
Membership No: F6312
Certificate of Practice No: 2215

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2016

To the members of TVS Motor Company Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of TVS Motor Company Limited, Chennai ('the Company'), which comprises the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these Standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
9. 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements, comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of written representations received from the directors as on 31st March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016, 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; and
- (g) with respect to the other matters to be included in the Auditors' 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 explanations give to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. XXIII [12(a)] to the 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. XXIII [2] to the financial statements.
- iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner

Place: Bengaluru
Date : 3rd May 2016

Membership No.: 34319

Annexure A to Independent Auditors' Report - 31st March 2016 (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 programme 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) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act, in respect of which:-
 - a) The terms and conditions of the grant of such loans were, in our opinion, prima facie, not prejudicial to the Company's interest.
 - b) The schedule of repayment of principal and payment of interest has been stipulated; the receipt of interest is regular.
 - c) The amount is not overdue.
- (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 the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues payable including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and 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, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March 2016 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

TVS MOTOR COMPANY LIMITED

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)	1998-2015	29.95	Central Excise and Service Tax Appellate Tribunal, Chennai
	2009-2015	16.15	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
Finance Act, 1994 (Service Tax)	1999-2011	3.60	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
	2002-2014	1.46	Central Excise and Service Tax Appellate Tribunal, Chennai / Bangalore
Customs Act, 1962 (Customs Duty)	2011-2012	0.09	Assistant / Deputy / Commissioner of Central Excise, Hosur and Mysore
	1999-2001	1.87	Hon'ble High Court of Judicature at Madras
Sales Tax / VAT Laws (Sales Tax)	1998-2014	0.87	Department Authorities
	2004-2005	0.04	Joint Commissioner (Appeals)
	1998-2013	0.33	Tribunals
	2006-2015	13.67	Hon'ble High Court of Orissa
Income Tax Act, 1961 (TDS)	2007-2016	7.89	Department Authorities
Wealth Tax Act, 1957	2007-2009	0.98	*Commissioner Appeal

* The Company is in the process of filing 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 / Banks. The Company has not raised any monies against issue of debentures.
- (ix) In our opinion and according to the information and explanations given to us, the term loans availed by the Company have been applied for the purpose for which they were obtained. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements 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 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 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) 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

Place: Bengaluru
Date : 3rd May 2016

Membership No.: 34319

Annexure - B to the Independent Auditors' Report - 31st March 2016 (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, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Annexure - B to the Independent Auditors' Report - 31 March 2016
(Referred to in our report of even date) - (continued)**

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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. Sankar Aiyar & Co
Chartered Accountants
Firm Regn. No.: 109208W

S. VENKATRAMAN
Partner

Place: Bengaluru
Date : 3rd May 2016

Membership No.: 34319

TVS MOTOR COMPANY LIMITED

Balance Sheet as at 31st March 2016

Rupees in crores

	Note number	As at 31-03-2016	As at 31-03-2015
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	I	47.51	47.51
(b) Reserves and surplus	II	1,889.29	1,597.85
2 Non-current liabilities			
(a) Long-term borrowings	III	494.23	518.98
(b) Deferred tax liabilities (Net)		175.67	152.75
(c) Long-term provisions	IV	39.99	43.73
3 Current liabilities			
(a) Short-term borrowings	V	264.23	399.76
(b) Trade payables	VI		
i. Total outstanding dues of micro enterprises and small enterprises		46.22	35.03
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises		1,497.49	1,443.47
(c) Other current liabilities	VII	449.47	260.54
(d) Short-term provisions	VIII	58.47	105.03
Total		<u>4,962.57</u>	<u>4,604.65</u>
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	IX	1,545.93	1,298.11
(ii) Intangible assets	IX	46.92	31.52
(iii) Capital work-in-progress	IX	30.96	89.36
(b) Non-current investments	X	1,184.57	1,012.46
(c) Long-term loans and advances	XI	136.65	143.73
2 Current assets			
(a) Inventories	XII	825.97	819.68
(b) Trade receivables	XIII	578.69	503.86
(c) Cash and bank balances	XIV	32.84	5.39
(d) Short-term loans and advances	XV	521.91	632.78
(e) Other current assets	XVI	58.13	67.76
Total		<u>4,962.57</u>	<u>4,604.65</u>

Significant accounting policies, notes on accounts and additional disclosures

XXIII

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

S.G. MURALI
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner

Place : Bengaluru
Date : 3rd May 2016

Membership No.: 34319

TVS MOTOR COMPANY LIMITED

Statement of Profit and Loss for the year ended 31st March 2016

Rupees in crores

	Note number	Year ended 31-03-2016	Year ended 31-03-2015
I Revenue from operations	XVII	12,232.12	10,757.97
Less: Excise duty and Service tax		988.25	715.64
		<u>11,243.87</u>	<u>10,042.33</u>
II Other income	XVIII	51.31	30.29
III Total Revenue (I + II)		<u>11,295.18</u>	<u>10,072.62</u>
IV Expenses:			
Cost of materials consumed	XIX	7,703.54	7,162.32
Purchases of stock-in-trade	XIX	251.41	226.88
Changes in inventories of finished goods, work-in-process and stock-in-trade	XIX	70.53	(92.07)
Employee benefits expense	XX	664.23	592.42
Finance costs	XXI	46.24	27.42
Depreciation and amortization expense		189.84	153.33
Other expenses	XXII	1,803.42	1,546.16
Total expenses		<u>10,729.21</u>	<u>9,616.46</u>
V Profit before exceptional and extraordinary items and tax (III-IV)		565.97	456.16
VI Exceptional items Gain / (Loss)		—	—
VII Profit before extraordinary items and tax (V+VI)		565.97	456.16
VIII Extraordinary items Income / (Loss)		—	—
IX Profit before tax (VII+VIII)		565.97	456.16
X Tax expense:			
(a) Current tax		117.16	96.63
(b) MAT credit entitlement		(12.46)	(23.66)
(c) Tax relating to earlier years		6.21	7.29
(d) Deferred tax		22.92	28.07
XI Profit for the year (IX-X)		<u>432.14</u>	<u>347.83</u>
XII Earnings Per equity Share (EPS) - Refer note no.XXIII (7) (Face value Re.1/-each)			
(a) Basic and Diluted EPS before extraordinary items (in Rs.)		9.10	7.32
(b) Basic and Diluted EPS after extraordinary items (in Rs.)		9.10	7.32
Significant accounting policies, notes on accounts and additional disclosures	XXIII		

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

S.G. MURALI
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner

Membership No.: 34319

Place : Bengaluru
Date : 3rd May 2016

TVS MOTOR COMPANY LIMITED

Cash Flow Statement

		Rupees in crores	
		Year ended 31-03-2016	Year ended 31-03-2015
A. Cash flow from operating activities			
Net profit before extraordinary items and tax		565.97	456.16
Add: Depreciation and amortisation for the year	189.84	153.33	
Loss on sale of fixed assets	3.39	–	
Profit on sale of fixed assets	–	(0.18)	
Net (profit) / loss on sale of investments	–	(0.22)	
Provision for diminution in value of investments	1.07	–	
Dividend income	(11.46)	(7.29)	
Interest income	(38.73)	(22.94)	
Interest expenditure	47.94	28.47	
Provision for pension, leave salary and warranty	15.26	3.26	
		<u>207.31</u>	<u>154.43</u>
Operating profit before working capital changes		773.28	610.59
Adjustments for:			
Trade receivables	(74.83)	(169.74)	
Inventories	(6.29)	(271.53)	
Other current assets	9.82	12.26	
Loans and advances	150.81	(263.51)	
Trade payables	65.21	265.73	
Other current liabilities (excluding current maturity of long term loans)	73.43	41.71	
		<u>218.15</u>	<u>(385.08)</u>
Cash generated from operations (before extraordinary items)		<u>991.43</u>	<u>225.51</u>
Direct taxes paid		(145.78)	(140.67)
Net cash from operating activities	(A)	<u>845.65</u>	<u>84.84</u>
B. Cash flow from investing activities			
Purchase of fixed assets	(503.53)	(366.87)	
Sale of fixed assets	46.78	2.98	
Capital work-in-progress	58.40	(41.28)	
Purchase of investments	(171.17)	(131.54)	
Share application money paid	–	(2.01)	
Sale of investments	–	15.22	
Interest received	38.54	22.94	
Dividends received	11.46	7.29	
		<u>(519.52)</u>	<u>(493.27)</u>
Net cash from / (used in) investing activities	(B)	<u>(519.52)</u>	<u>(493.27)</u>

TVS MOTOR COMPANY LIMITED

Cash Flow Statement – (continued)

		Rupees in crores	
		Year ended 31-03-2016	Year ended 31-03-2015
C. Cash flow from financing activities			
Borrowings:			
Term loan availed / (repaid)		89.45	72.12
Soft loan from a state owned corporation		–	4.45
Short term borrowings availed / (repaid)		(135.53)	366.29
Other bank balances		(1.96)	(0.43)
Interest paid		(46.12)	(28.47)
Dividend and dividend tax paid		(206.48)	(83.14)
		<u>(300.64)</u>	<u>330.82</u>
Net cash from / (used in) financing activities	(C)	<u>(300.64)</u>	<u>330.82</u>
<hr/>			
Total	(A)+(B)+(C)	<u>25.49</u>	<u>(77.61)</u>
Cash and cash equivalents at the beginning of the year		2.85	80.46
Cash and cash equivalents at the end of the year		28.34	2.85
<hr/>			
D. Net increase / (decrease) in cash and cash equivalents		<u>25.49</u>	<u>(77.61)</u>

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

S.G. MURALI
Chief Financial Officer

K.S. SRINIVASAN
Company Secretary

S. VENKATRAMAN
Partner
Membership No.: 34319

Place : Bengaluru
Date : 3rd May 2016

TVS MOTOR COMPANY LIMITED

Notes on accounts

	As at 31-03-2016		As at 31-03-2015	
	Number	Rupees in crores	Number	Rupees in crores
I SHARE CAPITAL				
(a) Authorised, issued, subscribed and fully paid up				
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
Out of the above:				
Equity shares allotted as fully paid up by way of bonus shares in the five years immediately preceding the date of Balance Sheet:				
(i) Number of shares - 23,75,43,557				
(ii) Year of allotment - Year ended 31 st March 2011				
	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				
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 / ultimate holding / subsidiaries / associates of holding company at the end of the year

Name of shareholder	Class of share	As at 31-03-2016		As at 31-03-2015	
		No. of shares held	% of holding	No. 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 I (d))

Name of shareholder	Class of share	As at 31-03-2016 No. of shares held	As at 31-03-2015 No. of shares held
Reliance Capital Trustee Company Limited, Mumbai	Equity	2,54,68,060	2,96,67,945

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

		Rupees in crores	
		As at 31-03-2016	As at 31-03-2015
II	RESERVES AND SURPLUS		
	(a) Capital reserves		
	(i) On shares forfeited (Rs.55,200/-)	–	–
	(ii) On surplus arising out of amalgamation	6.43	6.43
	(iii) Government grant	0.30	0.30
	Closing balance	<u>6.73</u>	<u>6.73</u>
	(b) General reserve		
	Opening balance	865.94	872.76
	Less: Residual value of assets or parts of the asset, whose useful life exhausted	0.30	6.82
	Closing balance	<u>865.64</u>	<u>865.94</u>
	(c) Hedging reserve		
	Opening balance	3.10	6.52
	Add: Created during the year	3.62	3.10
		6.72	9.62
	Less: Utilised during the year	3.10	6.52
	Closing balance	<u>3.62</u>	<u>3.10</u>
	(d) Surplus i.e., balance in Statement of Profit and Loss		
	Opening Balance	722.08	481.76
	Add: Net profit for the current year	432.14	347.83
		1,154.22	829.59
	Less: First interim dividend paid	47.51	35.63
	Second interim dividend paid	71.26	–
	Second interim dividend payable	–	54.64
	Dividend tax	22.15	17.24
		140.92	107.51
	Closing balance	<u>1,013.30</u>	<u>722.08</u>
	Total (a) + (b) + (c) + (d)	<u>1,889.29</u>	<u>1,597.85</u>
III	LONG-TERM BORROWINGS		
	(A) Secured		
	Term loans		
	(a) From banks	132.51	73.00
	(b) From other parties		
	Soft loan from a state owned corporation viz., State Industries Promotion Corporation of Tamil Nadu Ltd. (SIPCOT)	157.08	157.08
		<u>289.59</u>	<u>230.08</u>
	(B) Unsecured		
	From other parties		
	(a) Sales tax deferral loan from Karnataka Government	204.64	226.70
	(b) Non-banking financial company (NBFC)	–	62.20
		<u>204.64</u>	<u>288.90</u>
	(A) + (B)	<u>494.23</u>	<u>518.98</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

III LONG-TERM BORROWINGS – (continued)

Repayment terms of long-term loans

Rupees in crores

Total of loans repayable	*Current maturity i.e. loans repayable in 2015-16	Balance long-term loans as at 31-03-2015	Description	Frequency	No. of instalments due	Maturity	Total of loans repayable	* Current maturity i.e. loans repayable in 2016-17	Balance long-term loans as at 31-03-2016
56.75	45.40	11.35	Secured: Term Loan from Bank	Quarterly	1	Apr 2016	11.35	11.35	–
61.65	–	61.65	FCNRB Term Loan - I	End of Tenure	1	Jul 2016	66.26	66.26	–
–	–	–	FCNRB Term Loan - II	End of Tenure	1	Nov 2016	66.26	66.26	–
–	–	–	ECB Loan from Bank	End of Tenure	4	Dec 2018	132.51	–	132.51
157.08	–	157.08	State owned corporation	Yearly	4	2022-27	157.08	–	157.08
62.20	–	62.20	Unsecured: Term Loan from NBFC				–	–	–
44.30	6.33	37.97	Sales Tax Deferral Phase-1	Yearly	6	2020-21	37.97	6.33	31.64
188.73	–	188.73	Phase-2	Yearly	12	2027-28	188.73	15.73	173.00
570.71	51.73	518.98	Total				660.16	165.93	494.23

* Grouped under "Other current liabilities".

Details of securities created:

- (i) Term loan from Banks - First and exclusive charge on specific plant and equipment.
- (ii) FCNRB Loans from Banks - Charge on specific plant and equipment.
- (iii) ECB Loan from Bank - Exclusive charge over assets procured out of proceeds of the loan.
- (iv) Soft loan - State owned corporation viz., SIPCOT
First charge on the specific plant and equipment and also secured by equitable mortgage created by way of deposit of title deeds of land.

Amount payable in each instalments:

Description	Currency	Amount
Term Loan from Bank	INR	11.35 crores per quarter
Term Loan - FCNRB Loan - I	USD	10 Million USD at the end of tenure
Term Loan - FCNRB Loan - II	USD	10 Million USD at the end of tenure
ECB Loan from Bank	USD	20 Million USD in 4 equal instalments between Jul 2018 to Dec 2018.
Sales tax deferral Phase - 1	INR	6.33 crores per annum
Sales tax deferral Phase - 2	INR	15.73 crores per annum
State owned corporation	INR	10.00, 67.23, 75.40 and 4.45 crores (four instalments between 2022 and 2027)

Rupees in crores
As at 31-03-2016 As at 31-03-2015

IV LONG-TERM PROVISIONS

Employee benefits

(a) Pension	25.89	31.91
(b) Leave salary	14.10	11.82
	<u>39.99</u>	<u>43.73</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	As at 31-03-2016	As at 31-03-2015
V SHORT-TERM BORROWINGS		
Repayable on demand from banks		
Secured	118.72	67.85
Unsecured	41.57	128.62
Short term loans from banks (Unsecured)	103.94	203.29
	<u>264.23</u>	<u>399.76</u>
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.		
VI TRADE PAYABLES		
(a) Total outstanding dues of micro enterprises and small enterprises	46.22	35.03
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,497.49	1,443.47
	<u>1,543.71</u>	<u>1,478.50</u>
VII OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt		
(i) Term loans from banks	11.35	45.40
(ii) Term loans - FCNRB loan - I	66.26	–
(iii) Term loans - FCNRB loan - II	66.26	–
(iv) Sales tax deferral loan from Karnataka Government	22.06	6.33
(b) Unclaimed dividends (Not due for transfer to Investor Education and Protection Fund)	4.40	2.46
(c) Interest accrued but not due	2.60	0.78
(d) Others		
(i) Statutory dues	103.40	78.77
(ii) Employee related	37.51	26.49
(iii) Trade deposits received	21.94	20.17
(iv) Advance received from customers	85.11	63.45
(v) Money held under trust	7.84	8.11
(vi) Payables against capital goods	20.74	8.58
	<u>449.47</u>	<u>260.54</u>
VIII SHORT-TERM PROVISIONS		
(a) Pension	29.89	14.78
(b) Employee benefits - Leave Salary	1.62	1.74
(c) Warranty	26.96	22.95
(d) Second interim dividend payable	–	54.64
(e) Dividend tax	–	10.92
	<u>58.47</u>	<u>105.03</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

IX FIXED ASSETS

Rupees in crores

Description	Tangible							Intangible				Total (tangible and intangible)			
	Land		Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Total as at		Software	Design Development and knowhow	Total as at		As at	
	Free hold	Lease hold						31/03/2016	31/03/2015			31/03/2016	31/03/2015	31/03/2016	31/03/2015
Cost of assets															
As at 01-04-2015	131.19	10.50	385.22	2,115.82	28.79	69.14	13.88	2,754.54	2,426.62	29.75	37.49	67.24	45.70	2,821.78	2,472.32
Additions	3.57	–	89.31	364.32	2.39	11.72	1.44	472.75	345.33	22.62	8.16	30.78	21.54	503.53	366.87
Sub-total	134.76	10.50	474.53	2,480.14	31.18	80.86	15.32	3,227.29	2,771.95	52.37	45.65	98.02	67.24	3,325.31	2,839.19
Sales / deletion	43.29	–	1.00	73.60	0.28	6.58	0.75	125.50	17.41	0.22	–	0.22	–	125.72	17.41
Total	91.47	10.50	473.53	2,406.54	30.90	74.28	14.57	3,101.79	2,754.54	52.15	45.65	97.80	67.24	3,199.59	2,821.78
Depreciation / Amortisation															
Upto 31-03-2015	–	0.71	106.81	1,275.98	12.03	51.91	8.99	1,456.43	1,320.68	26.29	9.43	35.72	25.93	1,492.15	1,346.61
For the year	–	0.10	15.96	142.67	4.83	9.16	1.73	174.45	143.54	7.78	7.61	15.39	9.79	189.84	153.33
Transfer to reserve	–	–	–	0.30	–	–	–	0.30	6.82	–	–	–	–	0.30	6.82
Sub-total	–	0.81	122.77	1,418.95	16.86	61.07	10.72	1,631.18	1,471.04	34.07	17.04	51.11	35.72	1,682.29	1,506.76
Withdrawn on assets sold / deleted	–	–	0.04	67.88	0.25	6.41	0.74	75.32	14.61	0.23	–	0.23	–	75.55	14.61
Total	–	0.81	122.73	1,351.07	16.61	54.66	9.98	1,555.86	1,456.43	33.84	17.04	50.88	35.72	1,606.74	1,492.15
Written down value															
As at 31-03-2016	91.47	9.69	350.80	1,055.47	14.29	19.62	4.59	1,545.93		18.31	28.61	46.92		1,592.85	
As at 31-03-2015	131.19	9.79	278.41	839.84	16.76	17.23	4.89		1,298.11	3.46	28.06		31.52		1,329.63

CAPITAL WORK-IN-PROGRESS (AT COST)

(a) Building														0.82	0.76
(b) Plant & equipment														30.14	88.60
Total														30.96	89.36

a) Cost of buildings includes Rs.33.79 crores (Last year Rs.22.89 crores) pertaining to buildings constructed on leasehold lands.

b) Refer Note No. XXIII(1)(f) and XXIII(23)

Rupees in crores
As at 31-03-2016 As at 31-03-2015

X NON-CURRENT INVESTMENTS

Trade Investments

(a) Investments in equity instruments		726.22	657.20
Less: Provision for diminution in the value of investments		125.79	124.72
		<u>600.43</u>	<u>532.48</u>
(b) Investments in preference shares		557.71	457.71
	(A)	<u>1,158.14</u>	<u>990.19</u>

Other Investments

Employees pension related investments		26.43	22.27
	(B)	<u>26.43</u>	<u>22.27</u>
	(A) + (B)	<u>1,184.57</u>	<u>1,012.46</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

X NON-CURRENT INVESTMENTS – (continued)

Sl. No.	Name of the body corporate	Subsidiary/ Associate	No. of shares/ units		Face Value	Curren- cy	Partly paid/ fully paid	Extent of holding (%)		Rupees in crores	
			As at 31-03-2016	As at 31-03-2015				As at 31-03-2016	As at 31-03-2015	As at 31-03-2016	As at 31-03-2015
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. TRADE INVESTMENTS											
(a)	Investment in Equity Instruments:										
	Quoted:										
(i)	Suprajit Engineering Limited, Bengaluru		28,92,000	28,92,000	1.00	INR	Fully paid			0.08	0.08
(ii)	Ucal Fuel Systems Limited, Chennai		91,760	91,760	10.00	INR	Fully paid			0.25	0.25
	Unquoted:										
(iii)	Sundaram Auto Components Limited, Chennai	Subsidiary	1,15,50,000	1,15,50,000	10.00	INR	Fully paid	100	100	60.90	60.90
(iv)	TVS Motor Company (Europe) B.V., Amsterdam	Subsidiary	2,25,301	2,25,301	100.00	EUR	Fully paid	100	100	126.52	126.52
(v)	TVS Motor (Singapore) Pte. Limited, Singapore	Subsidiary	6,48,02,445	6,43,64,301	1.00	SGD	Fully paid	100	100	203.21	201.20
(vi)	PT.TVS Motor Company Indonesia, Jakarta	Subsidiary	52,97,000	42,97,000	97,400.00	IDR	Fully paid	42	37	288.19	221.24
(vii)	TVS Housing Limited, Chennai	Subsidiary	50,000	50,000	10.00	INR	Fully paid	100	100	0.05	0.05
(viii)	Sundaram Business Development Consulting (Shanghai) Co. Ltd., Shanghai	Subsidiary	2,220	2,220	100.00	USD	Fully paid	100	100	1.25	1.25
(ix)	Emerald Haven Realty Limited, Chennai (formerly known as Green Earth Homes Limited)	Associate	4,00,00,000	4,00,00,000	10.00	INR	Fully paid	48.8	48.8	40.00	40.00
(x)	Green Infra BTV Limited, New Delhi (formerly known as TVS Energy Limited)		32,50,000	32,50,000	10.00	INR	Fully paid			3.25	3.25
(xi)	TVS Lanka (Private) Limited, Colombo		50,00,000	50,00,000	10.00	LKR	Fully paid			2.08	2.08
(xii)	TVS Motor Services Limited, Chennai		3,80,000	3,80,000	10.00	INR	Fully paid			0.38	0.38
(xiii)	Green Infra Wind Power Projects Limited, New Delhi		63,600	-	10.00	INR	Fully paid			0.06	-
Total										726.22	657.20
Less: Provision for diminution in the value of investments in TVS Motor Company (Europe) B.V., Amsterdam										124.72	124.72
Less: Provision for diminution in the value of investments in Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai										1.07	-
Total (a)										600.43	532.48
(b)	Investments in Preference Shares - Unquoted:										
(i)	TVS Motor Services Limited, Chennai		54,60,10,000	44,60,10,000	10.00	INR	Fully paid			546.01	446.01
(iii)	Pinnacle Engines Inc., USA (face value 0.01 cent)		24,09,638	24,09,638	0.0001	USD	Fully paid			11.70	11.70
Total (b)										557.71	457.71
Total (a)+(b)										1,158.14	990.19
B. OTHER INVESTMENTS - Unquoted :											
Other non-current investments:											
(i)	ICICI Prudential Life Insurance Group Superannuation Fund, Mumbai					INR	Fully paid			8.79	8.79
(ii)	Life Insurance Corporation Pension Policy, Mumbai					INR	Fully paid			17.64	13.48
(iii)	National Savings Certificates (Rs.37,100/- deposited with Sales Tax authorities)					INR	Fully paid			-	-
Total										26.43	22.27

Investment summary

Rupees in crores

Particulars	As at 31-03-2016		As at 31-03-2015	
	Cost	Market value	Cost	Market value
Quoted investments	0.33	38.85	0.33	38.54
Unquoted investments	1184.24		1012.13	

Note: All investments are carried at cost, net of provisions for diminution in the value as mentioned above.

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

		Rupees in crores	
		As at 31-03-2016	As at 31-03-2015
XI	LONG-TERM LOANS AND ADVANCES		
	Unsecured, considered good		
	(a) Capital advances	9.03	10.56
	(b) Deposits made	21.80	18.57
	(c) Loans to related parties*	55.30	50.14
	(d) Share application money paid (pending allotment)	-	2.01
	(e) Advance payment of Income Tax less provisions	<u>50.52</u>	<u>62.45</u>
		<u>136.65</u>	<u>143.73</u>
	* Refer Note no. XXIII 6(c)(ii) on Loans and advances receivable from related parties		
XII	INVENTORIES (at cost or net realisable value whichever is less)		
	(a) Raw materials and components*	310.95	295.58
	(b) Goods-in-transit - Raw materials and components	103.38	88.92
	(c) Work-in-process*	63.55	48.71
	(d) Finished goods*	130.80	234.02
	(e) Stock-in-trade*	50.73	32.88
	(f) Stores and spares*	36.92	33.67
	(g) Dies, moulds & tools*	<u>129.64</u>	<u>85.90</u>
		<u>825.97</u>	<u>819.68</u>
	Note: Work-in-process comprises of:		
	Vehicles pending testing	3.79	1.04
	Semi finished vehicles and sub-assemblies thereto	<u>59.76</u>	<u>47.67</u>
	* (as certified by Management)	<u>63.55</u>	<u>48.71</u>
XIII	TRADE RECEIVABLES		
	(a) Unsecured debts outstanding for a period exceeding six months		
	(i) Considered good	0.99	0.28
	(ii) Considered doubtful	<u>4.69</u>	<u>4.38</u>
		5.68	4.66
	Less: Provision for doubtful debts	<u>4.69</u>	<u>4.38</u>
		0.99	0.28
	(b) Other unsecured debts (considered good)	<u>577.70</u>	<u>503.58</u>
		<u>578.69</u>	<u>503.86</u>
XIV	CASH AND BANK BALANCES		
	(a) Cash and cash equivalents		
	(i) Balances with banks in current accounts	6.82	2.15
	(ii) Balances with banks in fixed deposits (Less than 3 months maturity)	21.01	0.02
	(iii) Cheques / drafts on hand	-	0.03
	(iv) Cash on hand	0.51	0.65
	(b) Other bank balances		
	(i) Earmarked balances with banks (for unpaid dividend)	4.40	2.46
	(ii) Balances with banks (with more than 12 months maturity)	<u>0.10</u>	<u>0.08</u>
		<u>32.84</u>	<u>5.39</u>
XV	SHORT-TERM LOANS AND ADVANCES		
	Unsecured, considered good		
	(a) Inter corporate deposits made	3.00	3.00
	(b) Employee related	8.94	10.91
	(c) Rent advance	3.85	3.52
	(d) VAT receivable and dues from Government	327.28	205.91
	(e) Balance with excise	105.80	283.34
	(f) Prepaid expense	12.53	9.53
	(g) Vendor advance	33.67	48.43
	(h) Advance payment of Income Tax less provisions	<u>26.84</u>	<u>68.14</u>
		<u>521.91</u>	<u>632.78</u>

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
XVI	OTHER CURRENT ASSETS		
	(a) Interest accrued on deposits/investments	0.19	0.00
	(b) Claims receivable	0.59	0.94
	(c) Export Incentive receivable	43.21	62.31
	(d) Derivative financial instruments - receivable	10.52	0.45
	(e) Hedge asset and Deferred forward contract premium	3.62	4.06
		<u>58.13</u>	<u>67.76</u>
XVII	REVENUE FROM OPERATIONS		
	(a) Sale of products	12,009.74	10,505.82
	(b) Sale of raw materials	68.94	58.61
	(c) Sale of services	15.82	11.89
	(d) Other operating revenues	137.62	181.65
		<u>12,232.12</u>	<u>10,757.97</u>
	Less: Excise duty and service tax	988.25	715.64
		<u>11,243.87</u>	<u>10,042.33</u>
XVIII	OTHER INCOME		
	(a) Interest income	38.73	21.54
	(b) Dividend		
	(i) From subsidiaries	10.97	6.93
	(ii) From others	0.49	0.36
	(c) Gain on sale of investments	–	0.22
	(d) Profit on sale of fixed assets	–	0.18
	(e) Other non-operating income	1.12	1.06
		<u>51.31</u>	<u>30.29</u>
XIX	MATERIAL COST		
	Cost of Materials consumed:		
	Opening stock of raw materials and components	295.58	194.46
	Add: Purchases	7,718.91	7,263.44
		<u>8,014.49</u>	<u>7,457.90</u>
	Less: Closing stock of raw materials and components	310.95	295.58
	Consumption of raw materials and components	<u>7,703.54</u>	<u>7,162.32</u>
	Purchases of stock-in-trade:		
	Spare parts	115.46	106.63
	Engine oil	61.99	54.78
	Raw materials	63.10	52.02
	Finished goods	10.86	13.45
		<u>251.41</u>	<u>226.88</u>
	Changes in inventories of finished goods, work-in-process and stock-in-trade:		
	Opening stock:		
	Work-in-process	48.71	32.78
	Stock-in-trade	32.88	28.97
	Finished goods	234.02	161.79
		<u>315.61</u>	<u>223.54</u>
		(A)	
	Closing stock:		
	Work-in-process	63.55	48.71
	Stock-in-trade	50.73	32.88
	Finished goods	130.80	234.02
		<u>245.08</u>	<u>315.61</u>
		(B)	
		<u>70.53</u>	<u>(92.07)</u>
		(A)-(B)	

Refer note no.XXIII (17) for broad heads of raw materials consumed.

TVS MOTOR COMPANY LIMITED

Notes on accounts – (continued)

	Rupees in crores	
	Year ended 31-03-2016	Year ended 31-03-2015
XX EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	572.87	512.07
(b) Contribution to provident and other funds	39.55	26.87
(c) Welfare expenses	51.81	53.48
	<u>664.23</u>	<u>592.42</u>
XXI FINANCE COSTS		
(a) Interest expense	47.94	29.20
(b) Others - Exchange fluctuation	(1.70)	(1.78)
	<u>46.24</u>	<u>27.42</u>
XXII OTHER EXPENSES		
(a) Consumption of stores, spares and tools*	50.68	59.33
(b) Power and fuel*	88.29	91.29
(c) Rent*	15.96	13.25
(d) Repairs - buildings	9.31	10.34
(e) Repairs - plant and equipment	51.66	44.33
(f) Insurance	4.52	3.04
(g) Rates and taxes (excluding taxes on income)	4.75	5.09
(h) Audit fees	0.59	0.48
(i) Packing and freight charges*	402.89	355.05
(j) Advertisement and publicity*	317.71	256.55
(k) Other marketing expenses*	397.97	295.51
(l) Loss on sale of fixed assets	3.39	–
(m) Foreign exchange loss	6.49	–
(n) Corporate social responsibility expenditure	7.16	6.62
(o) Miscellaneous expenses* (under this head there is no expenditure which is in excess of 1% of revenue from operations or Rs.1 lakh, whichever is higher)	442.05	405.28
	<u>1,803.42</u>	<u>1,546.16</u>

* Net of recoveries

XXIII Significant accounting policies, notes on accounts and additional disclosures

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention on accrual basis of accounting in accordance with the generally accepted accounting principles and Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

(b) 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.

(c) Revenue recognition

The Company recognises revenue from the sale of products net of trade discounts, when the products are delivered to the dealer / customer or when delivered to the carrier, when risks and rewards of ownership pass to the dealer / customer. Export incentives are accounted on accrual basis.

Sales include income from services. Sale of products and services is presented gross of excise duty and service tax where applicable and excludes other indirect taxes.

Dividend from investments is recognised when the right to receive the payment is established. Interest income is recognised on time proportion basis, determined by the amount outstanding and the rate applicable.

(d) Fixed assets

Fixed assets 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 overhead expenditure incurred upto the date the asset is ready for its intended use. However, cost excludes Excise duty, VAT & Service tax, wherever credit of the duty or tax is availed of.

(e) Borrowing costs

Borrowing cost incurred for qualifying assets is capitalised upto the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. Borrowing costs also include exchange differences relating to long term foreign currency borrowings attributable to the acquisition of depreciable asset w.e.f. April 1, 2007.

All other borrowing costs are recognised as an expense in the period for which they relate to.

(f) Depreciation and amortisation

(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
Material handling equipment	5
Plant and machinery	5 to 21
Electrical equipment	15
Furniture and fixtures	10
Computers and information systems	3 to 4
Mobile phone	2
Vehicles	6

iii. Tools and dies used for two wheelers are amortised based on quantity of components manufactured and the life of tools and dies, subject to a maximum of 3 years. Tools and dies used for three wheeler operations are depreciated at 11.31 per cent.

iv. 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.

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

XXIII Significant accounting policies, notes on accounts and additional disclosures - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

(g) **Intangible assets**

Intangible assets acquired are recorded at their acquisition cost and are amortised over 2 years in the case of software and 6 years in the case of technical knowhow. Other intangible assets are amortised over their useful life or 10 years, whichever is earlier.

(h) **Impairment**

At each Balance Sheet date, the Company ascertains whether there is any impairment of the fixed / intangible assets based on internal / external factors. An impairment loss is recognised, wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognised by charging it to the Profit and Loss Statement.

(i) **Transactions in foreign currencies**

- (i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.
- (ii) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
- (iii) 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.
- (iv) Exchange differences arising on settlement of transactions and translation of monetary items other than those covered by (v) below are recognised as income or expense in the year in which they arise.
- (v) Exchange differences relating to long term foreign currency monetary assets / liabilities are accounted for with effect from April 1, 2007 in the following manner:
 - Differences relating to borrowings attributable to the acquisition of depreciable capital asset are added to / deducted from the cost of such capital assets.
 - Other differences are accumulated in Foreign Currency Monetary Item Translation Difference Account, to be amortized over the period till the date of maturity or March 31, 2020, whichever is earlier, in accordance with the notification issued by the Ministry of Corporate Affairs on December 29, 2011.
- (vi) Exchange differences relating to forward exchange contracts entered into for hedging i.e., for mitigating the foreign currency fluctuation risk on an underlying asset or liability other than those covered under (v) above are recognised in the Profit and Loss Statement. Premium or discount on forward contracts other than those covered in (v) above is amortised over the life of such contracts and is recognised as income or expense.

(j) **Hedge accounting**

With effect from 1st April 2008, the Company has adopted the principles of hedge accounting prescribed by Accounting Standard (AS30) - "Financial Instruments Recognition and Measurement". Accordingly, the company designates certain pre shipment credit limits (PCFC) as hedging instruments and uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions.

Recognition and Measurement

These derivative contracts are stated at fair value at each reporting date. Changes in the fair value of these contracts that are designated and effective as hedges of future cash flows are recognized directly in Hedging Reserve Account under Reserves and Surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Profit and Loss Statement. Amounts accumulated in Hedging Reserve Account are transferred to Profit and Loss Statement in the respective periods in which the forecasted transactions are consummated.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging Reserve Account is retained there until the forecasted transaction is consummated.

(k) **Inventories**

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

Cost of raw materials and consumables are ascertained on a moving weighted average / basis. Attributable costs are allocated to work-in-process, stock-in-trade and finished goods.

(l) **Investments**

Long term investments are stated at cost. The carrying amount is reduced to recognise a decline, other than temporary, in the value of the investment. Current investments are stated at lower of cost and market value.

XXIII Significant accounting policies, notes on accounts and additional disclosures - *(continued)*

1 SIGNIFICANT ACCOUNTING POLICIES - *(continued)*

(m) **Employee benefits**

(i) **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 contributions as specified under the law are made to the provident fund set up as irrevocable trust 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.

(ii) **Pension**

The Company has a pension plan which is a defined benefit plan, for its senior managers of the company. The liability for the pension benefits payable in future under the said plan, is provided for based on an independent actuarial valuation as at Balance Sheet date.

(iii) **Gratuity**

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 Profit and Loss Statement.

(iv) **Leave encashment**

The Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

(n) **Taxes on income**

Tax expense comprises of current and deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax is net of credit for entitlement for Minimum Alternative Tax (MAT), which is recognised where there is a convincing evidence that the Company will pay normal Income tax during the specified period.

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied in the period when asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

(o) **Government Grants**

Government grants are recognised on receipt. Grants identifiable to specific fixed assets are shown as a deduction from the gross value of the asset concerned in arriving at its book value. Where the government grants cannot be identified with any specific identifiable fixed assets, such amount is credited to capital reserve.

(p) **Provisions and contingent liabilities**

(i) **Provision**

A provision arising out of a present obligation, is recognised only when 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.

(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.

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures - (continued)

2 Derivative transactions:

The company uses forward exchange contracts and certain foreign currency packing credit loans to hedge its exposure in foreign currency.

Derivative instruments outstanding as at 31.3.2016:

S. No.	Particulars	Currency	Amount		Buy / Sell		Amount	
			Foreign currency in millions				Rupees in crores	
			31-03-2016	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015
a)	Forward exchange contracts (net)	US\$ / INR	46.00	125.00	Sell	Sell	304.77	781.25
b)	Foreign currency exposures not covered by derivative instruments - receivable / (payable) (net)							
		US\$ / INR	(0.49)	10.47	Buy	Sell	(3.22)	65.41
		Euro / INR	(0.58)	0.28	Buy	Sell	(4.39)	1.90
		JPY / INR	(54.13)	62.48	Buy	Sell	(3.19)	3.26
		SGD / INR	0.42	0.01	Sell	Sell	2.09	0.04
		GBP & CHF / INR	-	-	Sell	Sell	0.06	0.24

The Company has a process whereby periodically all long term contracts are assessed. At the year end, the Company has reviewed the long term contracts including derivative contracts and there are no material foreseeable losses on such contracts.

3 Diminution in the value of investment:

The Company directly holds 52,97,000 nos. of Equity Shares (Class A shares) of USD 10/- each (Last year 42,97,000 nos.) in PT TVS Motor Company Indonesia (PT TVS), (a wholly owned subsidiary). Besides, the company holds in PT TVS, through its wholly owned subsidiaries viz., TVS Motor Company (Europe) B.V. Amsterdam and TVS Motor (Singapore) Pte. Limited, Singapore, 73,00,000 nos. of Equity Shares (Class A shares) of USD 10/- each. The aggregate cost of both, the Company's direct and indirect investments in PT TVS is Rs.491.19 crores (last year Rs.424.24 crores).

In view of the accumulated losses of PT TVS, the company, based on the future estimated cash flows of PT TVS, evaluated its investment in the subsidiaries for the purpose of determination of potential diminution in the value of its investment. On such evaluation, the company is of the opinion that there is no permanent diminution in the value of investment.

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

4 (a) Defined benefit plans / leave salary as per actuarial valuation:

Rupees in crores

	Gratuity	Pension	Leave salary
(a) Expenses recognised in the Statement of Profit and Loss			
(i) Current service cost	3.39	2.73	3.24
(ii) Interest cost	4.03	3.74	0.96
(iii) Expected return on plan assets	(5.41)	–	–
(iv) Net actuarial loss / (gain) recognised in the year	9.12	2.61	1.04
Total	11.13	9.08	5.24
(b) Change in defined benefit obligation during the year ended 31-03-2016			
(i) Present value of obligation as at the beginning of the year (01-04-2015)	50.33	46.69	13.56
(ii) Interest cost	4.03	3.74	0.96
(iii) Current service cost	3.39	2.73	3.24
(iv) Benefits paid	(4.22)	–	(3.08)
(v) Actuarial loss on obligation	9.12	2.61	1.04
(vi) Present value of obligation as at the end of the year (31-03-2016)	62.65	55.77	15.72
(c) Change in fair value of plan assets during the year ended 31-03-2016			
(i) Fair value of plan assets at the beginning of the year (01-04-2015)	57.47	–	–
(ii) Expected return on plan assets	5.41	–	–
(iii) Contributions made during the year	9.48	–	–
(iv) Benefits paid	(4.22)	–	–
(v) Actuarial gain on plan assets	–	–	–
(vi) Fair value of plan assets as at the end of the year (31-03-2016)	68.14	–	–
(d) Balance Sheet movements			
(i) Value of benefit obligations / (net assets) at the beginning of the year (01-04-2015)	50.33	46.69	13.56
(ii) Contributions made during the year	16.54	9.08	5.24
(iii) Expenses	–	–	(3.08)
(iv) Benefits paid	(4.22)	–	–
(v) Value of benefit	62.65	55.77	15.72
Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.			
(e) Actuarial assumptions			
(i) Discount rate used	8.00%	8.00%	8.00%
(ii) Expected return on plan assets	NA	NA	NA
Estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.			

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

4 (b) Defined contribution plans:

The company's contribution to defined contribution plan i.e., provident fund of Rs.10.13 crore (last year Rs.10.51 crore) has been recognised in the statement of Profit and Loss.

5 The Company operates in only one segment viz., automotive vehicles.

6 (a) Related parties and their relationship for the financial year 2015-16:

Holding company:

Sundaram-Clayton Limited, Chennai

Ultimate holding company:

T V Sundram Iyengar & Sons Private Limited, Madurai

Subsidiaries:

Sundaram Auto Components Limited, Chennai
TVS Motor Company (Europe) B.V, Amsterdam
TVS Motor (Singapore) Pte. Limited, Singapore
PT. TVS Motor Company Indonesia, Jakarta
TVS Housing Limited, Chennai
Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai
Sundaram Holding USA Inc., Delaware

Fellow subsidiaries:

TVS Investments Limited, Chennai
(Previously known as Sundaram Investment Limited)
TVS Electronics Limited, Chennai
Uthiram Rubber Products Limited, Madurai
Prime Property Holdings Limited, Chennai
TVS-E Access (India) Limited, Chennai
TVS Training and Services Limited, Chennai
NCR Autocars Limited, New Delhi
Southern Roadways Limited, Madurai
Sundaram Industries Private Limited, Madurai
The Associated Auto Parts Private Limited, Mumbai
TVS Interconnect Systems Private Limited, Madurai
Lucas-TVS Limited, Chennai
Sundaram Textiles Limited, Madurai
TVS Automobile Solutions Limited, Madurai
Sundaram Lanka Tyres Limited, Colombo
NSM Holdings Limited, Madurai
TVS TWG Warranty Solutions Limited, Madurai
NK Telecom Products Limited, Madurai

Fellow subsidiaries: (continued)

NK Tele Systems Limited, Madurai
Lucas Indian Service Limited, Chennai
TVS Automotive Systems Limited, Chennai
Rajgarhia Automobile Solution Limited, Kolkata
Pusam Rubber Products Limited, Madurai
Sundaram-Clayton (USA) Limited, USA
Essex Automobile Solutions Limited, Gujarat
Gallant E-Access Private Limited, New Delhi
TVS Insurance Broking Limited (Previously known as Navratna Insurance Broking Limited), Chennai
Focuz Automobile Services Limited, Ernakulam
Myers Tyre Supply (India) Limited (Previously known as GS Automotive Service Equipments (Chennai) Private Limited), Madurai
TVS Capital Funds Limited, Chennai
TVS All Car Services Private Limited (Previously known as SANRAV Automobile Solutions (Chennai) Private Limited), Madurai
TVS Auto Assist (India) Limited, Chennai

Associate companies:

Emerald Haven Realty Limited, Chennai
(Previously known as Green Earth Homes Limited)

Key Management Personnel:

Mr Venu Srinivasan,
Chairman & Managing Director
Mr Sudarshan Venu,
Joint Managing Director

Relative(s) of the Key Management Personnel:

Dr Lakshmi Venu, Director

Enterprise over which key management personnel and their relatives have significant influence:

Harita-NTI Limited, Chennai

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
6 (b) Transactions with related parties:		
(i) Purchase of goods		
– ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	0.33	0.40
– holding company (Sundaram-Clayton Limited, Chennai)	346.61	312.97
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	351.35	305.81
PT.TVS Motor Company Indonesia, Jakarta	18.38	0.88
– fellow subsidiaries		
TVS Electronics Limited, Chennai	0.15	0.07
Sundaram Industries Private Limited, Madurai	0.29	0.30
Lucas-TVS Limited, Chennai	78.91	71.95
Lucas Indian Service Limited, Chennai	4.95	2.28
– enterprises over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.81	0.73
(ii) Sale of goods		
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	2,216.94	1,764.67
PT. TVS Motor Company Indonesia, Jakarta	28.69	58.67
(iii) Purchase of Assets - Subsidiary company (Sundaram Auto Components Limited, Chennai)	3.96	–
(iv) Rendering of services (including interest and reimbursements received)		
– holding company (Sundaram-Clayton Limited, Chennai)	1.45	1.03
– subsidiary companies		
Sundaram Auto Components Limited, Chennai	0.20	0.40
TVS Motor (Singapore) Pte. Limited, Singapore	4.27	3.99
PT. TVS Motor Company Indonesia, Jakarta	1.48	0.93
– fellow subsidiary (Southern Roadways Limited, Madurai)	0.01	0.01
(v) Availing of services (includes sub-contract charges paid)		
– holding company (Sundaram-Clayton Limited, Chennai)	58.47	54.76
– fellow subsidiaries		
TVS Electronics Limited, Chennai	0.98	0.89
Southern Roadways Limited, Madurai	2.87	2.87
(vi) Investments made during the year		
– subsidiary companies :		
TVS Motor (Singapore) Pte. Limited, Singapore	–	2.01
PT. TVS Motor Company Indonesia, Jakarta	66.94	24.92
(vii) Remuneration to key management personnel	23.48	14.67
(viii) Dividend received from subsidiary company (Sundaram Auto Components Limited, Chennai)	10.97	6.93
(ix) Dividend paid to holding company (Sundaram-Clayton Limited, Chennai)	68.17	40.90

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
6 (c)	Balance with related parties:		
(i)	Trade receivables		
	– ultimate holding company (T V Sundram Iyengar & Sons Private Limited, Madurai)	0.03	0.02
	– subsidiary companies		
	Sundaram Auto Components Limited, Chennai	131.89	118.88
	PT. TVS Motor Company Indonesia, Jakarta	33.49	45.31
(ii)	Loans and advances receivable		
	– subsidiary company (TVS Motor (Singapore) Pte. Limited, Singapore)	55.30	50.14
(iii)	Trade payables		
	– holding company (Sundaram-Clayton Limited, Chennai)	28.92	56.93
	– subsidiary company (Sundaram Auto Components Limited, Chennai)	–	24.09
	– fellow subsidiaries		
	Lucas-TVS Limited, Chennai	10.89	10.89
	Lucas Indian Service Limited, Chennai	0.41	0.72
	Sundaram Industries Private Limited, Madurai	0.03	0.06
	Southern Roadways Limited, Madurai	–	0.29
	TVS Electronics Limited, Chennai	0.01	0.06
	– associate company (Emerald Haven Realty Limited, Chennai)	1.49	1.59
	– enterprise over which key management personnel and their relatives have significant influence (Harita-NTI Limited, Chennai)	0.17	0.07
(iv)	Obligation arising out of agreements facilitating credit to subsidiary company (PT. TVS Motor Company Indonesia, Jakarta)	205.38	150.00

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
7	Earnings per share:		
	Profit after tax before extraordinary items	432.14	347.83
	Profit after tax after extraordinary items	432.14	347.83
	Number of equity shares	475087114	475087114
	Face value of the share (in rupees)	1.00	1.00
	Weighted average number of equity shares	475087114	475087114
	Basic and diluted earnings per share before extra ordinary items (in rupees)	9.10	7.32
	Basic and diluted earnings per share after extraordinary items (in rupees)	9.10	7.32
8	Deferred tax:		
	(i) Deferred tax liability consists of:		
	– tax on depreciation	204.23	175.80
	– tax on amortisation of dies and moulds	12.94	12.52
	– tax on expenses admissible on payment basis under Income Tax Act, 1961	–	–
	(A)	<u>217.17</u>	<u>188.32</u>
	(ii) Deferred tax asset consists of:		
	– tax on provision in respect of expenditure which will be allowed under the Income Tax Act, 1961 only on payment basis and others	41.50	35.57
	(B)	<u>41.50</u>	<u>35.57</u>
	Deferred tax liability (net of deferred tax asset) (A) - (B)	<u>175.67</u>	<u>152.75</u>
9	Warranty provision (current):		
	Opening balance	22.95	20.48
	Add: Provision for the year (net)	26.96	22.95
		49.91	43.43
	Less: Payments / debits (net)	22.95	20.48
	Closing balance	<u>26.96</u>	<u>22.95</u>
10	Trade payables includes:		
	Amount due to Micro, Small and Medium Enterprises	46.24	35.07
	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)	46.24	35.07
	(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

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

		Rupees in crores	
		As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
(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
11	Payment to auditors comprises:		
(a)	As statutory auditors	0.42	0.34
(b)	Taxation matters	0.10	0.08
(c)	Certification matters	0.02	0.01
(d)	Cost audit fees	0.05	0.05
		<u>0.59</u>	<u>0.48</u>
	Miscellaneous expenses include travel and stay expenses of auditors	0.18	0.17
		<u>0.77</u>	<u>0.65</u>
12	Contingent liabilities and commitments not provided for:		
(a)	Claims against the Company not acknowledged as debts:		
(i)	Excise	48.96	83.53
(ii)	Service tax	6.55	5.30
(iii)	Customs	1.96	1.96
(iv)	Sales tax	15.33	3.19
(v)	Income tax	14.33	17.25
(vi)	Others	3.50	3.50
	The future cashflows 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)	Guarantees:		
	On counter guarantee given to banks to facilitate credit to subsidiary company	106.00	56.25
(c)	Other money for which the Company is contingently liable:		
(i)	On letters of credit	170.53	139.03
(ii)	On bills discounted with banks	54.87	130.11
(iii)	On obligation arising out of agreements facilitating credit to a company	33.34	41.66
(iv)	On obligation arising out of guarantees given to financial institution to facilitate credit to subsidiary company	99.38	93.75
(v)	On factoring arrangements	4.21	3.78
(d)	Commitments:		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	137.01	133.50
(e)	Other commitments:		
	On import of capital goods under Export Promotion Capital Goods Scheme	45.45	37.78
13	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	141.43	117.03
(b)	Capital Expenditure (Including WIP)	40.08	43.72
	R&D Expenditure Not Eligible for Weighted Deduction - Claimed U/s 35		
(a)	Revenue Expenditure	18.85	26.33
(b)	Capital Expenditure:		
	– Land & Building	–	–
	– Others	26.02	8.76
	Total	<u>226.38</u>	<u>195.84</u>

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

14 Additional provision for Bonus for Financial Year 2014-15 of Rs.5.68 crores, was made in the accounts of the third quarter ended 31st December, 2015, pursuant to the amendment made to the Payment of Bonus Act. In view of subsequent stay granted by the Hon'ble Karnataka High Court, to the retrospective application of the amendment to the Payment of Bonus Act, the said provision towards additional bonus has been reversed in the accounts.

15 During the year the company received a net amount of Rs.10.36 crores by way of insurance claim (included under other operating revenue) which, in the Company's view, is a capital receipt and hence not includible as book profit under Section 115JB of the Income Tax Act, 1961.

16 Disclosure made in terms of Regulation 34(3) of SEBI (LODR) Regulations, 2015

Rupees in crores

Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2016	Amount outstanding as at 31-03-2015
(a)	Loans and advances Loans and advances in the nature of loans made to subsidiary company	TVS Motor (Singapore) Pte. Limited, Singapore Maximum amount due at any time During the year During the previous year	55.30 50.14	55.30	50.14
(b)	Investments by the Company				
(i)	In subsidiary companies	Sundaram Auto Components Limited, Chennai [1,15,50,000 (last year-1,15,50,000) Equity shares of Rs.10/- each fully paid up] Maximum amount held at any time During the year During the previous year	60.90 60.90	60.90	60.90
		TVS Motor Company (Europe) B.V., Amsterdam [2,25,301 (last year-2,25,301) Ordinary shares of Euro 100/- each fully paid up] Maximum amount held at any time During the year During the previous year * net of provision for diminution in value	1.80 * 1.80 *	1.80 *	1.80 *

TVS MOTOR COMPANY LIMITED
**XXIII Significant accounting policies, notes on accounts
and additional disclosures – (continued)**
16 Disclosure made in terms of Regulation 34(3) of SEBI (LODR) Regulations, 2015 – (continued)

Rupees in crores					
Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2016	Amount outstanding as at 31-03-2015
(b)	Investments by the Company	TVS Motor (Singapore) Pte. Limited, Singapore		203.21	201.20
(i)	In subsidiary companies - (continued)	[6,48,02,445 (last year 6,43,64,301) Ordinary shares of Singapore \$ 1/- each fully paid up]			
		Maximum amount held at any time			
		During the year	203.21		
		During the previous year	201.20		
		Share application money paid to TVS Motor (Singapore) Pte. Limited, Singapore (pending allotment)		–	2.01
		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		
		PT. TVS Motor Company Indonesia, Jakarta [52,97,000 Equity shares (Last year - 42,97,000) of Indonesian Rp.97,400/- each fully paid up]		288.19	221.24
		Maximum amount held at any time			
		During the year	288.19		
		During the previous year	221.24		
		Sundaram Business Development Consulting (Shanghai) Co. Ltd, Shanghai [2,220 (Last year - 2,220) Equity shares of of USD 100/- each fully paid up]		0.18*	1.25
		Maximum amount held at any time			
		During the year	1.25		
		During the previous year	1.25		
		* net of provision for diminution in value			

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

16 Disclosure made in terms of Regulation 34(3) of SEBI (LODR) Regulations, 2015 – (continued)

Rupees in crores					
Sl. No.	Particulars	Name of the company		Amount outstanding as at 31-03-2016	Amount outstanding as at 31-03-2015
(b)	Investments by the Company - (continued)				
(ii)	In associate companies	Emerald Haven Realty Limited, Chennai, (Formerly known as Green Earth Homes Limited) [4,00,00,000 (Last year - 4,00,00,000) Equity shares of Rs. 10/- each fully paid up] Maximum amount held at any time		40.00	40.00
		During the year	40.00		
		During the previous year	40.00		
(c)	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 Maximum amount held at any time		13.63	13.63
		During the year	13.63		
		During the previous year	13.63		

Rupees in crores					
		Year ended 31-03-2016	Year ended 31-03-2015		
17 Raw materials consumed:					
(i)	(a) Basic raw materials				
	Steel sheets, coils, strips and bars	45.51		51.05	
	Steel tubes	0.01		0.01	
	Aluminium alloys and ingots	75.74		83.25	
	(b) Intermediates and components (which individually do not account for more than 10% of the total value of consumption)	7,582.28		7,028.01	
		<u>7,703.54</u>		<u>7,162.32</u>	
(ii)	Consumption of raw materials and components				
		% of total consumption		% of total consumption	
	(a) Imported	15.9	1,222.56	14.4	1,027.96
	(b) Indigenous	84.1	6,480.98	85.6	6,134.36
		<u>100.0</u>	<u>7,703.54</u>	<u>100.0</u>	<u>7,162.32</u>

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	Year ended 31-03-2016	Year ended 31-03-2015
18 Earnings in foreign exchange:		
(a) Exports (on F.O.B. basis)	2,492.13	2,254.84
(b) Others:		
(i) Freight and insurance	51.74	56.70
(ii) Interest income	4.27	3.92
(iii) Dividend income	0.19	0.08
(iv) Technical knowhow	0.56	0.55
	<u>2,548.89</u>	<u>2,316.09</u>
19 Imports (CIF value):		
(a) Raw materials	62.18	72.66
(b) Components and spare parts	1,093.07	1,006.67
(c) Capital goods	84.12	63.63
20 Other expenditure in foreign currency:		
(a) Travel	28.83	24.31
(b) Subscriptions	0.27	0.24
(c) Welfare expenses - training	0.79	1.77
(d) Consultancy	39.11	22.35
(e) Advertisement and publicity	8.98	15.47
(f) Other marketing expenses	2.92	6.57
(g) Procurement / selling commission	25.67	34.23
(h) Research and development	34.97	39.33
(i) Warranty cost reimbursement	4.34	6.42
(j) Interest on foreign currency loan	5.59	0.17
(k) Overseas representative office expenses including salary	5.16	4.70
(l) Repairs & Maintenance	3.72	1.10
(m) Freight	21.91	25.50
(n) Technical knowhow	–	2.16

TVS MOTOR COMPANY LIMITED

XXIII Significant accounting policies, notes on accounts and additional disclosures – (continued)

	Rupees in crores	
	As at/ Year ended 31-03-2016	As at/ Year ended 31-03-2015
21 Sale by class of Goods		
(a) Motorcycles	4,236.16	3,810.20
(b) Mopeds	1,554.81	1,553.04
(c) Scooters	3,054.91	2,431.91
(d) Three wheelers	1,023.92	976.00
(e) Raw materials, spares and accessories, provision of technical know-how and plant & equipment	1,238.38	1,093.10
	<u>11,108.18</u>	<u>9,864.25</u>
22 Stock of finished goods		
(a) Motorcycles	52.57	93.93
(b) Mopeds	6.54	6.27
(c) Scooters	31.05	104.56
(d) Three wheelers	40.64	29.26
(e) Components which do not individually account for 10% or more of the total value of stock	50.73	32.88
	<u>181.53</u>	<u>266.90</u>

23 During the year ended 31st March 2016, in accordance with Part A of Schedule II to the Companies Act, 2013, the management, based on Chartered Engineer's technical evaluation, has reassessed the remaining useful life of tangible fixed assets and part of the fixed assets with effect from 1st April 2015. As a result of the same, depreciation for the year is higher by Rs.0.73 crores. Wherever the useful life of parts of the tangible fixed assets as on 1st April 2015 is nil, the carrying amount of Rs.0.30 crores has been adjusted to reserves.

24 Expenditure incurred on Corporate Social Responsibility (CSR) activities:

- (a) Gross amount required to be spent during the year is Rs.7.15 crores
 (b) Amount spent during the year:

Sl. No.	Particulars	Paid in cash	Yet to be paid in cash	31.3.2016	31.3.2015
1	Construction / acquisition of any asset	–	–	–	–
2	Expenses incurred through trusts	7.16	–	7.16	6.40

25 Previous year's figures have been regrouped wherever necessary to conform to the current year's classification.

venu srinivasan <i>Chairman & Managing Director</i>	SUDARSHAN VENU <i>Joint Managing Director</i>	H. LAKSHMANAN <i>Director</i>	As per our report annexed For V. Sankar Aiyar & Co. <i>Chartered Accountants</i> Firm Regn. No.: 109208W
	S.G. MURALI <i>Chief Financial Officer</i>	K.S. SRINIVASAN <i>Company Secretary</i>	
			S. VENKATRAMAN <i>Partner</i> Membership No.: 34319

Place : Bengaluru
 Date : 3rd May 2016

SUNDARAM AUTO COMPONENTS LIMITED

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

S. RANGARAJAN

Company Secretary

P.D. DEV KISHAN

Auditors

SUNDARAM & SRINIVASAN
Chartered Accountants,
New No. 4 (Old No. 23) Sir C.P. Ramaswamy Road,
Alwarpet, Chennai 600 018.

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.

Directors' Report to the Shareholders of the Company

The directors are pleased to present the twenty-fourth annual report together with the audited statement of accounts for the year ended 31st March 2016.

Financial Highlights

Details	(Rs.in crores)	
	Year ended 31.03.2016	Year ended 31.03.2015
Sales and other income	2737.29	2137.36
Profit before finance cost and depreciation	56.12	53.40
Less: Finance Cost	3.73	5.21
Depreciation	13.38	11.73
Profit after finance cost and depreciation	39.01	36.46
Add: Exceptional Item (Income)	3.23	0.86
Profit before tax after exceptional items	42.24	37.32
Less: Provision for taxation (including deferred tax)	13.60	12.00
Profit after tax	28.64	25.32
Add: Surplus brought forward	38.60	21.60
Total	67.24	46.92

Appropriations:

First Interim Dividend Paid	4.62	4.04
Second Interim Dividend Paid	3.47	-
Dividend Tax on both Interim Dividend	1.65	0.81
Proposed Final Dividend	-	2.89
Surcharge on Dividend Distribution tax	0.01	-
Dividend tax payable	-	0.58
Surplus carried forward	57.49	38.60
Total	67.24	46.92

The Company earned a profit before tax (PBT) (before exceptional items) of Rs. 39.01 Cr as against Rs. 36.46 Cr in the previous year, registering a growth of 7%. Total revenue for the year stood at Rs. 2737.29 Cr as against Rs. 2,137.36 Cr in the previous year.

Dividend

The board of directors, (the board), at their meeting held on 24th December 2015, declared first interim dividend of Rs.4/- per share on 1,15,50,000 equity shares of Rs. 10/- each fully paid up,

absorbing a sum of Rs.5.56 Cr. including dividend distribution tax and the same was paid to the holding company viz., TVS Motor Company Limited (TVSM) on 24th December 2015.

The board at their meeting held on 7th March 2016, declared second interim dividend of Rs.3/- per share on 1,15,50,000 equity shares of Rs.10/- each fully paid up, absorbing a sum of Rs.4.17 Cr. including dividend distribution tax and the same was paid to TVSM on 9th March 2016.

Hence, the total amount of dividend paid, for the year ended 31st March 2016 aggregate to Rs.7/- per share (70%) on 1,15,50,000 equity shares of Rs.10/- each absorbing a sum of Rs. 9.73 Cr including dividend distribution tax.

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

Industry Performance

The two-wheeler industry which was growing at CAGR of 10 per cent in the last 10 years started to slowdown during March 2015 mainly due to poor demand for motorcycles. Motorcycles account for almost 70 per cent of the market share in two-wheeler industry. During first quarter of 2015-16 the two-wheeler sector recorded a modest 0.6 per cent year-on-year growth. While motorcycle volumes declined by 2 percent, scooters recorded a 7.3 percent increase. Despite low fuel prices and lower interest rates, the motorcycle volumes remained sluggish. With the slowdown in motorcycle segment and growth in the scooter segment the overall two wheeler industry grew by 2% during 2015-16.

Passenger car segment grew by 6% in 2015-16, led by growth in small car sales (micro, mini & compact), which accounted for 60-65% of the domestic passenger vehicle sales. Growth in this segment was mainly due to purchase by first time buyers owing to lower cost of ownership / improved affordability. Factors such as low inflation, low fuel prices and interest rate cuts are driving a higher growth. Further, a slew of new model launches in the small car segment during the second half of 2015-16 and recent launches in the utility vehicles segment are expected to push growth in coming years.

Medium and Heavy Commercial vehicles (MHCV) segment grew by 27% in 2015-16, aided by strong growth in replacement demand from large fleet operators and a gradual improvement in new vehicle sales. Demand was backed by improvement in freight availability due to further pick-up in industrial activity and faster execution/awarding of infrastructure projects. Moreover, regulatory changes like mandatory ABS norms implemented in October 2015 led to preponement of purchases in 2015-16.

Category	2014-15	2015-16	Growth
	Nos. in lakhs		%
Two wheelers	184	188	2
Passenger Vehicles	32.2	34.2	6
Medium and Heavy Commercial Vehicles (MHCVs)	2.6	3.3	27

Business outlook

GDP is expected to be around 7.5% and the inflation is expected at 6% levels.

The two wheeler segment is expected to grow only by 2% to 4% in 2016-17 as the rural market is expected to pick up during second half of 2016-17. The growth in this segment will continue to be driven by demand coming from newly launched scooters and high-end motorcycles.

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Rise in disposable income, stable cost of ownership and implementation of pay commission recommendation are expected to drive passenger vehicles sales in 2016-17 and the industry is expected to grow around 6% - 8% during 2016-17.

MHCV's replacement demand is expected to remain steady in 2016-17, while an improvement in macro-economic parameters leading to higher freight availability will support a gradual increase in new truck sales. The industry prospects hinges on faster execution of infrastructure projects, pick up in mining segment, improvement in transporter profitability with the reduction in fuel prices and lower interest rates. MHCV segment is expected to register a growth of 12% - 15% during 2016-17.

With the overall growth in the automotive industry and with the new products planned by the Company for its customers, the Company's overall sales during 2016-17 is expected to grow by 5%.

Awards

The Company was awarded for their outstanding effort and commitment towards achieving delivery target by Toyoda Gosei South India Private Limited in recognition of its outstanding delivery support given to the customer during the year.

FINANCIAL PERFORMANCE OF THE SUBSIDIARY AND ASSOCIATE

As on the date of the report, the following are the Subsidiary and Associate of the Company :

Subsidiary Company

Sundaram Holding USA Inc.

The Company made an investment of USD 750 for 750 shares with face value of USD 1 each in Sundaram Holding USA Inc., (SHUI) a Company established under the applicable provisions of Laws of United States of America for carrying out the business of the Company in USA. The Company by this investment acquired 75% of the paid up equity capital of SHUI and hence, SHUI became subsidiary of the Company effective 9th September 2015, by virtue of the provisions of Section 2(87) of the Companies Act, 2013.

Associate Company

Green Infra Wind Energy Theni Limited (Formerly TVS Wind Energy Limited)

The Company's investment of Rs.3 Cr for subscribing to 30,00,000 equity shares of Rs.10 each representing 21.58% in Green Infra Wind Energy Theni Limited (Green Infra) was made to comply with the legal requirement of being eligible as captive consumer to draw low cost green energy units produced by Green Infra.

During the year under review, Green Infra reported a PBT of Rs.33 lakhs.

Ministry of Corporate Affairs vide its notification dated 14th October 2014 has exempted the Companies in preparation of consolidated financial statements by an intermediate wholly-owned subsidiaries, other than a wholly-owned subsidiary whose immediate parent is a Company incorporated outside India. Since TVSM, the holding Company is consolidating the accounts of both SHUI and Green Infra along with its other subsidiaries / associates, the Company is exempted from preparation of consolidated financial statements separately.

However, the salient features of the financial statement of the Subsidiary and Associate in Form AOC-I, are annexed to the annual accounts of the Company, 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 Risk Management Policy which formalizes Company's 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 a 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. The Company's Audit Committee reviews reports given by members of the management team and recommends suitable action from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your directors make the following statement in terms of Section 134 of the Act 2013:

- that in the preparation of the annual accounts for the year ended 31st March 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- that the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the accounts for the financial year ended 31st March 2016 on a going concern basis; and
- 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 Companies Act, 2013 (the Act, 2013), the Company has appointed two independent directors viz., Mr R Ramakrishnan and Mr S Santhanakrishnan.

Declaration as to Independence

In accordance with Section 149(7) of the Act, 2013, all IDs have declared that they met 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 <http://www.sundaramautocomponents.com>.

Separate meeting of Independent Directors

The IDs were fully kept informed of the Company's activities in all its spheres.

During the year under review, a separate meeting of IDs was held on 7th March 2016 and they reviewed the performance of:

- non-IDs viz., M/s. H Lakshmanan, C N Prasad, S G Murali and Dr. Lakshmi Venu ; and
- the board as a whole.

They also reviewed the performance of Chairman after taking into account, the views of other directors.

They also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Both the IDs were present at the Meeting.

Directors liable to retire by rotation

In terms of the provisions of sub-section (6) read with explanation to 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.

In terms of the applicable provisions of the Act 2013, Mr S G Murali, non-executive and non-independent director, who is liable to retire at the AGM and, being eligible, offers himself for re-appointment.

Woman Director

In terms of Section 149 of the Act, 2013, the Company is required to have a woman director on its board.

Dr. Lakshmi Venu was appointed as non-executive and non-independent director of the Company in terms of Section 161 read with Section 149 of the Companies Act, 2013, effective 28th January 2015. Her appointment was regularized at the AGM held on 15th May 2015.

Policy on Directors Appointment and Remuneration of Directors, Key Managerial Personnel

In accordance with Section 178 of the Companies Act, 2013 (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. 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, in aggregate, not exceeding 1% of the net profits of the Company from the financial year 2015-16, based on the recommendation of the Nomination and Remuneration Committee. The approval of the shareholders by way of an ordinary resolution will be obtained at the ensuing annual general meeting, in terms of Section 197 and 198 and any other applicable 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) 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.

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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 (KMPs)

Appointment of Chief Executive Officer:

Mr Rajesh Oommen, vice-president was appointed as Chief Executive Officer (CEO), whole-time key managerial personnel, in compliance with the requirement of Section 203 of the Act 2013 with effect from 15th May 2015.

Mr Pradip Kumar Saha ceased to be the manager of the Company effective 15th May 2015.

M/s Rajesh Oommen, Chief Executive Officer, S Rangarajan, Chief Financial Officer and Dev Kishan P D, Company Secretary are the Key Managerial Personnel of the Company as on the date of this Report.

Change in Company Secretary:

During the year under review, Mr K Dharmarajan resigned as the Company Secretary of the Company effective 23rd October 2015 and Ms Divya R P was appointed as the Company Secretary on the same date.

Subsequently, Ms Divya R P, due to personal reasons resigned with effect from 31st December 2015. Consequent to her resignation, the board at their meeting held on 7th March 2016 appointed Mr Dev Kishan P D 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.

Hence, the Company is fully compliant with the provisions of Section 203 of the Act 2013.

Corporate Governance

Board Meetings:

During the year under review, the board met seven times on 23rd April 2015, 20th July 2015, 6th August 2015, 23rd October 2015, 24th December 2015, 23rd January 2016 and 7th March 2016 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 is required to consist of minimum of three members, with majority of independent directors.

The Audit Committee of the Company comprises of three members out of which two are independent directors. All members of the Audit Committee possess requisite qualification and have sound knowledge of finance, accounts and internal control.

The following directors are the members of Audit Committee of the Company as on the date of this Report:

1. Mr H Lakshmanan, Chairman, non executive non independent director
2. Mr S Santhanakrishnan, independent director
3. Mr R Ramakrishnan, 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 Nomination and Remuneration Committee comprises of three members out of which two are 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) will receive remuneration by way of fees for attending meetings of board or any committee in which director(s) is member, provided that, the amount of such sitting fees shall not exceed (i) INR 1,00,000 (Indian Rupees One lakh) per meeting of the board or any committee in which the Director(s) is member or (ii) such other amount as may be prescribed by the Central Government from time to time.

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 of 1% (one percent) of the profits of the Company computed in accordance with applicable provisions of the Act 2013.

Corporate Social Responsibility Committee (CSR):

During the year under review, the board constituted a CSR Committee with the following directors:

1. Mr H Lakshmanan, Chairman, non executive non independent director
2. Dr. Lakshmi Venu, non executive non independent director
3. Mr R Ramakrishnan, independent director.

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, as amended.

The Company, in order to carry out its CSR activities, contributed to Srinivasan Services Trust (SST), which was established in 1996 with the vision of building self-reliant rural community.

SST, over 20 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 / programs, falling within the CSR activities specified under the Act 2013, as mandated by the MCA for carrying out its CSR activities.

Based on the recommendation of the CSR Committee, the board has approved the projects / programs to be carried out as CSR activities by SST by under taking these programmes / projects, and contributed Rs. 42 lakhs constituting 2% of average net profits, for the immediate past three financial years, towards CSR spending for the current financial year 2015-16.

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, in terms of Section 139 (1) and (2) of the Act, 2013 is required to appoint a statutory auditor for a term of five consecutive years i.e., till the conclusion of sixth annual general meeting and ratify their appointment in every annual general meeting, during continuance of their term, i.e., till sixth meeting by way of passing of an ordinary resolution.

However, any firm which has held office as auditor prior to the commencement of the Act 2013, such period of office will be taken into account for calculating the period of two term of five consecutive years, as per the fourth proviso to Section 139(2) of the Act 2013 read with Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014.

In view of the above, M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, who has been the statutory auditors of the Company for a period of more than 10 years, were appointed as statutory auditors of the Company for the transitional period of three consecutive years at the annual general meeting held on 11th July 2014, subject to the approval and ratification by the shareholders at each annual general meeting during the transitional period.

It is, therefore, proposed to recommend the ratification of re- appointment of M/s Sundaram & Srinivasan, Chartered Accountants, Chennai, as statutory auditors for the last year in the transitional period of three consecutive years till the conclusion of the next AGM.

The Company has obtained necessary certificate under Section 141 of the Act 2013 from M/s Sundaram & Srinivasan, Chartered Accountants, conveying their eligibility for being statutory auditors of the Company for the year 2016-17.

The audit committee and board reviewed their eligibility criteria, as laid down under Section 141 of the Act 2013.

Observation of Statutory Auditor :

In para 7(a):

According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. However, certain delays were noticed in remittance of Income tax deduction into Government and an instance of delay in remittance of Central Sales Tax into Government. The Company has not deducted income tax from purchase consideration paid to seller on acquisition of building as required by section 194-IA of the Income-tax, Act 1961.

Reply to Statutory Auditors Observation:

The Company has been advised the legal position based on Court decisions. In the instant case referred to in the auditors' report in paragraph 7(a), there is no transfer overt or implied much less through any document conveying the ownership of the building which vested with the Company consequent to the termination of lease. Since legally there is no transfer of any right in the property after the termination of lease by lessee in favour of the lessor, the provisions of Section 194(1A) are not attracted warranting deduction of tax at the rate of 1% on the voluntary vesting of the property on termination of lease agreement.

Secretarial Auditor

As required under Section 204 of the Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 (the Act 2013), the Company is required to appoint a Secretarial Auditor for auditing the 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 for the year 2015-16 submitted their report in terms of the requirement of Section 134(b) of the Act, 2013 and is free from any adverse remarks or qualification.

M/s S Krishnamurthy & Co, Practising Company Secretaries, Chennai have been appointed as Secretarial Auditor for carrying out the secretarial audit for the financial year 2016-17 for attaching their report with the Board's report to the shareholders.

Disclosures

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 2016 and hence the question of furnishing any details relating to deposits covered under Chapter V of the Act 2013 does not arise.

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

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo are 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.

Employee's remuneration:

Details of employees receiving the remuneration in excess of the limits prescribed under Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Annexure III. In terms of first proviso to Section 136(1) of the Act, the Annual Report, excluding the aforesaid annexure is being sent to the shareholders of the Company. The annexure is available for inspection at the Registered Office of the Company during business hours 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.

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 Annexure IV 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 2015-16, the Company has not extended any guarantee or loans to other companies during the year under review.

However, please refer note no. 12 to Notes on accounts for the financial year 2015-16, for details of investments made by the Company.

Other Laws

During the year under review, the Company has not received any complaints of sexual harassment from any of the women employees of the Company in terms 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, Chennai.

The directors thank the suppliers, customers and bankers for their continued support and assistance.

The directors wish to place on record their appreciation of the excellent work done by all the employees of the Company.

For and on behalf of the Board

Place : Chennai
Date : 29th April 2016

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 2015-16:

- Introduced thermal jacket covers for barrel heaters of injection moulding machines to sustain the temperature for all the machines.
- Installed Servo hydraulic pumps & motors and variable frequency drive equipments for identified high energy consuming injection moulding machines.
- High energy efficient all electric injection moulding machines were purchased during the year.

The above measures resulted in an annual savings of Rs.1.00 crore.

1.2 Proposed measures for the year 2016-17:

- Installation of roof top solar panels at Hosur and Chennai plants for 1MW capacity.
- Proposed to install Servo hydraulic pumps & motors and Variable Frequency drive equipment further 17 high energy consuming machines.
- Conducting energy audit for taking corrective measures.

The above measures are expected to result in an annual saving of approximately Rs.0.80 crore.

2. Steps taken for utilizing alternate sources of energy during the year 2016-17

During the year 2015-16, the company has utilized the power generated through wind energy to an extent of 9766 MW. The Company is planning to continue the utilization of the wind

energy for the year 2016-17 to an extent of 11,000 MW. The Company as primary initiative for the year 2016-17 is taking up the project of installing the solar panels as a power source for factory.

3. Capital investment- Energy conservation Equipments

The Company during the year 2015-16 invested in "Energy Efficient All Electric Injection Moulding Machines and Auxiliaries". The total investment in this project or expansion is Rs.15 Cr. These new machines are expected to reduce the power consumption upto 25% from the existing level of power consumed by similar machines. The Company will continue to invest in similar energy machines while undertaking any future expansion projects.

B. TECHNOLOGY ABSORPTION

Not Applicable

C. FOREIGN EXCHANGE ACTUAL EARNINGS AND OUTGO.

Total foreign exchange earnings and out go : (Rs. In Crore)

(a) Earnings	-
(b) Outgo	4.77

For and on behalf of the Board

Place : Chennai
Date : 29th April 2016

H Lakshmanan
Chairman

SUNDARAM AUTO COMPONENTS LIMITED

Annexure - II

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March 2016

[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
 v) Address of the Registered office and contact details : "Jayalakshmi Estates",
 No.29, Haddows Road,
 Chennai - 600 006
 vi) Whether listed company Yes / No : No
 vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : NA

- (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

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	Plastic Moulded components	2520	19.8%
2	Two Wheelers	3410	80.2%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. 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 "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006	L35921TN1992PLC022845	Holding Company	100	2(46)
2.	Sundaram Holding USA Inc. 2711, Centerville Road, #400, Wilmington, New Castle - 19808 State of Delaware, USA.	NA	Subsidiary	75	2(87)
3.	Green Infra Wind Energy Theni Limited 2 nd Floor, Tower No. 2, NBCC Plaza Sector-V, Pushp Vihar, Saket, New Delhi - 110017	U40109DL2011PLC275063	Associate Company	21.58	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

- (i) Category-wise Share Holding: Not Applicable
 (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	1,15,50,000	100.00
TOTAL	1,15,50,000	100.00

- (iii) Change in Promoters' Shareholding (please specify, if there is no change) - Nil

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	18.79	0.73	19.52
ii) Interest due but not paid	0.20	-	0.20
iii) Interest accrued but not due	-	-	-
Total (i+ii+iii)	18.99	0.73	19.72
Change in Indebtedness during the financial year			
• Addition	12.67	0.14	12.81
• Reduction	(8.00)	-	(8.00)
Net Change	4.67	0.14	4.81
Indebtedness at the end of the financial year			
i) Principal Amount	23.56	0.87	24.43
ii) Interest due but not paid	0.10	-	0.10
iii) Interest accrued but not due	-	-	-
Total (i + ii + iii)	23.66	0.87	24.53

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				Total Amount
		RK	SSK	HL	CNP	
1.	Independent Directors Fee for attending board / committee meetings	50,000	57,500			1,07,500
	Commission	9,00,000	9,00,000			18,00,000
	Others					
	Total	9,50,000	9,57,500			19,07,500
2.	Other Non -Executive Directors Fee for attending board / committee meetings Commission Others	HL	CNP	SGM	Dr LV	Total Amount
		65,000	17,500	27,500	15,000	1,25,000
		65,000	17,500	27,500	15,000	1,25,000
		Total	65,000	17,500	27,500	15,000
	Overall Ceiling as per the Act	1,17,03,647				

RK - Mr R Ramakrishnan; SSK - Mr S Santhanakrishnan; HL - Mr H Lakshmanan; CNP - Mr C N Prasad; SGM - Mr S G Murali; Dr LV - Dr Lakshmi Venu

SUNDARAM AUTO COMPONENTS LIMITED

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	Company Secretary	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	70.72	-	-	70.72
	(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	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others	-	-	-	-
5.	Others	-	-	-	-
	Total	70.72	-	-	70.72

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

Annexure - IV

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

- Details of contracts or arrangements or transactions not at arm's length basis: NIL
- Details of material contract, arrangement or transaction at arm's length basis:
 - Name of the related party: TVS Motor Company Limited
 - Nature of relationship: Holding Company
 - Duration of the contracts / arrangements / transactions: 2015-16
 - Date (s) of approval by the Board, if any: 23rd April 2015 and 23rd January 2016

Nature of contracts / arrangements / transactions	Goods / Services	Salient terms of the contracts or arrangements or transactions	Amount of contract or arrangement (Rs. In Cr)
Purchase	Two wheelers and Three wheelers	Based on dealer price	2227.82
Sale	Plastic Components and Dies & Moulds	Mark-up on cost of raw materials and conversion cost	305.84
Availing of Services	Share of cost of salary, training expenses, rent, sharing of common expenses	At cost	0.45
Rendering of Services	Sharing of common expenses	At cost	0.03
Sale of Properties	Sale of land	At market price	3.96

SUNDARAM AUTO COMPONENTS LIMITED

Annexure - V

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

- 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.
- 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.
- Web-link to the CSR policy and projects or programs -
<http://www.sundaramautocomponents.com/SACL%20CSR%20Policy.pdf>
- 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

- Average net profit of the Company for last three financial years Rs. 20.99 Cr
- Prescribed CSR Expenditure (2% of the amount as in item 5 above) Rs. 0.42 Cr
- Details of CSR spent during the financial year
 - Total amount to be spent for the financial year Rs. 0.42 Cr
 - Amount unspent, if any Not Applicable
 - 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 identified as mentioned in Schedule VII to the Companies Act, 2013	<ul style="list-style-type: none"> 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:	<ul style="list-style-type: none"> Venkatagiri Mandal, Andhra Pradesh Anbil village, Trichy district, Tamil Nadu
	State & district :	<ul style="list-style-type: none"> Nellore District, Andhra Pradesh Trichy District, Tamil Nadu
	Amount outlay (budget) project or program-wise:	Rs.600 lakhs
5	Amount spent on the projects or programmes:	Rs. 586.48 Lakhs (including contribution of Sundaram Auto Components Limited of Rs.42 Lakhs)
6	Sub-heads:	
	Direct expenses On projects / programs:	Rs.586.48 Lakhs
	Overheads:	Nil
7	Cumulative expenditure upto the reporting period:	Rs.586.48 lakhs (including contribution of Sundaram Auto Components Limited of Rs.42 Lakhs)

- 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

- 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

H Lakshmanan

Date : 29th April 2016

Chairman and Chairman of CSR Committee

Annexure 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 subsidiary:-

S.No.	Particulars	
1.	Name of the subsidiary	Sundaram Holding USA Inc.,
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	9 th September 2015 to 31 st March 2016
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD
4.	Share capital	1,000
5.	Reserves & Surplus	(310,318)
6.	Total assets	1,000
7.	Total Liabilities	310,318
8.	Investments	-
9.	Turnover	-
10.	Profit before taxation	(310,318)
11.	Provision for taxation	-
12.	Profit after taxation	(310,318)
13.	Proposed Dividend	-
14.	% of shareholding	75%

Part "B": Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate:-

S.No.	Name of Associate	Green Infra Wind Energy Theni Limited
1.	Latest audited Balance Sheet Date	31.03.2016
2.	Shares of Associate held by the Company on the year end:-	
	(i) No. of shares	30,00,000
	(ii) Amount of Investment in Associate	Rs.3,00,00,000/-
	(iii) Extend of Holding %	21.58%
3.	Description of how there is significant influence	Voting Power
4.	Reason why the associate is not consolidated	The Company, being an intermediate Wholly Owned Subsidiary of TVS Motor Company Limited (TVSM), has been exempted from preparation of consolidated financial statements, as per the notification dated 14 th October 2014 issued by the MCA in this regard.
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 3,87,25,569/-
6.	Profit / Loss for the year:-	
	i. Considered in Consolidation	Not applicable
	i. Not Considered in Consolidation	Not applicable

SUNDARAM AUTO COMPONENTS LIMITED

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2016

[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,
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 (hereinafter called "the Company") during the financial year from 1st April 2015 to 31st March 2016 (the year / audit period / period under review). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We are issuing this report based on our verification of the books, papers, minute books and other records maintained by the Company, forms / returns filed, compliance related action taken by the Company, during the year as well as after 31st March 2016 but before the issue of this report, and the information / explanation / representations provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that:

1. In our opinion, during the audit period covering the financial year ended on 31st March 2016, the Company has complied with the statutory provisions listed hereunder and also 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.
2. We have examined the books, papers, minute books and other records maintained by the Company and the forms / returns filed during the year according to the applicable provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder (Rules).
 - (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment.
 - (iii) Secretarial Standards on Meetings of Board of Directors and General meetings issued by The Institute of Company Secretaries of India (Standards), which came into effect from 1st July 2015.
3. We are informed that during / in respect of the year:
 - (i) The Company was not required to comply with the following laws/ regulations/ agreement/ guidelines and consequently not required to maintain any books, papers, minute books or other records or file any forms / returns under:
 - (a) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
 - (b) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
 - (c) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings.
 - (d) Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992.
 - (e) Listing agreement, since the Company is not a listed entity.

(ii) No other law was specifically applicable to the Company, considering its nature of business, compliance with which we are required to report on under paragraph 2 above.

4. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2016 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the information, explanations and representations provided to us, generally complied with the provisions of the Acts, Rules and Standards mentioned under paragraph 2 above, to the extent applicable.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors.
2. The Company has no Executive Director but instead has a Chief Executive Officer who is not a member of the Board.
3. 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.
4. Adequate notice is given to all directors to schedule the Board Meetings, except where meetings are held at a shorter notice. Upto 30th June 2015, there was no statutory requirement to send agenda and notes thereon atleast seven days in advance. After 1st July 2015, agenda and detailed notes on agenda were sent at least seven days in advance, except where meetings were held at a shorter notice or additional subjects / supplementary agenda notes were circulated at the meeting.
5. 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.
6. Majority decision is carried through. We are informed that there were no dissenting members' views that were required to be captured and recorded as part of the minutes.
7. 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.
8. During the audit period, there were no specific events / actions having major bearing on the Company's affairs in pursuance of the above referred Act, Rules and Standards.

For S. Krishnamurthy & Co
Company Secretaries

K. Sriram,
Partner

Date : 29th April 2016
Place : Chennai

Membership No.F6312
Certificate of Practice No: 2215

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 2016 is to be read along with this letter

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management of the Company. Our responsibility is to express an opinion on the secretarial records produced for 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 taken into consideration the compliance related action taken by the Company after 31st March 2016 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion obtained as being in compliance with law.
5. We have verified the records on a test basis to see whether the correct facts are reflected in the secretarial records. 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.
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 : 29th April 2016
Place : Chennai

Membership No.F6312
Certificate of Practice No: 2215

SUNDARAM AUTO COMPONENTS LIMITED

Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2016

To the Members of
Sundaram Auto Components Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Sundaram Auto Components Limited, Chennai ("the Company"), which comprise the Balance Sheet as at 31st March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so

required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) of the state of affairs of the Company as at 31st March 2016;
- b) its **Profit** for the year ended on that date; and
- c) its cash flows for the year ended on that date .

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure -1, a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid 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 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls. Refer to our separate report in "Annexure - 2".
 - 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 financial statements - Refer Note No. 26 (5) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. During the year, there was no requirement on the part of the Company to transfer any amount to Investor Education and Protection Fund.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn No. 004207S

M BALASUBRAMANIAM
Partner
Membership No.F7945

Place : Chennai
Date : 29th April 2016

SUNDARAM AUTO COMPONENTS LIMITED

Annexure - 1 to Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2016.

Annexure referred to in our report under "Report on Other Legal and Regulatory Requirements Para 1" of even date on the accounts for the year ended 31st March 2016.

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) We have verified all title deeds of immovable properties held in the name of company except in case of those hypothecated with bank as security against loan. In respect of hypothecated immovable properties, we have verified confirmation certificate received from the Company's bank.
2. The inventory has been physically verified at reasonable intervals during the year by the management.
3. During the year, the company has not granted any loan to a company, firm, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
4. During the year, the company has not granted any loan or has made any investments or furnished any guarantees or provided any security. Hence reporting on whether there is compliance with provisions of section 185 and 186 of the Companies Act, 2013 does not arise.
5. The company has not accepted any deposit within the meaning of Sections 73 to 76 of the Companies Act, 2013, during the year.
6. We have broadly reviewed the books of accounts maintained by the Company under sub-section of (1) of section 148 of the Companies Act, 2013, read with the rules made by the Central Government for maintenance of cost records and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained.
7. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues to the appropriate authorities. However, certain delays were noticed in remittance of Income tax deduction into Government and an instance of delay in remittance of Central Sales Tax into Government. The Company has not deducted Income tax from purchase consideration paid to seller on acquisition of building as required by Section 194-IA of the Income-tax Act, 1961.
- (b) According to the information and explanations furnished to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess were in arrears, as at 31st March 2016 for a period of more than six months from the date they became payable.

(c) According to information and explanations furnished to us, the following are the details of the disputed dues that were not deposited with the concerned authorities:

Name of the statute	Nature of dues	Amount (Rs. In crore)	Forum where the dispute is pending
Central Excise Act, 1944	Cenvat / Excise Duties	0.02	High Court of Judicature at Madras
Finance Act, 1994	Service Tax	0.20	Central Excise and Service Tax Appellate Tribunal
		0.53	Assistant Commissioner, Hosur
		0.03	Assistant Commissioner, Chennai
Income Tax Act, 1961	Income Tax	0.30	Commissioner of Income Tax (Appeals), Chennai
Tamilnadu Value Added Tax, 2006	Tax / VAT credit	0.11	Joint Commissioner of Commercial Tax, Salem

8. Based on our verification and according to the information and explanations furnished by the management, the Company has not defaulted in repayment of dues to its bank.
9. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.
- (b) The Company has not availed any fresh term loan during the year. The loans availed in earlier years were applied for the purpose for which they were availed.
10. Based on the audit procedures adopted and information and explanations furnished to us by the management, no fraud on or by the company has been noticed or reported during the course of our audit.
11. For two independent non-executive directors a sum of Rs. 0.09 Crore each has been provided for as commission, subject to approval by the shareholders in the ensuing annual general meeting.
12. The Company is not a Nidhi company and as such this clause of the Order is not applicable.
13. (a) In our opinion and according to the information and explanations furnished to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013.
- (b) The details of transactions during the year have been disclosed in the Financial Statements as required by the applicable accounting standards. Refer Note no - 26 (1)(n) to the Financial statements.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under Section 42 of the Companies Act, 2013.
15. In our opinion and according to the information and explanations furnished to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.
16. The Company is not required to register under Section 45-IA of the Reserve Bank of India Act, 1934.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn No. 004207S

M BALASUBRAMANIAM
Partner
Membership No.F7945

Place : Chennai
Date : 29th April 2016

SUNDARAM AUTO COMPONENTS LIMITED

Annexure - 2 to Independent Auditors' Report to the members of Sundaram Auto Components Limited, Chennai for the year ended 31st March 2016.

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

We have audited the internal financial controls over financial reporting of Sundaram Auto Components Limited, Chennai ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that:

- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. 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
- III. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on;

- i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business.
- ii. continuous adherence to Company's policies.
- iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances.
- iv. existing system to prevent and detect fraud and errors.
- v. accuracy and completeness of Company's accounting records; and
- vi. existing capacity to prepare timely and reliable financial information.

For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Regn No. 004207S

M BALASUBRAMANIAM
Partner
Membership No.F7945

Place : Chennai
Date : 29th April 2016

SUNDARAM AUTO COMPONENTS LIMITED

Balance Sheet as at 31st March 2016

	Note Number	As at 31.03.2016	Rupees in crores As at 31.03.2015
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	11.55	11.55
(b) Reserves and surplus	2	118.63	99.61
		130.18	111.16
2 Non-current liabilities			
(a) Long-term borrowings	3	-	9.00
(b) Deferred tax liabilities (Net)		9.14	7.47
(c) Other Long Term Liabilities	4	28.12	24.83
(d) Long-term provisions	5	1.50	0.96
		38.76	42.26
3 Current liabilities			
(a) Short-term borrowings	6	15.43	2.52
(b) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		2.65	0.74
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		175.63	162.46
(c) Other current liabilities	7	52.57	62.16
(d) Short-term provisions	8	0.03	3.54
		246.31	231.42
TOTAL		415.25	384.84
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	122.04	98.65
(ii) Intangible assets	10	2.27	0.12
(iii) Capital work-in-progress	11	16.25	3.55
(b) Non-current investments	12	32.12	28.87
(c) Long term loans and advances	13	1.58	5.96
(d) Other Non Current Assets	14	6.63	4.28
		180.89	141.43
2 Current assets			
(a) Inventories	15	149.63	140.85
(b) Trade receivables	16	60.97	79.18
(c) Cash and cash equivalents	17	0.52	2.79
(d) Short-term loans and advances	18	18.51	16.07
(e) Other Current Assets	19	4.73	4.52
		234.36	243.41
TOTAL		415.25	384.84
Accounting Standards, additional disclosures and Notes on accounts	26		

Statement of Profit and Loss for the year ended 31st March 2016

	Note Number	Rupees in crores Year ended 31.03.2016	Rupees in crores Year ended 31.03.2015
I. Revenue from operations			
Less: Excise duty		60.61	52.54
		2,734.74	2,135.78
II. Other income			
		2.55	1.58
III. Total Revenue (I + II)			
		2,737.29	2,137.36
IV. Expenses:			
Cost of materials consumed	22	322.51	268.03
Purchase of Stock-in-Trade		2,227.82	1,727.05
Changes in inventories of finished goods work-in-process and Stock-in-Trade		(27.79)	(41.46)
Employee benefits	23	51.49	41.13
Finance costs	24	3.73	5.21
Depreciation and amortization expense		13.38	11.73
Other expenses	25	107.14	89.21
Total expenses		2,698.28	2,100.90
V. Profit before exceptional and extraordinary items and tax (III-IV)			
		39.01	36.46
VI. Exceptional items			
		3.23	0.86
VII. Profit before extraordinary items and tax (V - VI)			
		42.24	37.32
VIII. Extraordinary Items			
		-	-
IX. Profit before tax (VII + VIII)			
		42.24	37.32
X. Tax expense:			
(1) Current tax		11.94	14.13
(2) Deferred tax		1.67	(1.11)
(3) Tax relating to earlier years		(0.01)	(1.02)
XI. Profit / (Loss) for the period (IX - X)			
		28.64	25.32
XII. Earnings per equity share:			
Basic & Diluted - Refer Note No.26 (1) (0) under AS 20 in Rs.		24.80	21.92
Accounting Standards, additional disclosures and Notes on accounts	26		

As per our report annexed
H LAKSHMANAN Chairman
C N PRASAD Director
For SUNDARAM & SRINIVASAN Chartered Accountants
Firm Registration No: 004207S
S RANGARAJAN Chief Financial Officer
RAJESH OOMMEN Chief Executive Officer
M BALASUBRAMANIAM Partner
Chennai DEV KISHAN P.D. Company Secretary
29-04-2016 Membership No. F 7945

As per our report annexed
H LAKSHMANAN Chairman
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M BALASUBRAMANIAM Partner
Chennai DEV KISHAN P.D. Company Secretary
29-04-2016 Membership No. F 7945

SUNDARAM AUTO COMPONENTS LIMITED

Notes on accounts

Particulars	As at		Rupees in crores	
	31 March 2016		As at 31 March 2015	
1 SHARE CAPITAL				
(a) Details of Authorised, issued and subscribed share capital				
	Number	Amount	Number	Amount
Authorised				
Equity shares of Rs.10/- each	4,00,00,000	40.00	1,20,00,000	12.00
Issued, Subscribed & Paid up				
Equity shares of Rs.10/- each	1,15,50,000	11.55	1,15,50,000	11.55
Total	1,15,50,000	11.55	1,15,50,000	11.55
(b) Statement showing reconciliation of equity shares outstanding on 1 st April 2015 and 31 st March, 2016				
Shares outstanding at the beginning of the year	1,15,50,000	11.55	1,15,50,000	11.55
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	1,15,50,000	11.55	1,15,50,000	11.55
(c) Rights and preferences attached to equity share:				
(i) Shareholders are entitled to such right as to attend meetings of the shareholders, to receive dividends distributed and also have a right in residual interest in the assets of the Company. Every shareholder is also entitled to right of inspection of documents as provided.				
(ii) There are no restrictions attached to equity shares.				
(d) Statement showing details of shares held by holding company at the end of 31 st March 2016				

Name of Shareholder	Class of Share	As at 31 March 2016		As at 31 March 2015	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
TVS Motor Company Limited, Chennai and by its six nominees	Equity	1,15,50,000	100%	1,15,50,000	100%

Particulars	As at		Rupees in crores	
	31 March 2016		As at 31 March 2015	
2 RESERVES AND SURPLUS				
a. Capital Reserve				
On acquisition of Business (Rs.4,075)		-		-
Closing Balance		-		-
b. Securities premium reserve				
Opening Balance		49.35		49.35
Closing Balance		49.35		49.35
c. General reserve				
Opening Balance		11.93		12.03
Add: Transfer from statement of Profit and Loss		-		-
Less: Additional depreciation consequent to adoption of revised useful life of depreciable asset as per Schedule II of the Companies Act, 2013		-		(0.15)
Add: Deferred tax impact on above		-		0.05
Closing Balance		11.93		11.93
d. Other Reserves - Hedging reserve				
Opening Balance		(0.27)		(0.15)
Add: Created during the year		(0.14)		(0.27)
Less: Utilised during the year		0.27		0.15
Closing Balance		(0.14)		(0.27)

Notes on accounts - (continued)

Particulars	As at		Rupees in crores	
	31.03. 2016		As at 31.03. 2015	
e. Surplus - i.e. balance in the Statement of Profit and Loss				
Opening balance		38.60		21.60
Add: Net Profit for the year		28.64		25.32
Less: First Interim Dividend Paid		(4.62)		(4.04)
Dividend distribution tax paid on first interim dividend		(0.94)		(0.81)
Second interim Dividend paid		(3.47)		(2.89)
Dividend distribution tax paid on second interim dividend		(0.71)		(0.58)
Surcharge on dividend tax for FY 2014-15		(0.01)		-
Transfer to General reserve		-		-
Closing Balance		57.49		38.60
Total		118.63		99.61
3 LONG TERM BORROWINGS				
Secured				
Term Loan From Bank				
Secured by first charge on the entire fixed assets of the Company including Equitable Mortgage on lease hold rights of the land.		-		9.00
Repayable over 16 quarterly instalments starting from June, 2013 and ending in March, 2017.		-		-
Total		-		9.00
4 OTHER LONG TERM LIABILITIES				
Other payables				
Consideration payable for purchase of investment in property		28.12		24.83
Total		28.12		24.83
5 LONG TERM PROVISIONS				
For Employee benefits:				
(i) Pension Fund		0.81		0.56
(ii) Leave Salary		0.69		0.40
Total		1.50		0.96
6 SHORT TERM BORROWINGS				
Secured - From Banks				
Cash Credit Facility secured by hypothecation of entire current assets, viz. inventories and receivables, both present and future		14.56		1.79
Unsecured - From Banks				
Loans Repayable on Demand		0.87		0.73
Total		15.43		2.52
7 OTHER CURRENT LIABILITIES				
(a) Current maturities of long-term borrowing				
- Term Loan from Banks		9.00		8.00
(b) Interest accrued and due		0.10		0.20
(c) Other payables:				
(i) Statutory Dues				
- Tax Deducted at Source		0.61		0.30
- Income Tax		0.05		0.05
- Sales Tax		18.41		15.77
(ii) Others				
- Employee Related		3.62		2.72
- For expenses		3.22		3.42
- Advance received from customers		17.42		31.43
(d) Payable under Hedge Instrument		0.14		0.27
Total		52.57		62.16
8 SHORT TERM PROVISIONS				
(i) Employee Benefit - Leave Salary		0.03		0.02
(ii) Employee Benefit - Pension		-		0.05
Others				
(i) Interim dividend payable		-		2.89
(ii) Dividend Tax Payable		-		0.58
Total		0.03		3.54

SUNDARAM AUTO COMPONENTS LIMITED

Notes on accounts - (continued)

9 NON CURRENT ASSETS - FIXED ASSETS - TANGIBLE ASSET

Rupees in crores

Description	Land		Buildings	Plant & Equipment	Furniture & fixtures	Office Equipment	Computers	Vehicles	Total	
	Free hold	Lease hold							As at 31-03-2016	As at 31-03-2015
Cost of Assets										
As at 01-04-2015	3.87	9.88	33.80	115.56	2.00	1.02	2.35	0.49	168.97	167.05
New business acquisition*	1.56	-	3.10	4.28	0.43	0.03	0.05	-	9.45	-
Additions	-	-	1.92	24.13	0.92	0.27	0.77	0.09	28.10	14.47
Total	5.43	9.88	38.82	143.97	3.35	1.32	3.17	0.58	206.52	181.52
Less: Impairment / Sale	0.09	-	0.65	0.80	0.10	-	-	-	1.64	12.55
Total	5.34	9.88	38.17	143.17	3.25	1.32	3.17	0.58	204.88	168.97
Depreciation/Amortisation										
As at 31-03-2015	-	0.24	7.77	59.49	0.69	0.31	1.40	0.42	70.32	59.76
For the year										
- charge to statement of profit & loss	-	0.03	1.11	11.12	0.16	0.08	0.45	0.03	12.98	11.57
- charge to retained earnings (ie) to general reserve	-	-	-	-	-	-	-	-	-	0.15
Total	-	0.27	8.88	70.61	0.85	0.39	1.85	0.45	83.30	71.48
Less: Impairment/Deletion	-	-	0.01	0.44	0.01	-	-	-	0.46	1.16
Total	-	0.27	8.87	70.17	0.84	0.39	1.85	0.45	82.84	70.32
Written Down Value										
As at 31-03-2016	5.34	9.61	29.30	73.00	2.41	0.93	1.32	0.13	122.04	-
As at 31-03-2015	3.87	9.64	26.03	56.07	1.31	0.71	0.95	0.07	-	98.65

* on acquisition of Seat manufacturing facilities in Nalagarh, Bhatian Village, Solan District, Himachal Pradesh

10 NON CURRENT ASSETS - FIXED ASSETS - INTANGIBLE ASSETS

Rupees in crores

Description	Goodwill	Software	Licence Fees	Total	
				As at 31-03-2016	As at 31-03-2015
Cost of Assets					
As at 01-04-2015	-	0.63	0.94	1.57	1.44
New business acquisition*	2.20	-	-	2.20	-
Additions	-	0.35	-	0.35	0.13
Total	2.20	0.98	0.94	4.12	1.57
Less: Sales / Deletion	-	-	-	-	-
Total	2.20	0.98	0.94	4.12	1.57
Amortisation					
As at 31-03-2015	-	0.51	0.94	1.45	1.29
For the year	0.28	0.12	-	0.40	0.16
Total	0.28	0.63	0.94	1.85	1.45
Less: withdrawn on assets sold/deleted	-	-	-	-	-
Total	0.28	0.63	0.94	1.85	1.45
Written Down Value					
As at 31-03-2016	1.92	0.35	-	2.27	-
As at 31-03-2015	-	0.12	-	-	0.12

* on acquisition of Seat manufacturing facilities in Nalagarh, Bhatian Village, Solan District, Himachal Pradesh

11 CAPITAL WORK-IN-PROGRESS

Description	As at 31 March 2016	As at 31 March 2015
Plant & Equipment	7.68	3.55
Building	8.57	-
Total	16.25	3.55

12 NON-CURRENT INVESTMENTS

Rupees in crores

Particulars	As at 31 March 2016	As at 31 March 2015
Non - Trade Investments		
(a) Investment property (Land at cost)	28.12	24.83
(b) Investment in Equity instruments	3.00	3.01
(c) Employees pension related investments	1.00	1.03
Total	32.12	28.87

NON TRADE INVESTMENTS

Name of Body Corporate	Relationship	No. of Shares / units		Quoted/ Unquoted	Partly paid Fully paid	Extent of Holding		Amount		Basis of valuation
		31-Mar-2016	31-Mar-2015			31-03-2016	31-03-2015	31-03-2016	31-03-2015	
Details of Investments in Equity Instruments										
(a) Green Infra Wind Energy Theni Limited,* New Delhi (formerly TVS Wind Energy Limited) (Face value of Rs.10/-each)	Associate	30,00,000	30,00,000	Unquoted	Fully Paid	21.6%	21.6%	3.00	3.00	Cost
(b) Sundaram Engineering Products Services Limited, Chennai	Fellow subsidiary	-	7,746	Unquoted	Fully Paid	0.0%	15.5%	-	0.01	Cost
(c) Sundaram Holding USA, Inc., Delaware (Face value of \$1/- each) INR - 49,928)	Subsidiary	750	-	Unquoted	Fully Paid	75.0%	-	-	-	Cost
Other Investments										
Life Insurance Corporation Pension Policy, Mumbai	-	-	-	Unquoted	Fully Paid	-	-	1.00	1.03	Cost
Aggregate amount of unquoted Investments - Total	-	-	-	-	-	-	-	4.00	4.04	-

* Lock-in-period expires on 31st March 2031

SUNDARAM AUTO COMPONENTS LIMITED

Notes on accounts - (continued)

Particulars	Rupees in crores	
	As at 31.03. 2016	As at 31.03. 2015
13 LONG TERM LOANS AND ADVANCES		
Unsecured - Considered good		
Capital advances*	1.58	5.96
Total	1.58	5.96

* Note: last year advance includes advance made for purchase of business Rs.5.80 crores.

15 INVENTORIES

Particulars	Mode of valuation	As at 31 March 2016		As at 31 March 2015	
Raw materials and components *	Lower of weighted average cost or net realisable value	10.82		10.12	
Goods-in-Transit - Raw Materials	- do -	-	10.82	-	10.12
Work-in-process *					
- Plastic Components	- do -	1.02		0.56	
- Moulds	- do -	3.63	4.65	3.08	3.64
Finished goods - Plastic Components *	- do -		3.13		1.92
Stock-in-Trade - Automobiles *	- do -	97.11		71.54	
Stock-in-Trade - Goods-in-Transit - Automobiles	- do -	33.05	130.16	53.18	124.72
Stores and spares *	- do -		0.87		0.45
Total			149.63		140.85

* As certified by Chairman

16 TRADE RECEIVABLES

Particulars	Rupees in crores	
	As at 31.03. 2016	As at 31.03. 2015
(a) Unsecured debts outstanding for a period exceeding six months from the date due for payment		
(i) Considered good	-	4.55
(ii) Considered doubtful	1.00	0.91
	1.00	5.46
Less: Provision for doubtful debts	1.00	0.91
	-	4.55
(b) Other unsecured debts - Considered good	60.97	74.63
Total	60.97	79.18

17 CASH AND CASH EQUIVALENTS

Particulars	Rupees in crores	
	As at 31.03. 2016	As at 31.03. 2015
(a) Balances with banks - Current Account	0.46	0.25
(b) Cash on hand	0.05	0.03
(c) Cheques / drafts on hand	-	-
(d) Bank deposits	-	2.50
(e) Margin money deposits with banks (more than 12 months maturity)	0.01	0.01
Total	0.52	2.79

18 SHORT-TERM LOANS AND ADVANCES

Particulars	Rupees in crores	
	As at 31.03. 2016	As at 31.03. 2015
Others - Unsecured - Considered good		
- Advances recoverable in cash or in kind	9.75	11.20
- Deposits	0.09	0.02
- Balance with Central Excise & Commercial Tax authorities	7.53	4.33
- Taxes & Duties Recoverable - (Advance income tax net of provision)	0.59	0.29
- Prepaid Expenses	0.55	0.23
Total	18.51	16.07

19 OTHER CURRENT ASSETS

Particulars	Rupees in crores	
	As at 31.03. 2016	As at 31.03. 2015
Interest accrued on Deposits	0.01	-
Claims Receivable	4.72	4.52
Total	4.73	4.52

Notes on accounts - (continued)

Particulars	Rupees in crores	
	As at 31.03. 2016	As at 31.03. 2015
14 OTHER NON-CURRENT ASSETS		
Secured - Considered good		
Taxes & Duties Recoverable - (Advance income tax net of provision)	0.55	0.25
Deposits	6.08	4.03
Total	6.63	4.28

Rupees in crores

Particulars	Rupees in crores	
	For the year ended 31 March 2016	For the year ended 31 March 2015
20 REVENUE FROM OPERATIONS		
Sale of Automobiles	2,241.78	1,720.37
Sale of Components	551.63	466.69
Other operating revenues	1.94	1.26
Sub total	2,795.35	2,188.32
Less: Excise duty	60.61	52.54
Total	2,734.74	2,135.78
21 OTHER INCOME		
Interest	0.82	1.03
Profit on sale of fixed assets	0.36	0.02
Other non operating income*	1.37	0.53
Total	2.55	1.58

* includes Rs.1.07 crores refund received from Tamilnadu Electricity Board towards the wind energy sold during the financial year 2012-13

22 MATERIAL COST

Particulars	Rupees in crores	
	For the year ended 31 March 2016	For the year ended 31 March 2015
A. Cost of Materials consumed		
Opening Stock of Raw Materials & Components	10.12	11.14
Add: Purchases	323.21	267.01
Less: Closing Stock of Raw Materials & Components	10.82	10.12
Consumption of raw materials	322.51	268.03
B. Purchase of Stock-in-Trade (Automobiles)	2,227.82	1,727.05
C. Changes in inventory of WIP Components and Finished goods Components and Automobiles		
Opening stock: Work in process	3.64	4.15
Finished goods - Plastic Components	1.92	1.77
Less: Excise duty on finished goods	(0.04)	(0.09)
Finished goods - Automobiles	71.54	29.72
Total (A)	77.06	35.55
Closing stock: Work in process	4.65	3.64
Finished goods - Plastic Components	3.13	1.92
Less: Excise duty on finished goods	(0.07)	(0.04)
Finished goods - Automobiles	97.11	71.54
Total (B)	104.82	77.06
Change in excise duty on opening and closing stock of finished goods	Total (C)	(0.03)
(A)-(B)+(C)	(27.79)	(41.46)

Refer to Note No.26(10)(1)(a) for broad head of raw materials consumed.

SUNDARAM AUTO COMPONENTS LIMITED

Notes on accounts - (continued)

Particulars	Rupees in crores	
	For the year ended 31 March 2016	For the year ended 31 March 2015
23 EMPLOYEE BENEFITS		
Salaries & Wages	39.26	32.63
Leave Salary	1.02	0.52
Contribution to Provident and other funds	2.92	2.09
Welfare expenses	8.29	5.89
Total	51.49	41.13
24 FINANCE COSTS		
Interest Expense	3.61	5.08
Other Borrowing Costs	0.12	0.13
Total	3.73	5.21
25 OTHER EXPENSES		
Consumption of stores and spare parts	4.07	2.96
Power and fuel	16.22	15.11
Rent*	5.83	3.85
Repairs - Buildings	3.41	2.79
Repairs - Plant & Equipment	9.76	7.24
Repairs - Other Assets	1.04	0.98
Insurance	0.95	0.46
Rates and taxes	2.69	2.03
Audit fees	0.20	0.18
Packing and freight charges *	50.73	44.37
Sitting Fees	0.02	0.01
Commission to Independent non-executive directors	0.18	-
Loss on sale of fixed assets	0.09	0.01
Foreign Exchange loss	1.17	0.95
Miscellaneous Expenses *	10.44	8.27
Provision for Doubtful Debts	0.34	-
Total	107.14	89.21

(* Net of recoveries)

Refer Note No.26(1)(e) on AS 5 for prior period items

	As at / year ended 31 March 2016	As at / year ended 31 March 2015
--	--	--

26 ADDITIONAL INFORMATION

1. Accounting Standards

- (a) AS - 1 Disclosure of accounting policies
The accounts are maintained on accrual basis as a going concern.
- (b) AS - 2 Valuation of inventories
Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of realisable value and weighted average cost.
- (c) AS - 3 Cash flow statements
The cash flow statement is prepared under "indirect method" and the same is annexed.
- (d) AS - 4 Contingencies and Events Occurring After the Balance Sheet Date
There are no reportable contingencies and events occurring after the Balance Sheet date.
- (e) AS - 5 Net profit or loss for the period, prior period items and changes in accounting policies.
Exceptional item represents -profit made on the sale of immovable property 3.15 0.86
insurance claim received. 0.09 -
- Details of prior period debits to Profit and Loss Account:
- | | | |
|-----------------------|------|------|
| Legal & retainer fees | - | 0.08 |
| Rent | - | 0.12 |
| Welfare expenses | 0.01 | - |

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)	Rupees in crores	
	As at / year ended 31 March 2016	As at / year ended 31 March 2015

(g) AS - 9 Revenue recognition

The income of the company is derived from manufacture and sale of plastic components and trading in automobiles. Sale of goods is recognised on despatch of goods to customers.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend from investments will be recognised when the Company in which they are held declares the dividend and the right to receive the same is established.

The revenue and expenditure are accounted on a going concern basis.

(h) AS - 10 Property, Plant & Equipment

All the fixed assets are valued at cost including expenditure incurred in bringing them to usable condition less depreciation.

Cost of land includes lands acquired on lease	9.88	9.88
Buildings include buildings constructed on leasehold lands	20.35	19.09

In respect of lease hold land of Rs.6.91 crores, the lease deeds are yet to be executed. Amortisation in respect of leased cost of land situated in Sanad District, Gujarat will commence from the year in which the possession of land is taken over after execution of lease deed. The lease cost is capitalised on the basis of allotment letter. As per the Gujarat Industrial Development Corporation's allotment letter the company is obliged to commence production before 5th March, 2016. The company will seek extension of time limit shortly.

Component Accounting: Useful life of whole asset and part of the asset in respect of all depreciable assets it was noticed that useful life of part of the asset is not significantly different from the "whole of the asset". Accordingly, measurement of depreciation is same for component asset and whole of the asset.

Depreciation has been provided under the straight line method based on the useful life as per the requirements of Schedule II of the Companies Act, 2013.

The company has internally evaluated the useful life of all the assets and that useful life has been considered for providing the depreciation charge. The useful life considered are as under:

	Useful life considered (yrs)
Factory Buildings	30
Plant & Equipments	10
Electrical Equipment	15
Vehicles	5
Furnitures & Fixtures	16
Office Equipments	21
Computers & Accessories	3

In respect of assets added / sold during the year pro-rata depreciation has been provided.

Depreciation in respect of Moulds has been provided based on the quantity of components manufactured.

Assets acquired during the year and whose cost is less than Rs.5,000/- are fully depreciated.

SUNDARAM AUTO COMPONENTS LIMITED

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

Rupees in crores

	As at / year ended	As at / year ended
	31 March 2016	31 March 2015

- (i) AS - 11 Accounting for effects of changes in foreign exchange rates

Purchase of imported raw materials, components, spare parts and capital goods are accounted based on retirement memos from banks. In respect of liabilities on import of raw materials, components, spare parts and capital goods which are in transit and where invoices / bills are yet to be received, the liability is accounted based on the advance copies of documents at the market exchange rates prevailing on the date of the balance sheet.

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

Rupees in crores

	As at / year ended	As at / year ended
	31 March 2016	31 March 2015

- Net exchange difference on imports debited to Statement of Profit and Loss

- Under other expenses

Total

	1.17	0.95
	1.17	0.95

The Company has entered into forward contracts for hedging the risk of exchange rate fluctuation. There are no derivative contracts other than the forward contracts.

- (j) AS - 13 Accounting for Investments
Investments are valued at cost. Provision for diminution in the carrying cost of investments is made if such diminution is other than temporary in nature in the opinion of the management.

- (k) AS - 15 Accounting for employee benefits

Disclosure is made as per the requirements of the standard and the same is furnished below:

A Defined contribution plans

(a) Contribution to provident fund is in the nature of defined contribution plan and the same is made to Government.

(b) Contribution to pension fund is partially in nature of defined contribution plan and the same has been made to Life Insurance Corporation of India, Mumbai.

B Defined benefit plan

(a) The Company extends defined benefit plans in the form of leave salary to its employees and pension to senior managers of the Company.

(b) The Company also extends defined benefit plan in the form of gratuity to employees. Contribution to gratuity is made to Life Insurance Corporation of India in accordance with the schemes framed by the Corporation.

Disclosure are as required by Accounting Standard 15:

Rupees in crores

		Leave Salary	Pension	Gratuity**
(a)	Expenses recognised in the Statement of Profit & Loss Account			
(i)	Current Service cost	0.05	0.02	
(ii)	Interest cost	0.03	0.05	
(iii)	Expected return on plan assets	-	-	
(iv)	Net actuarial loss / (gain) recognised in the year	0.22	0.13	
	Total	0.30	0.20	
(b)	Change in defined benefit obligation during the year ended 31 st March 2016			
(i)	Present value of obligation as at beginning of the year (01.04.2015)	0.42	0.61	
(ii)	Interest cost	0.03	0.05	
(iii)	Current service cost	0.05	0.02	
(iv)	Benefits paid	-	-	
(v)	Actuarial loss / (gain) on obligation	0.22	0.13	
(vi)	Present value of obligation as at the end of the year (31.03.2016)	0.72	0.81	
(c)	Change in fair value of plan assets during the year ended 31 st March 2016			
(i)	Fair value of plan assets at the beginning of the year (01.04.2015)	-	-	
(ii)	Expected return on plan assets	-	-	
(iii)	Contributions made during the year	-	-	
(iv)	Benefits paid	-	-	
(v)	Actuarial gain on plan assets	-	-	
(vi)	Fair value of plan assets as at the end of the year (31.03.2016)	-	-	
(d)	Balance Sheet movements			
(i)	Value of benefit obligations / (net assets) at the beginning of the year (01.04.2015)	0.42	0.61	
(ii)	Contributions made during the year	-	-	
(iii)	Expenses	0.30	0.20	
(iv)	Benefits paid	-	-	
(v)	Value of benefit obligations / (net assets) at the end of the year (31.03.2016)	0.72	0.81	
	Note: The net asset in respect of gratuity plan is not recognised as it is lying in irrevocable trust fund approved by Income tax authorities.			
(e)	Actuarial assumptions			
(i)	Discount rate used	8.00%	8.00%	
(ii)	Expected return on plan assets	NA	NA	
	Estimates of future salary increases considered in actuarial valuation takes into account the inflation, seniority, promotions and other relevant factors.			

**Note: The reconciliation of the present value of obligation and fair value of plan assets as regards gratuity plan is not furnished as information in this regard is not received from Life Insurance Corporation of India. However, contribution to gratuity fund is made based on demand from Life Insurance Corporation of India.

SUNDARAM AUTO COMPONENTS LIMITED

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

	Rupees in crores
	As at / As at /
	year ended year ended
	31 March 2016 31 March 2015

(l) AS-16 Borrowing cost
The borrowing costs have been treated in accordance with Accounting Standard on Borrowing Cost (AS-16) issued by The Institute of Chartered Accountants of India.

No interest on borrowings have been capitalised during the year.

(m) AS-17 Segment reporting

The Company operates in only one segment viz., manufacturing of automobile parts and trading of automobiles. Hence the Accounting Standard on segment reporting is not applicable.

(n) AS - 18 Related party disclosure (including Companies Act)

Disclosure is made as per the requirements of the standard and the same is furnished below:

Reporting entity	Sundaram Auto Components Limited, Chennai
List of related parties :	
Holding company	TVS Motor Company Limited, Chennai
Ultimate holding companies	T V Sundaram Iyengar & Sons Private Limited, Madurai Sundaram - Clayton Limited, Chennai
Subsidiary company	Sundaram Holding USA Inc., Delaware
Fellow Subsidiaries	TVS Housing Limited, Chennai TVS Motor (Singapore) Pte Limited, Singapore TVS Motor Company (Europe) B.V, Netherlands PT. TVS Motor Company Indonesia, Jakarta Sundaram Business Development Consulting (Shanghai) Co. Ltd, China Sundaram-Clayton (USA) Limited, USA Southern Roadways Limited, Madurai Sundaram Industries Private Limited, Madurai Sundaram Lanka Tyres Limited, Sri Lanka Pusam Rubber Products Limited, Madurai The Associated Auto Parts Limited, Mumbai TVS Interconnect Systems Limited, Madurai NSM Holdings Limited, Madurai NK Telecom Products Limited, Madurai NK Tele Systems Limited, Madurai TVS Automobile Solutions Limited, Madurai Rajgarhia Automobile Solution Limited, Kolkata Essex Automobile Solutions Limited, Gujarat TVS Insurance Broking Limited, Coimbatore Focuz Automobile Services Limited, Kerala GS Automotive Service Equipments (Chennai) Private Limited, Madurai TVS All Car Services Private Limited, Madurai Lucas-TVS Limited, Chennai Lucas Indian Service Limited, Chennai TVS Automotive Systems Limited, Chennai Sundaram Textiles Limited, Madurai Sundaram Investment Limited, Chennai TVS Capital Funds Limited, Chennai TVS Electronics Limited, Chennai Prime Property Holdings Limited, Chennai TVS-E Access (India) Limited, Chennai - Under process of striking off TVS Training and Services Limited, Chennai Uthiram Rubber Products Limited, Madurai

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)

	Rupees in crores
	As at / As at /
	year ended year ended
	31 March 2016 31 March 2015

Fellow Subsidiaries - continued NCR Auto Cars Limited, New Delhi
SNS Warranty Solutions Limited, Madurai
Gallant E-Access Private Limited, Delhi

Associate Company Green Infra Wind Energy Theni Limited, New Delhi

Related Parties under Companies Act, 2013

Amalgamations Private Ltd, Chennai
Cantata Home Furnitures Private Limited, Bangalore
Chennai Business Consulting Services Limited, Chennai
Dansons Lifestyles Solutions Private Limited, Bangalore
Designo India Furnitures Private Limited, Bangalore
Designo Lifestyle Solutions Private Limited, Bangalore
Harita Cheema Private Limited, Chennai
Harita Venu Private Limited, Chennai
Hifame Private Limited, Chennai
Inko Services Private Limited, Chennai
Lakson Technology Private Limited, Chennai
S.I. Property (Karnataka) Private Limited, Chennai
Simply Sofas Private Limited, Bangalore
Sundharams Private Limited, Chennai
Swetha Enterprises Private Limited, Chennai
Thansa Home Furnitures Private Limited, Bangalore
Thansa Inspirations Private Limited, Bangalore
Trust Properties Development Co. Pvt. Ltd., Chennai
TVS Agro Products Private Limited, Chennai
TVS Staffing Solutions Private Limited, Chennai

Particulars of transactions with related parties

(i) Sale of goods			
- Holding company - TVS Motor Company Limited, Chennai	302.66		262.05
- Fellow subsidiaries Lucas-TVS Limited, Chennai	0.41		2.64
Sale of fixed assets			
- Holding company - TVS Motor Company Limited, Chennai	3.96		-
Sale of investments			
- Fellow Subsidiary - Sundaram Investments Limited	0.01		-
(ii) Purchase of goods			
- Holding company TVS Motor Company Limited, Chennai	2,227.82		1,727.05
- Ultimate holding company T V Sundaram Iyengar & Sons Private Limited, Madurai	0.02		0.04
- Associate Green Infra Wind Energy Theni Limited, New Delhi	4.69		5.82
Purchase of fixed assets			
- TVS Motor Company Limited, Chennai	0.65		-
- Ultimate holding company - Sundaram-Clayton Limited, Chennai	0.35		-
(iii) Rendering of services			
- Ultimate holding company Sundaram-Clayton Limited, Chennai	1.58		1.16
- Holding company TVS Motor Company Limited, Chennai	0.03		-
(iv) Dividend paid - Holding Company			
- TVS Motor Company Limited, Chennai	8.09		6.93

SUNDARAM AUTO COMPONENTS LIMITED

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)	Rupees in crores	
	As at / year ended	As at / year ended
	31 March 2016	31 March 2015
(v) Receiving of services		
- Holding company - TVS Motor Company Limited, Chennai	0.45	0.38
- Ultimate holding company - Sundaram-Clayton Limited, Chennai	4.09	2.97
- Fellow subsidiaries Lucas TVS Limited, Chennai	0.12	0.24
TVS Electronics Limited, Chennai	0.04	0.04
(vi) Amount outstanding as at the Balance Sheet:		
(I) Amount payable (Trade Payable)		
- Holding company TVS Motor Company Limited, Chennai	133.23	118.89
- Ultimate holding company Sundaram-Clayton Ltd, Chennai	1.51	-
- Fellow subsidiaries Lucas-TVS Limited, Chennai	0.11	0.11
- Associate Green Infra Wind Energy Theni Limited, New Delhi	0.12	0.04
(II) Amount receivable (Sundry debtors)		
- Holding company TVS Motor Company Limited, Chennai	4.57	16.76
- Ultimate holding company Sundaram-Clayton Ltd, Chennai	-	0.26
- Fellow subsidiary Lucas-TVS Limited, Chennai	0.13	0.57
(o) AS-20 Earnings per share		
Earnings per share is calculated by dividing the profit attributable to the shareholders by the number of equity shares outstanding as at the close of the year		
Profit before tax	42.24	37.32
Tax relating to the above	13.60	12.00
Profit after tax	28.64	25.32
No. of equity shares	1,15,50,000	1,15,50,000
Face value per share in Rs.	10.00	10.00
Weighted average number of equity shares	1,15,50,000	1,15,50,000
Basic Earnings per share (EPS) in Rs.	24.80	21.92
Diluted Earnings per share in Rs.	24.80	21.92
(p) AS - 21 Consolidated Financial Statements :		
The reporting entity owns a subsidiary company namely Sundaram Holding USA Inc, Delaware and also an associate company namely Green Infra Wind Energy Theni Limited, New Delhi.		
As the subsidiary's and the associate's accounts are consolidated by the reporting entity's holding company viz TVS Motor Company Limited, Chennai. The reporting entity is not consolidating their results. This is permissible under Companies (Accounts) Rules, 2014 Rule No. 6 second proviso.		
(q) AS - 22 Accounting for taxes on income :		
Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax liability and asset are recognised based on timing difference using the tax rates substantively enacted on the Balance Sheet date.		
(i) Deferred tax liability consists of:		
- tax on depreciation	10.01	8.13
(A)	<u>10.01</u>	<u>8.13</u>
(ii) Deferred tax asset consists of:		
Tax on provision in respect of expenditure which will be allowed under the Income-tax Act, 1961 only on payment basis	0.87	0.66
(B)	<u>0.87</u>	<u>0.66</u>
Deferred tax liability (net of deferred tax asset) refer Balance Sheet	9.14	7.47
(A)-(B)	<u>9.14</u>	<u>7.47</u>

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)	Rupees in crores	
	As at / year ended	As at / year ended
	31 March 2016	31 March 2015
(r) AS - 24 - Accounting for discontinuing operations		
There are no discontinuing operations during the year.		
(s) AS - 26 - Accounting for intangible assets		
In respect of assets falling under the definition of intangible assets as per the Accounting Standard the following disclosures are made:		
Software / Licence Fees		
- Estimated useful life of the asset	2 years	2 years
- Amortisation rates used	50% each year as depreciation	50% each year as depreciation
During the year the company had acquired automobile seat manufacturing business at Nalagarh, Himachal Pradesh. On purchase of this business, valuation of certain category of fixed assets have been carried out and an amount of Rs.2.20 crores have been recognised as goodwill. This goodwill will be written off over four years.		
Goodwill		
- Estimated useful life of the asset	4 years	
(t) AS 28 - Impairment of assets		
As on the Balance Sheet date the carrying amounts of the assets net of accumulated depreciation is not less than the recoverable amount of those assets and hence there is no impairment loss on the assets of the Company.		
(u) AS 29 - Provisions, Contingent liabilities and contingent assets		
(i) Provisions		
Provision are made in respect of all payables based on contracted values. No estimated provision is made.		
As regards provision for warranty, the company's terms of sale do not envisage creation of liability.		
The retrospective amendment to the Payment of Bonus Act, 1965 (effective from 2014) enhancing the ceiling to Rs. 7000/- per month per employee or aggregate of minimum wages per month whichever is higher, is contested by the company through a writ before High Court of Judicature at Madras. Hence the bonus payable with retrospective effect approximately Rs.0.50 crores is not provided in the accounts. The prospective effect of amendment effective 01-04-2015 is provided for.		
(ii) Contingent liabilities		
The amount for which the Company is contingently liable are disclosed in Sl. No. 4 below.		
(iii) Contested liabilities are detailed in Sl. No. 5 below.		
(v) AS 30 - Financial Instruments - Recognition and Measurement		
The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to import of raw materials and capital goods with firm commitments. The company does not hold derivative finance instruments for speculative purposes. The company has applied to such forward contracts, the hedge accounting principles set out in the Accounting Standards by marking them to market.		
Changes in fair value of the contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging Reserve Account".		

SUNDARAM AUTO COMPONENTS LIMITED

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)	Rupees in crores	
	As at /	As at /
	year ended	year ended
	31 March 2016	31 March 2015
2 Trade payable includes :		
(a) Amount due to Small Scale Industrial units	2.65	0.74
(b) Amount due to other industrial units	175.63	162.46
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	2.65	0.74
(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;	-	-
(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	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		
(c) Information required under the Micro, Small and Medium Enterprises Development Act, 2006: The Company has written to all suppliers to ascertain if they are covered by the said act. No information has been received in reply. However, the suppliers' credit terms are generally 45 days within which all payments are made. Hence, the question of payment of interest or provision thereof for belated payments does not arise.		

Notes on accounts - (continued)

26 ADDITIONAL INFORMATION - (continued)	Rupees in crores	
	As at /	As at /
	year ended	year ended
	31 March 2016	31 March 2015
3 Final dividend proposed to be distributed to equity share holders	-	2.89
Dividend payable for 2014-15 is Rs.2.50 per share		
4 Contingent liability not provided for:		
(a) On counter guarantee furnished to banks	0.02	0.02
(b) On letters of credit	7.78	21.09
(c) On bills of exchange drawn on customers discounted	17.89	20.00
5 Liability contested and not provided for:		
(a) Excise	0.02	0.18
(b) Service tax	0.76	0.25
(c) Income tax	1.46	1.30
(d) Sales tax	0.80	0.84
6 Contribution to provident and other funds include:		
Contribution towards gratuity as per scheme framed by Life Insurance Corporation of India	0.63	0.36
7 Audit fees comprise:		
(a) As statutory auditors	0.12	0.11
(b) Taxation matters	0.03	0.02
(c) Certification matters	0.01	0.02
Total	0.16	0.15
8 General		
(a) Other expenses include travel and stay expenses of auditors	0.02	0.02
(b) Expenditure in excess of 1% of total revenue or Rs.1,00,000 Whichever is higher	-	-
9 Expenditure incurred on Corporate Social Responsibility activities:		
(a) Gross amount required to be spent by the company during the year	0.41	0.22
(b) Amount spent during the year in cash:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	0.41	0.22
10 Previous year's figures are regrouped and rearranged to conform to current year's classification.	Nil	Nil

11. COST OF RAW MATERIALS CONSUMED	Year ended 31-03-2016		Year ended 31-03-2015	
I (a) Basic raw materials				
Acrylonitrile Butdiene Styrene (ABS)		55.02		51.31
Filled & Unfilled Polypropylene		89.99		89.78
(b) Intermediates and components (which individually do not account for more than 10% of the total value of consumption)		177.50		126.94
Raw materials and components consumed		322.51		268.03
Traded goods:				
(c) Automobiles		2,202.25		1,685.23
Total		2,524.76		1,953.26
		% of total consumption		% of total consumption
II Consumption of raw materials and components				
(a) Imported	2.1	52.31	2.2	42.26
(b) Indigenous	97.9	2,472.45	97.8	1,911.00
Total	100.00	2,524.76	100.00	1,953.26
III CONSUMPTION OF MACHINERY SPARES				
(a) Imported	7.4	0.18	12.7	0.21
(b) Indigenous	92.6	2.17	87.3	1.45
Total	100.00	2.35	100.00	1.95
IV IMPORTS (CIF VALUE)				
(a) Raw materials		52.31		42.26
(b) Spare parts and components		0.18		0.21
(c) Capital goods		9.86		12.71
12. OTHER EXPENDITURE IN FOREIGN CURRENCY				
(a) Consultancy		0.05		0.18
(b) Royalty		0.01		0.03
(c) Travel		0.09		0.09

SUNDARAM AUTO COMPONENTS LIMITED

	Year ended 31-03-2016		Year ended 31-03-2015	
13. EARNINGS IN FOREIGN EXCHANGE				
(a) Exports (on f.o.b. basis)	-	-	-	-
(b) Sale proceeds of equity shares	-	-	-	-
(c) Others (freight and insurance)	-	-	-	-
Total	-	-	-	-
14. SALE BY CLASS OF GOODS				
(a) Rubber Moulded Components	-	-	-	-
(b) Plastic Moulded Components	452.02	398.45	398.45	398.45
(c) Moulds	39.00	15.70	15.70	15.70
(d) Automobiles	2,241.78	1,720.37	1,720.37	1,720.37
Total	2,732.80	2,134.52	2,134.52	2,134.52
15. PARTICULARS OF OPENING AND CLOSING INVENTORY				
Raw materials and components	10.82	10.12	10.12	10.12
Goods-in-Transit - Raw Materials	-	10.82	-	10.12
Work-in-process	-	4.65	-	3.64
Finished goods - Components	-	3.13	-	1.92
Stock-in-Trade - Automobiles	97.11	71.54	71.54	71.54
Stock-in-Trade - Goods-in-Transit- Automobiles	33.05	130.16	53.18	124.72
Stores and spares	-	0.87	-	0.45
Total	149.63	140.85	140.85	140.85

H LAKSHMANAN
Chairman

C N PRASAD
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No: 004207S

Place : Chennai
Date : 29-04-2016

S RANGARAJAN
Chief Financial Officer

RAJESH OOMMEN
Chief Executive Officer

DEV KISHAN PD
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F 7945

Cash Flow Statement

	Year ended 31.03. 2016		Year ended 31.03. 2015	
A. Cash flow from operating activities:				
Net profit / (loss) before tax and extraordinary items	42.24	37.32		
Add:				
Depreciation for the year	13.38	11.73		
Dividend income	-	-		
Interest income	(0.82)	(1.03)		
Interest expenditure	3.73	5.21		
Profit on sale of investment	-	-		
Profit on sale of assets	(3.51)	(0.88)		
Loss on sale of assets	0.09	0.01		
Operating profit before working capital changes	12.87	15.04		
Adjustments for:				
Trade payables	15.08	62.27		
Other Current Liabilities	(10.46)	27.98		
Short-Term provisions	(0.04)	(0.12)		
Other non current liabilities	3.29	-		
Long Term Provision	0.54	(0.68)		
Inventories	(8.78)	(75.42)		
Trade receivables	18.21	10.71		
Other Current Assets	(0.21)	(0.24)		
Other Non current Assets	(2.05)	(0.82)		
Short Term Loans & Advances	(2.14)	(10.69)		
Cash generated from operations	68.55	65.35		
Direct taxes paid	12.53	14.42		
Net cash used in operating activities - (A)	56.02	50.93		
B. Cash flow from investing activities:				
Purchase of fixed assets	(40.10)	(14.60)		
Sale of fixed assets	4.60	12.27		
Capital work-in-progress (at Cost)	(12.70)	(3.42)		
Purchase of Investments/ Investment property	(3.27)	(1.03)		
C. Cash flow from financing activities :				
Secured loan repaid	(8.00)	(8.00)		
Unsecured loans availed	0.14	-		
Repayment of unsecured loans	-	(0.17)		
Interest paid	(3.73)	(5.21)		
Dividend and dividend tax paid	(13.21)	(8.23)		
Net cash from financing activities - (C)	(24.80)	(21.61)		
D. Net increase in cash and cash equivalents - (A+B+C)	(15.04)	17.74		
Cash and cash equivalents at the beginning of the year				
Cash & Bank	2.79	0.66		
Cash credit - balance	(1.79)	(17.40)		(16.74)
Cash and cash equivalents at the end of the year				
Cash & Bank	0.52	2.79		
Cash credit - balance	(14.56)	(1.79)		1.00

Notes:

- The above statement has been prepared in indirect method except in case of interest, dividend and purchase and sale of investments which has been considered on the basis of actual movement of cash.
- Cash and cash equivalents represent cash and bank balances and Cash Credit balances.

H LAKSHMANAN
Chairman

C N PRASAD
Director

As per our report annexed
For SUNDARAM & SRINIVASAN
Chartered Accountants
Firm Registration No: 004207S

Place : Chennai
Date : 29-04-2016

S RANGARAJAN
Chief Financial Officer

RAJESH OOMMEN
Chief Executive Officer

DEV KISHAN PD
Company Secretary

M BALASUBRAMANIAM
Partner
Membership No. F 7945

Board of Directors

C. MUKUNDHAN
S G MURALI
R CHANDRAMOULI

Auditors

V. SANKAR AIYAR & CO.,
Chartered Accountants,
2 C, Court Chamber
35, New Marine Lines, Mumbai - 400 020

Registered office

Jayalakshmi Estates,
No. 29, Haddows Road,
Chennai - 600 006.
Tel.: 044 2827 2233
Fax : 044 2825 7121
E-mail: corpsec@scl.co.in
CIN : U70101TN2010PLC075027

Directors' Report to the Shareholders of the Company

The directors are pleased to present the sixth annual report together with the audited statement of accounts for the year ended 31st March 2016.

Financial highlights

Details	(Rs. in Lakhs)	
	Year ended 31.03.2016	Year ended 31.03.2015
Sales and other income	1,723.02	1,143.89
Less: Expenses	1,649.62	1,078.78
Profit before tax	73.39	65.11
Less: Provision for taxation (including deferred tax)	53.61	37.74
Profit after tax	19.78	27.37

Dividend

The directors, in order to conserve the resources for its future business activities, have not proposed any dividend for the year under review.

Operation Review

In terms of arrangement entered into with Emerald Haven Realty Limited, Chennai, Phase 1 of Housing Projects was developed as apartments and Phase 2 was launched as villas and row houses. As of 31st March 2016, all the 448 apartments have been sold, and customers have taken possession of the apartments. Despite the tough real estate market condition in Chennai, the response for the villa and row house development has been quite good. Phase 2 is nearing completion and about 90% of the units have been sold.

With the market recovering slowly, it is expected that the remaining units would be sold within next one year.

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.

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 mitigate various risks to key business objectives. Major risks identified would be systematically addressed through mitigating actions on a continuous basis. These are being discussed at the meetings of the board of directors of the Company.

Related Party Transactions

Pursuant to the provisions of Section 134(h) of the Companies Act, 2013 (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 does not arise.

There were no transactions entered into between the Company and the related parties during the year under review and accordingly no particulars are being provided in Form AOC-2.

However, as required under AS 18, the names of the related party and nature of the related party relationship have been provided in Note No.4 to the financial statements of the Company.

Directors' responsibility statement

Pursuant to the requirement of Section 134(5) of the Act, 2013 with respect to Director's Responsibility Statement, it is hereby stated that:

- in the preparation of the annual accounts for the year ended 31st March 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- the directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the accounts for the financial year ended 31st March 2016 on a going concern basis; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors liable to retire by rotation

In terms of the Articles of Association of the Company and the applicable provisions of the Act 2013, Mr S G Murali, Mr C Mukundhan and Mr R Chandramouli, directors are liable to retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

Number of board meetings held

During the year under review, the board met six times on 24th April 2015, 18th May 2015, 10th August 2015, 16th November 2015, 21st December 2015

TVS HOUSING LIMITED

and 27th January 2016 and 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, 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 a term of five consecutive years, subject to ratification of their appointment, at every AGM, at such remuneration in addition to service tax, out of pocket expenses, travelling and other expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors.

It is, therefore, proposed to re-appoint them as statutory auditors for a remaining period of three years of the term, from the conclusion of this AGM subject to ratification by the members at the AGM.

The Company has obtained necessary certificate under Section 141 of the Act 2013 read with the Companies (Audit and Auditors) Rules, 2014, conveying their eligibility for being statutory auditors of the Company for the year 2016-17.

Disclosures

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 2016 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:

No employee receives the remuneration in excess of the limits prescribed under Section 197 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 details of such employees does not arise.

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 2015-16, the Company has not extended any guarantee or has given loans to other companies or made any investment during the year under review.

Other Laws

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.

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.

During the year under review, there was no foreign exchange earning or expenditure in the Company.

Acknowledgement

The directors gratefully acknowledge the continued support and co-operation received from the holding Company, namely, TVS Motor Company Limited, and bankers for their continued support and assistance.

For and on behalf of the Board

Place: Chennai R CHANDRAMOULI C MUKUNDHAN
Date : 20th April 2016 Director Director

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended 31st March 2016

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U70101TN2010PLC075027
ii) Registration Date : 22.03.2010
iii) Name of the Company : TVS Housing Limited
iv) Category / Sub-Category of the Company : Public Limited Company
v) Address of the Registered office and contact details : "Jayalakshmi Estates", No.29, Haddows Road, Chennai - 600 006
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.	Developing and subdividing real estate into plots	70105	99.84

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. 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 (Holding Company) and its six nominees Jayalakshmi Estates, No. 29, Haddows Road, Chennai - 600 006.	L35921TN1992PLC022845	Holding Company	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

- (i) Category-wise Share Holding: Not Applicable
(ii) Shareholding of Promoters

Name of the Shareholders (M/s.)	No. of shares	% of Shareholding
TVS Motor Company Limited 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 and Key Managerial Personnel: Nil

TVS HOUSING LIMITED

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment : Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration to other 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 : Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2016

To the Members of TVS Housing Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of TVS Housing Limited, Chennai ('the Company'), which comprises the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in

conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
9. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid Standalone financial statements, comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of written representations received from the directors as on 31st March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016, 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" and
 - (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 explanations give to us:
 - i. On the basis of the information provided and on the basis of the records verified by us, there are no pending litigations as at 31st March 2016.
 - 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
Firm Registration No.109208W

Place : Chennai
Date : 20th April, 2016

S. VENKATARAMAN
Partner
Membership No. 023116

TVS HOUSING LIMITED

Annexure "A" to Independent Auditors' Report 31st March 2016

(Referred to in our report of even date)

- (i) The Company has no Fixed Assets. Therefore, the provisions of Clause (i) of the para 3 of the Order are not applicable to the Company.
- (ii) The inventories held by Company represent Land. As informed to us, the inventories were physically verified by the management during the year, by way of verification of title deeds, conducting site visits through competent person. In our opinion, the frequency of physical verification is reasonable. There was 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) In our opinion and according to the information and explanations given to us, the Company has not granted loans, provided guarantee and securities and made investments under Section 185 and 186 of the Act. Hence 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) Cost records are not prescribed by the Central Government under Sub section (1) of Section 148 of the Act for operations carried on by the Company, as the threshold limit of Turnover of Rs.25 crores is not achieved and the Net worth of the Company has not exceeded Rs.150 crores 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, Sales Tax (works contract TDS under Tamil Nadu VAT Act), Service Tax, and Cess and other material statutory dues with the appropriate authorities. We are informed that there is no liability towards Provident Fund, Employees' State Insurance, Value Added Tax, duty of customs and duty of excise for the year under audit. According to the information and explanation given to us, no undisputed amount payable in respect of Income Tax, Sales Tax (works contract TDS under Tamil Nadu VAT Act), Service Tax, and Cess were in arrears as at 31st March 2016 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 not dues of Income Tax, Sales Tax, Services Tax, duty of Customs, duty of Excise and VAT, which have not been deposited on account of any dispute.
- (viii) The Company has not borrowed loan. Hence the provisions of Clause (viii) of the para 3 of the Order are not applicable to the Company.
- (ix) The Company has not borrowed loan and Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year. Hence the provisions of Clause (ix) of the para 3 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 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 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) 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 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) 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 Registration No.109208W

S. VENKATARAMAN
Partner
Membership No. 023116

Place : Chennai
Date : 20th April, 2016

Annexure "B" to Independent Auditors' Report 31st March 2016

(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 31, 2016 in conjunction with our audit of the standalone 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria" established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V. SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No.109208W

Place : Chennai
Date : 20th April, 2016

S. VENKATARAMAN
Partner
Membership No. 023116

TVS HOUSING LIMITED

Balance Sheet as at 31st March 2016

	Note Number	As at 31.03.2016	(Amount in Rs.) As at 31.03.2015
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	5,00,000	5,00,000
(b) Reserves and surplus	3	48,64,882	28,86,678
		<u>53,64,882</u>	<u>33,86,678</u>
2 Current liabilities			
(a) Trade payables	4	13,59,083	1,53,540
(b) Other current liabilities	5	8,03,89,673	17,60,40,368
Total		<u>8,71,13,638</u>	<u>17,95,80,586</u>
II ASSETS			
Current assets			
Inventories	6	6,88,77,502	16,82,08,739
Cash and cash equivalents	7	1,34,039	50,28,329
Short Term Loans and Advances	8	1,81,02,097	63,35,104
Other current assets	9	-	8,414
Total		<u>8,71,13,638</u>	<u>17,95,80,586</u>
Significant Accounting Policies and notes forming part of Financial Statements	1		

For and on behalf of the board of Directors

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

S VENKATARAMAN
Partner
Membership No. 23116

Chennai
20th April 2016

Statement of Profit and Loss for the year ended 31st March 2016

	Note Number	Year ended 31.03.2016	(Amount in Rs.) Year ended 31.03.2015
I. Revenue from operations	10	17,20,22,437	11,39,74,632
II. Other income	11	2,79,208	4,14,357
III. Total Revenue	(I + II)	<u>17,23,01,645</u>	<u>11,43,88,989</u>
IV. Expenses:			
Operating expenses	12	13,77,40,111	10,63,77,332
Other Expenses	13	2,72,22,330	15,00,176
Total expenses		<u>16,49,62,441</u>	<u>10,78,77,508</u>
V. Profit before tax	(III - IV)	<u>73,39,204</u>	65,11,481
VI. Tax expense:			
(1) Current tax		53,61,000	37,73,000
(2) Deferred tax		-	1,069
VII. Profit for the year	(V - VI)	<u>19,78,204</u>	<u>27,37,412</u>
VIII. Earnings per equity share:			
(1) Basic		39.56	54.75
(2) Diluted		39.56	54.75
Significant Accounting Policies and notes forming part of Financial Statements	1		

For and on behalf of the board of Directors

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

S VENKATARAMAN
Partner
Membership No. 23116

Chennai
20th April 2016

Notes forming part of the financial statement

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Corporate Information

TVS Housing Limited is a public limited company incorporated under the provisions of the Companies Act, 1956 during 2009-10. It is a wholly owned subsidiary of TVS Motor Company Limited.

2. Summary of Significant Accounting Policies:

2.1. Basis of Preparation

The financial statements of the Company are prepared under historical cost convention in accordance with generally accepted accounting principles and accounting standards referred to in the Companies (Accounting Standards) Rules, 2006 as per general circular 15/2013 dated 13th September 2013 under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis.

2.2. Use of Estimates

The preparation of financial statements requires the 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.

2.3. Operating Cycle

The normal operating cycle in respect of operation relating to real estate project depends on signing of agreement, size of the project, phasing of the project, type of development, project complexities, approvals needed & realization of project into cash & cash equivalents and range from 3 to 7 years. Accordingly Assets & Liabilities have been classified into current & non-current based on operating cycle of respective projects.

2.4. Inventories

Stock in Trade

Land is valued at lower of cost or market value. Cost includes cost of acquisition and all related costs. Cost of land gifted as part of development is added to the remaining saleable land.

2.5. Revenue Recognition

The revenue from sale of land is recognised on transferring all significant risk and rewards of ownership on land to the buyers and company does not retain any effective control over the same.

Interest revenue is recognised on time proportion basis taking into account the outstanding amount and the applicable interest rate.

2.6. Taxation

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.7. Provisions & Contingencies

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires outflow of resources, which can be reliably estimated.

2.8. Cash & Cash Equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand.

2.9. 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 for 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.

3. Deferred tax assets / (liabilities)

The break-up of Deferred tax (asset) / liabilities are as under:

Timing Difference	As at 31 st March 2016	As at 31 st March 2015
Deferred Tax Liabilities:		
Relating to:		
Difference between book and tax depreciation	-	-
Deferred Tax Assets:		
Relating to:		
Preliminary Expenses	-	-
Business loss carried forward	-	-
Net Deferred Tax (Asset) / Liability	-	-

4. Related Party Disclosure

Reporting Entity : TVS Housing Limited, Chennai
 Holding Companies : Sundaram-Clayton Limited, Chennai
 TVS Motor Company Limited, Chennai
 Ultimate Holding Company : T V Sundram Iyengar & Sons Private Limited, Madurai

Fellow Subsidiaries:

Name of the Companies : Sundaram Auto Components Limited, Chennai
 TVS Motor (Singapore) Pte Limited, Singapore
 TVS Motor Company (Europe) B.V, Netherlands
 PT.TVS Motor Company Indonesia, Jakarta
 Sundaram Business Development Consulting (Shanghai) Co. Ltd, China
 Sundaram-Clayton (USA) Limited, USA
 Sundaram Holding USA Inc., USA
 Southern Roadways Limited, Madurai
 Sundaram Industries Private Limited, Madurai
 Sundaram Lanka Tyres Limited, Sri Lanka
 Pusam Rubber Products Limited, Madurai
 The Associated Auto Parts Limited, Mumbai
 TVS Interconnect Systems Limited, Madurai
 NSM Holdings Limited, Madurai
 NK Telecom Products Limited, Madurai
 NK Tele Systems Limited, Madurai
 TVS Automobile Solutions Limited, Madurai
 Rajgarhia Automobile Solution Limited, Kolkata
 Essex Automobile Solutions Limited, Gujarat
 TVS Insurance Broking Limited, Coimbatore
 Focuz Automobile Services Limited, Kerala
 Myers Tyre Supply (India) Limited (Formerly GS Automotive Service Equipments (Chennai) Private Limited), Madurai
 Lucas-TVS Limited, Chennai
 Lucas Indian Service Limited, Chennai
 TVS Automotive Systems Limited, Chennai
 Sundaram Textiles Limited, Madurai
 Sundaram Investment Limited, Chennai
 TVS Capital Funds Limited, Chennai
 TVS Electronics Limited, Chennai
 Prime Property Holdings Limited, Chennai
 TVS-E Access (India) Limited, Chennai
 TVS Training and Services Limited, Chennai
 Sundaram Engineering Products Services Limited (Amalgamated on 17.02.2016)
 Uthiram Rubber Products Limited, Madurai
 NCR Auto Cars Limited, New Delhi
 TVS TWG Warranty Solutions Limited, Madurai
 Gallant E-Access Private Limited, New Delhi (under Voluntary Winding up)
 TVS All Car Services Private Limited, Madurai
 TVS Auto Assist (India) Limited, Chennai

TVS HOUSING LIMITED

Notes forming part of the financial statement - (continued)

5. Capital and Other Commitments

Particulars	As at 31 st March 2016	As at 31 st March 2015
i. Estimated amount of contracts remaining to be executed on Capital account and not provided for	Nil	Nil
ii. Estimated amount of other commitments	Nil	Nil

6. Contingent Liabilities

Particulars	As at 31 st March 2016	As at 31 st March 2015
Claims against company not acknowledged as debts	Nil	Nil

7. Additional information – Required to be disclosed under clause 5(viii):

Particulars	As at 31 st March 2016	As at 31 st March 2015
a. Expenditure in foreign currency	Nil	Nil
b. Earnings in foreign currency	Nil	Nil

8. There are no vendors covered under MSMED Act and hence disclosures required to be given under Section 22 of MSMED ACT, 2006 does not arise.

9. Auditors' remuneration (included under other expenses)

Particulars	As at 31 st March 2016	As at 31 st March 2015
Payments to Auditors as		
a. Statutory Audit	1,00,000	1,00,000
b. Tax Audit	50,000	50,000

10. During the year, the Company has sold lands ad measuring 0.32 cents which was not adjacent to the project. The Company has transferred 3.45 acres (P.Y. 2.36) of land to buyers by way of registration of UDS (Undivided Share) / Plots, bringing the total extent of the land to 2.21 acres as on March 2016.

Through MOU entered into on 12th May 2012, the Company has appointed Emerald Haven Realty Ltd (EHRL) to build and sell houses on their land.

11. In the opinion of the management, the current assets, loans & advances have a value of realisation in ordinary course of business or atleast equal to the amount at which they are stated in the balance sheet.

12. Figures of previous year have been regrouped and reclassified, wherever required.

(Amount in Rs.)

NOTE 2 SHARE CAPITAL

(i) Share Capital Information

	As at Year ended 31-03-2016		As at Year ended 31-03-2015	
	Number	Value	Number	Value
Authorised				
Equity Shares of Rs.10/- each	50,000	5,00,000	50,000	5,00,000
Issued				
Equity Shares of Rs.10/- each	50,000	5,00,000	50,000	5,00,000
Subscribed & Paid up				
Equity Shares of Rs.10/- each fully paid	50,000	5,00,000	50,000	5,00,000

(ii) Share Capital reconciliation

	Equity Shares		Equity Shares	
	Number	Value	Number	Value
Shares outstanding at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Shares outstanding at the end of the year	50,000	5,00,000	50,000	5,00,000

(iii) Terms / Rights attached to Equity Shares

Every shareholder is entitled to such rights as to attend meeting of the shareholders, to receive dividends distributed. There are no restrictions attached to equity shares.

(iv) Shares held by holding company

	As at Year ended 31.03.2016		As at Year ended 31.03.2015	
	No. of shares held	% of holding	No. of shares held	% of holding
TVS Motor Company Limited with Nominees	50,000	100%	50,000	100%

NOTE 3 RESERVES AND SURPLUS

A. Surplus / (Deficit) in Statement of Profit & Loss

Balance as per Last Financial Statements	28,86,678	1,49,266
Profit for the year	19,78,204	27,37,412
Closing Balance in Statement of Profit & Loss	48,64,882	28,86,678

NOTE 4 TRADE PAYABLES

Payable to others	13,59,083	1,53,540
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NOTE 5 OTHER CURRENT LIABILITIES

Other Payables		
(i) Statutory Remittances	7,08,133	15,000
(ii) Others		
Security Deposit received	4,12,01,456	14,35,12,008
Advance received for Sale of land	3,84,80,084	3,25,13,360
	8,03,89,673	17,60,40,368

NOTE 6 INVENTORIES

Stock-in-trade		
Land	6,88,77,502	16,82,08,739

Note: Land located at Nedungundram is offered as security for loan taken by Emerald Haven Realty Limited.

For and on behalf of the board of Directors

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

Chennai
20th April 2016

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

S VENKATARAMAN
Partner
Membership No. 23116

TVS HOUSING LIMITED

Notes forming part of the financial statement - (continued)

	(Amount in Rs.)		(Amount in Rs.)
	As at Year ended 31-03-2016	As at Year ended 31-03-2015	As at Year ended 31-03-2016
NOTE 7 CASH AND CASH EQUIVALENTS			
a. Balances with banks			
In Current Account with Scheduled Banks	1,34,039	15,28,329	
Fixed Deposits with Banks	-	35,00,000	
	<u>1,34,039</u>	<u>50,28,329</u>	
NOTE 8 SHORT-TERM LOANS & ADVANCES			
(Unsecured, considered good)			
a. Balance with government authorities			
Advance tax and TDS receivable (Net of Provision)	95,08,887	63,03,564	
Service tax credit receivable	75,28,839	18,540	
b. Others			
Advances recoverable in cash or in kind	10,64,371	13,000	
	<u>1,81,02,097</u>	<u>63,35,104</u>	
NOTE 9 OTHER CURRENT ASSETS			
Interest Accrued on deposits	-	8,414	
NOTE 10 REVENUE FROM OPERATIONS			
Income from sale of land	17,20,22,437	11,39,74,632	
	<u>17,20,22,437</u>	<u>11,39,74,632</u>	
NOTE 11 OTHER INCOME			
Interest Income	2,79,208	3,93,565	
Interest on IT refund	-	5,148	
Miscellaneous income	-	15,644	
	<u>2,79,208</u>	<u>4,14,357</u>	
NOTE 12 COST OF SALES			
Inventories at the beginning of the year			
Land	16,82,08,739	27,44,17,481	
	<u>16,82,08,739</u>	<u>27,44,17,481</u>	
Incurring during the year			
Infrastructure	3,84,08,874	-	
Land	-	1,68,590	
Inventories at the end of the year			
Land	6,88,77,502	16,82,08,739	
	<u>6,88,77,502</u>	<u>16,82,08,739</u>	
	<u>13,77,40,111</u>	<u>10,63,77,332</u>	
NOTE 13 OTHER EXPENSES			
Advertisement Expenses	1,77,26,202	-	
Advance written off	-	12,63,973	
Audit Fees	1,50,000	1,50,000	
Consultancy and Professional Charges	34,964	40,731	
Deputation cost	92,31,565	-	
Miscellaneous Expenses	494	1,593	
Rates & Taxes	79,105	43,879	
	<u>2,72,22,330</u>	<u>15,00,176</u>	

For and on behalf of the board of Directors

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

Chennai
20th April 2016

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

S VENKATARAMAN
Partner
Membership No. 23116

TVS HOUSING LIMITED

Cash Flow Statement for the period ended 31st March 2016

		For the Year ended 31.03.2016	(Amount in Rs.) For the Year ended 31.03.2015
A. Cash flow from operating activities:			
Profit before tax and extraordinary items		73,39,204	65,11,481
Add: Depreciation for the year	-	-	-
Interest Income	<u>(2,79,208)</u>	<u>(2,79,208)</u>	<u>(4,14,357)</u>
Operating Profit before Working Capital Changes		<u>70,59,996</u>	<u>60,97,124</u>
Adjustments for:			
Trade Payables	12,05,543		(3,37,256)
Current Liabilities	<u>(9,56,50,695)</u>		<u>(11,39,67,132)</u>
Inventories	9,93,31,237		10,62,08,742
Loans and Advances	<u>(2,56,94,316)</u>		<u>(1,06,39,245)</u>
Other Current Assets	-	<u>(2,08,08,231)</u>	<u>(1,87,34,891)</u>
Cash generated from operations		<u>(1,37,48,235)</u>	<u>(1,26,37,767)</u>
Income Taxes (Paid) / Refund Receivable Net		<u>85,66,323</u>	<u>1,00,39,324</u>
Net cash from operating activities	(A)	<u>(51,81,912)</u>	<u>(25,98,443)</u>
B. Cash flow from investing activities			
Interest received		<u>2,87,622</u>	<u>4,10,776</u>
		<u>2,87,622</u>	<u>4,10,776</u>
Net cash from / (used in) investing activities	(B)	<u>2,87,622</u>	<u>4,10,776</u>
C. Cash flow from financing activities			
Net cash from financing activities	(C)	<u>-</u>	<u>-</u>
D. Net increase in cash and cash equivalents	(A) + (B) + (C)	<u>(48,94,290)</u>	<u>(21,87,667)</u>
Cash and cash equivalents at the beginning of the year		<u>50,28,329</u>	<u>72,15,996</u>
Cash and cash equivalents at the end of the year		<u>1,34,039</u>	<u>50,28,329</u>

For and on behalf of the board of Directors

Chennai
20th April 2016

C MUKUNDHAN
Director

R CHANDRAMOULI
Director

As per our report annexed
For V SANKAR AIYAR & CO.,
Chartered Accountants
Firm Registration No. 109208W

S VENKATARAMAN
Partner
Membership No. 23116

TVS MOTOR (SINGAPORE) PTE. LIMITED

Directors' Statement

The directors present their report together with the audited financial statements of TVS Motor (Singapore) Pte. Limited (the "company") for the financial year ended 31 March 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- 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 2016 and the financial performance, changes in equity and cash flows of the company for the year then ended; and
- at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts when they fall due.

2. DIRECTORS

The directors of the company in office at the date of this report are:

Venu Srinivasan
Hari Hara Iyer Lakshmanan
Seenivasan Elayalwar

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS 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 object 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 OR DEBENTURES

The directors who held holding office at the end of the financial year, had no interests 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.

5. SHARE OPTION

During the financial year, no option to take up unissued shares of the company was granted.

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. INDEPENDENT AUDITORS

The independent auditors, Rama & Co., Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board

VENU SRINIVASAN
Director

HARI HARA IYER LAKSHMANAN
Director

Singapore,
28th April, 2016

Independent Auditors' report to the Members of TVS Motor (Singapore) Pte. Limited

Report on the financial statements

We have audited the accompanying financial statements of **TVS MOTOR (SINGAPORE) PTE. LIMITED**, which comprise the statement of financial position as at 31 March 2016, and statement of comprehensive income, statement of changes in equity and statement of cash flow and a summary of significant accounting policies and other explanatory information.

Management's responsibility for 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

RAMA & CO.
PUBLIC ACCOUNTANTS AND CHARTERED ACCOUNTANTS
SINGAPORE

Singapore,
28th April, 2016

TVS MOTOR (SINGAPORE) PTE. LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016 S\$	2015 S\$
ASSETS			
Non-current assets			
Investment in subsidiary	(8)	-	63,967,275
Investment in associate	(9)	63,967,275	-
Total non-current assets		63,967,275	63,967,275
Current assets:			
Other receivable	(10)	11,090,268	10,931,992
Bank balance	(11)	257,206	493,711
Total current asset		11,347,474	11,425,703
Total assets		75,314,749	75,392,978
EQUITY AND LIABILITIES			
Capital reserve:			
Share capital	(12)	64,802,445	64,364,301
Accumulated losses		(766,184)	(597,860)
Total equity		64,036,261	63,766,441
Current liabilities:			
Other payables	(13)	11,278,488	11,626,537
Total current liabilities		11,278,488	11,626,537
Total equity and liabilities		75,314,749	75,392,978

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 2016

	Share Capital S\$	Accumulated Losses S\$	Total S\$
Balance as at 1 April 2014	64,364,301	(438,772)	63,925,529
Total comprehensive loss for the year	-	(159,088)	(159,088)
Balance as at 31 March 2015	64,364,301	(597,860)	63,766,441
Issuance of shares	438,144	-	438,144
Total comprehensive loss for the year	-	(168,324)	(168,324)
Balance as at 31 March 2016	64,802,445	(766,184)	64,036,261

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 2016

	Note	2016 S\$	2015 S\$
Revenue			
Revenue		-	-
Other income	(14)	908,764	919,094
Administrative expenses		(20,337)	(17,345)
Finance cost	(15)	(1,056,751)	(1,060,837)
Loss before income tax		(168,324)	(159,088)
Income tax	(16)	-	-
Loss for the year	(17)	(168,324)	(159,088)
Other comprehensive income		-	-
Total comprehensive loss for the year		(168,324)	(159,088)

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 2016

	2016 S\$	2015 S\$
Cash flow from operating activities:		
Loss before income tax	(168,324)	(159,088)
Adjustment for:		
Foreign currency exchange adjustment	-	(209)
Interest income	(908,764)	(896,256)
Interest expense	874,998	881,586
Withholding tax	90,000	-
Operating loss before working capital changes	(112,090)	(173,967)
Other receivables	201,724	-
Other payables	(335,353)	133,439
Net cash used in operating activities	(245,719)	(40,528)
Investing activities:		
Interest received	458,764	896,256
Net cash from investing activities	458,764	896,256
Financing activities:		
Interest paid	(449,550)	(881,586)
Share application money received	-	438,144
Net cash used in financing activities	(449,550)	(443,442)
Net (decrease) / increase in bank balance	(236,505)	412,286
Bank balance at beginning of year	493,711	81,425
Bank balance at end of the year	257,206	493,711

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

TVS MOTOR (SINGAPORE) PTE. LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2016

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 2016 were authorised for issue in accordance with the directors' resolution dated 20 April 2016.

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 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

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 judgments in the process of applying the company's accounting policies. It also requires the use of accounting estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements are disclosed in Note 4.

2.2. Changes in Accounting Policies

a) Adoption of new and revised FRSs and INT FRSs

In the current financial year, the company has adopted all the new and revised FRSs and INT FRSs issued by the ASC that are relevant to its operations and effective for annual year beginning on 1 April 2015. The adoption of these new / revised FRSs and INT FRSs does not result in changes to the company's accounting policies and has no material effect on the financial statements.

b) Standards issued but not yet effective

At the date of authorisation of financial statements, the following FRSs, INT FRSs and amendments that are relevant to the Company were issued but not effective are as follows:

Reference	Description	Effective of date (annual periods beginning on or after)
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 27	Separate Financial Statements	1 January 2016
FRS 32	Amendments to FRS 32: Offsetting of Financial Assets and Financial Liabilities	1 January 2016
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Current Assets	1 January 2016
FRS 109	Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

c) Improvements to FRSs issued in 2016

INT FRS and amendments issued in 2016 that are relevant to the company were issued but not effective are as follows:

Reference	Subject of amendments	Effective for (annual periods beginning on or after)
FRS 19	Discount rate: regional issue	1 January 2016
FRS 107	Servicing contracts	1 January 2016

The improvement contains amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments.

The management expects that the adoption of the improvements to FRSs above will have no material impact on the financial statements in the period of initial application.

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. Subsidiary

Subsidiary is an entity controlled by the company. Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. An investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in the profit or loss.

2.5. 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.

2.6. 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 (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 (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 (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, carry-forward of unutilised tax assets and unutilised tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction and at the time of transaction affects neither the accounting profit or loss nor taxable profit or loss.

The carrying amount of a deferred tax asset is reviewed at the each of reporting period and reduced to the extent that it is not 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. 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 a company if:
 - i) the entity and the company are members of the same group i.e each parent, subsidiary and fellow subsidiary;
 - ii) one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
 - iii) both entities are joint ventures of the same third party;
 - iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v) the entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
 - vi) the entity is controlled or jointly controlled by a person identified in (a); or
 - 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.
 - viii) the entity, or any member of the company 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 FRS24.

2.9. 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.

2.10. 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.

2.11. 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 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. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

3.2. Financial assets

Financial assets within the scope of FRS 39 are recognised on the statement of financial position when and only when the Company becomes a party to the contractual provision of the financial instruments. The classification of the financial assets depends on the purpose of which the assets were required.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other receivable

and bank balance are classified within loans and receivables on the statement of financial position.

i) Other receivable

Other receivable is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivable is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance 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 amount of the allowance is recognised in profit or loss.

ii) Bank balance

Bank balance comprises the total amount of money held at the bank by the company.

b) Impairment of financial assets

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.

3.3. 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.

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.

3.4. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is legally enforceable right to offset the recognised amounts and there is an obligation to settle on a net basis, or realise the asset and settle the liability simultaneously.

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 are 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:

i) Impairment of investment in subsidiary

The company follows the guidance of FRS 36 in determining the recoverability of its investments in subsidiary. 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.

ii) Impairment of other receivable

The company assesses at the end of the reporting period whether there is any objective evidence that a financial assets is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of other receivable is disclosed in Note 9 to the financial statements.

TVS MOTOR (SINGAPORE) PTE. LIMITED

5. FINANCIAL INSTRUMENTS, FINANCIAL RISKS MANAGEMENT AND CAPITAL MANAGEMENT

5.1. Categories of financial assets and liabilities

	2016 S\$	2015 S\$
Financial assets		
Other receivable	11,090,268	10,931,922
Bank balance	257,206	493,711
	<u>11,347,474</u>	<u>11,425,703</u>
Financial liability		
Other payables	11,278,488	11,626,537

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.

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 and related party balances. It is the company's policy to enter into transactions with creditworthy customers and high credit rating counter-parties to mitigate any significant credit risk. The company has procedures in place to control credit risk and that exposure to such risk is monitored on an ongoing basis.

As the company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Financial assets that are neither past due nor impaired

Bank balance that is neither past due nor impaired is mainly deposit with bank with high credit ratings assigned by international credit-rating agencies. Other receivable that is neither past due nor impaired is substantially company with a good credit record with the company.

Financial assets that are past due and / or impaired

There is no other class of financial assets that is past due and / or impaired.

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. Foreign currency exchange exposures are naturally hedged as both trade purchases and sales are denominated in the above currency. This natural hedge reduces significantly the financial impact of movements in the foreign currency exchange rates. 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:

	2016 S\$	2015 S\$
In Singapore dollar		
Financial asset		
Other receivable	11,090,268	10,931,922
Bank balance	257,206	493,711
	<u>11,347,474</u>	<u>11,425,703</u>
Financial liability		
Other payables	11,208,421	11,621,087
Net exposure	<u>139,053</u>	<u>(195,384)</u>

Sensitivity analysis

A 10% increase or decrease is used when reporting foreign currency exchange rate risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates.

A 10% strengthening of Singapore dollar against the following currency would increase / (decrease) profit or loss and equity by the amount shown below:

	2016 S\$	2015 S\$
US \$ impact	<u>13,905</u>	<u>(19,538)</u>

A 10% weakening of Singapore dollar against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

d) Liquidity risk management

Liquidity risk refer to risk that the company will not have sufficient funds to pay its debts as and when they fall due.

In the management of the liquidity risk, the company monitors and maintains a level of bank balances deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The following table summarises the company's remaining contractual maturity for its non-derivative financial instruments 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 receive or pay.

2016	Effective interest rate (%)	Within 1 year of repayable on demand S\$	Within 2 to 5 year S\$	Total S\$
Financial liabilities				
Other payables	-	11,278,488	-	11,278,488
2015				
Financial liability				
Other payables	-	11,626,537	-	11,626,537

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.

TVS MOTOR (SINGAPORE) PTE. LIMITED

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.

	2016	2015
	S\$	S\$
Other payables	11,278,488	11,626,537
Less: Bank balance	(257,206)	(493,711)
Net debts	11,021,282	11,132,826
Total equity	64,036,261	63,766,441
Total capital	75,057,543	74,899,267
Gearing ratio	15%	15%

The company is not subject to externally imposed capital requirements.

6. HOLDING COMPANY

The company is wholly-owned subsidiary of TVS Motor Company Ltd, incorporated in India. The company's ultimate holding company is Sundaram-Clayton Limited, incorporated in India. The registered office of the holding company is at 29 (Old No.8) Haddows Road, Chennai 600006, 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:

	2016	2015
	S\$	S\$
Interest expenses	874,998	881,586

7. INVESTMENT IN SUBSIDIARY

	2016	2015
	S\$	S\$
Unquoted equity shares at cost		
Balance at beginning and end of year	-	63,967,275

Details of the subsidiary are as follows:

Name of subsidiary/ Country of incorporation	Principal activity	Proportion of ownership Interest	
		2016	2015
PT. TVS Motor Company Indonesia	Manufacturers of Motorcycles, motorcycles spare parts and accessories.	-	38%

a) Exemption from consolidation

One set of consolidated financial statements of the company and its subsidiary is not prepared as the company itself is wholly-owned by another corporation which prepares consolidated financial statements 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.

b) Impairment loss

As at the end of the reporting period, the company carried out a review on the recoverable amount of its investment in subsidiary. The review revealed no impairment in value required during the financial year. The recoverable amount of the relevant investment in subsidiary has been determined on the basis of their net assets values at the end of the reporting period as in the opinion of the management of the company, the net assets value of the subsidiary approximate the fair values less costs to sell.

c) Others

The subsidiary's financial statements were audited by M/s Osman Bing Satrio & Eny, Registered Public Accountants, in Indonesia.

8. INVESTMENT IN ASSOCIATE

	2016	2015
	S\$	S\$
Unquoted equity shares at cost	63,967,275	-

Details of the associate are as follows:

Name of associate Country of incorporation	Principal activity	Proportion of ownership Interest	
		2016	2015
P.T.TVS Motor Company Indonesia	Manufacturers of Motorcycles, motorcycles spare parts and accessories	35%	-

9. OTHER RECEIVABLES

	2016	2015
	S\$	S\$
Amount due from subsidiary (Note 8)	-	10,931,992
Amount due from associate (Note 9)	10,730,268	-
Interest receivables from associate (Note 9)	360,000	-
	11,090,268	10,931,992

The amount due from subsidiary and associate are unsecured and repayable on demand.

The interest is receivable semi-annually on 30th September and 31st March (2015: 30th June and 31st December) of each year and is calculated at 8.25% on a 360 day year basis.

Other receivables are denominated in United States dollar.

10. BANK BALANCES

	2016	2015
	S\$	S\$
Cash at bank	257,206	493,711

Bank balance is denominated in United States dollars.

11. SHARE CAPITAL

	2016	2015	2016	2015
	Number of ordinary shares		S\$	S\$
Issued and Paid Up:				
At beginning of the year	64,364,301	64,364,301	64,364,301	64,364,301
Issued during the year	438,144	-	438,144	-
At the end of the year	64,802,445	64,364,301	64,802,445	64,364,301

During the financial year, the company issued 438,144 ordinary shares at S\$1 per share for cash.

The company has one class of ordinary shares with no par value, which carry one vote per share and carry a right to dividends and when declared by the company.

12. OTHER PAYABLES

	2016	2015
	S\$	S\$
Holding Company (Note 6)	10,846,790	11,050,704
Interest payables to holding company	361,631	-
Share application money	-	438,144
Withholding tax payable	63,817	132,239
Accrued expenses	6,250	5,450
	11,278,488	11,626,537

The amount due to holding company is unsecured and repayable on demand.

The interest is payable semi-annually on 30th September and 31st March (2015: 30th June and 31st December) of each year and is calculated at 8% per annum.

TVS MOTOR (SINGAPORE) PTE. LIMITED

Other payables are denominated in the following currencies:

	2016	2015
	S\$	S\$
Singapore dollar	70,067	5,450
United States dollar	11,208,421	10,621,087
	<u>11,278,488</u>	<u>11,626,537</u>
13. OTHER INCOME		
	2016	2015
	S\$	S\$
Foreign currency exchange adjustment gain	-	22,838
Interest income	908,764	896,256
	<u>908,764</u>	<u>919,094</u>
14. FINANCE COST		
	2016	2015
	S\$	S\$
Interest expenses	874,998	881,586
Withholding tax	181,753	179,251
	<u>1,056,751</u>	<u>1,060,837</u>
15. INCOMETAX		

The income tax expense varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2015: 17%) to profit before income tax as a result of the following differences:

	2016	2015
	S\$	S\$
Loss before income tax	(168,324)	(159,088)
Income tax expense / (benefit) at statutory rate of 17% (2015: 17%)	(28,615)	(27,045)
Income tax effect of:		
- non-taxable items	-	(3,882)
- unutilised tax losses c/f	28,615	30,927
	<u>-</u>	<u>-</u>

The company has carry forward tax losses available for offsetting against future taxable income as follow:

	2016	2015
	S\$	S\$
Tax losses		
Amount at beginning of year	192,805	10,879
Amount in current year	168,324	181,926
Amount at end of year	361,129	192,805
Deferred tax benefit on above unrecorded	<u>61,392</u>	<u>32,777</u>

The realisation of the future income tax benefits from tax loss carry forward is available for an unlimited period subject to the conditions imposed by law including the retention of majority shareholders as defined.

The deferred tax benefit of the remaining tax loss carried forward has not been recognised in the financial statements because it is not probable that the future taxable profit will be available against which the company can utilise the benefits thereon.

16. LOSS FOR THE YEAR

Loss for the year has been arrived at after (crediting) / charging:

	2016	2015
	S\$	S\$
Foreign currency exchange adjustment loss / (gain)	<u>10,157</u>	<u>(22,838)</u>

17. EVENTS AFTER THE REPORTING PERIOD

No items, transactions or events of material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the company for the succeeding financial year.

Detailed statement of Profit or Loss for the year ended 31 March 2016

	2016	2015
	S\$	S\$
Revenue	-	-
Other income		
Foreign currency exchange adjustment gain	-	22,838
Interest income	908,764	896,256
	<u>908,764</u>	<u>919,094</u>
Less: Operating expenses		
Administrative expenses		
Accounting fee	800	800
Auditors' remuneration	3,000	3,000
Bank charges	833	1,361
Foreign currency exchange adjustment loss	10,157	-
Printing and stationery	50	150
Professional fee	2,950	2,550
Secretarial fees and charges	2,547	9,484
Finance cost		
Interest expense	874,998	881,586
Withholding tax	181,753	179,251
	<u>(1,077,088)</u>	<u>(1,078,182)</u>
Net loss for the year	<u>(168,324)</u>	<u>(159,088)</u>

This schedule does not form part of the statutory audited financial statements.

**RE-STATED ACCOUNTS OF
TVS MOTOR (SINGAPORE) PTE. LIMITED**

TVS MOTOR (SINGAPORE) PTE. LIMITED

BALANCE SHEET AS AT 31ST MARCH 2016

Sl. No.	Particulars	Note Number	Singapore \$ Mn.		Rupees in crores	
			As at 31.03.2016	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016
I EQUITY AND LIABILITIES						
1	Shareholders' funds					
	(a) Share capital	I	64.80	203.21		
	(b) Reserves and surplus	II	(0.77)	(8.74)		
2	Non-current liabilities					
	(a) Long-term borrowings		-	-		
	(b) Deferred tax liabilities (Net)		-	-		
	(c) Other long term liabilities	III	11.22	55.30		
	(d) Long-term provisions		-	-		
3	Current liabilities					
	(a) Short-term borrowings		-	-		
	(b) Trade payables		0.01	0.03		
	(c) Other current liabilities	IV	0.06	0.31		
	(d) Short-term provisions		-	-		
	Total		<u>75.32</u>	<u>250.11</u>		
II ASSETS						
1.	Non-current assets					
	(a) Fixed assets					
	(i) Tangible assets		-	-		
	(ii) Intangible assets		-	-		
	(iii) Capital work-in-progress		-	-		
	(iv) Intangible assets under development		-	-		
	(b) Non-current investments	V	63.97	196.12		
	(c) Long-term loans and advances	VI	11.09	52.72		
	(d) Other non current assets		-	-		
2.	Current assets					
	(a) Current investments		-	-		
	(b) Inventories		-	-		
	(c) Trade receivables		-	-		
	(d) Cash and bank balances	VII	0.26	1.27		
	(e) Short-term loans and advances		-	-		
	(f) Other current assets		-	-		
	Total		<u>75.32</u>	<u>250.11</u>		

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Sl. No.	Particulars	Note Number	Singapore \$ Mn.		Rupees in crores	
			Year ended 31.03.2016	Year ended 31.03.2016	Year ended 31.03.2016	Year ended 31.03.2016
I	Revenue from operations		-	-		
II	Other income		0.91	4.28		
III	Total Revenue (I + II)		<u>0.91</u>	<u>4.28</u>		
IV	Expenses:					
	Cost of materials consumed		-	-		
	Purchases of Stock-in-trade		-	-		
	Changes in inventories of finished goods work-in-process and stock-in-trade		-	-		
	Employee benefits expense		-	-		
	Finance costs	VIII	1.07	5.03		
	Depreciation and amortization expense		-	-		
	Other expenses	IX	0.01	0.03		
	Total expenses		<u>1.08</u>	<u>5.06</u>		
V	Profit before tax (III-IV)		(0.17)	(0.78)		
VI	Tax expense:					
	(1) Current tax		-	-		
	(2) Deferred tax		-	-		
VII	Profit / (Loss) for the period (V-VI)		(0.17)	(0.78)		

TVS MOTOR (SINGAPORE) PTE. LIMITED

Notes on Accounts

	Singapore \$ Mn. Rupees in crores	
	As at 31.03.2016	As at 31.03.2016
I SHARE CAPITAL		
Authorised, issued and subscribed share capital		
Authorised		
Ordinary shares of Singapore \$ 1/- each	<u>64.36</u>	<u>201.20</u>
Issued, subscribed and paid up		
Ordinary shares of Singapore \$ 1/- each	<u>64.80</u>	<u>203.21</u>
	<u>64.80</u>	<u>203.21</u>
II RESERVES AND SURPLUS		
a. Capital reserve		
Foreign currency translation reserve	<u>-</u>	<u>(5.01)</u>
b. Surplus - Balance in Statement of Profit and Loss		
Opening balance	(0.60)	(2.74)
(+) Transfer from Foreign currency translation reserve	-	(0.21)
(+) Net profit / (Loss) for the current year	<u>(0.17)</u>	<u>(0.78)</u>
Closing balance	<u>(0.77)</u>	<u>(3.73)</u>
Total (a) + (b)	<u>(0.77)</u>	<u>(8.74)</u>
III OTHER LONG TERM LIABILITIES		
Advance received	11.22	55.30
Total	<u>11.22</u>	<u>55.30</u>
IV OTHER CURRENT LIABILITIES		
Statutory Dues	0.06	0.31
Total	<u>0.06</u>	<u>0.31</u>

Notes on Accounts - (continued)

	Singapore \$ Mn. Rupees in crores	
	As at 31.03.2016	As at 31.03.2016
V NON CURRENT INVESTMENTS		
Trade Investments		
Investment in equity instruments	63.97	196.12
Total	<u>63.97</u>	<u>196.12</u>
VI LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans to related parties	11.09	52.72
Total	<u>11.09</u>	<u>52.72</u>
VII CASH AND BANK BALANCES		
Balances with banks	0.26	1.27
Total	<u>0.26</u>	<u>1.27</u>
VIII FINANCE COST		
Interest expense	1.06	4.98
Others - Exchange Fluctuation	0.01	0.05
Total	<u>1.07</u>	<u>5.03</u>
IX OTHER EXPENSES		
a) Audit fees	-	0.01
b) Miscellaneous expenses	0.01	0.02
Total	<u>0.01</u>	<u>0.03</u>

TVS MOTOR COMPANY (EUROPE) B.V.

Address

Hoogoorddreef 15
1101 BA Amsterdam

Chamber of Commerce : Amsterdam
File number : 34.229.984

1. Directors' Report

The management of TVS Motor Company (Europe) B.V. (the "Company") herewith submits its Annual Report for the financial year 1 April 2015 up to and including 31 March 2016 (the year 2015-16).

1.1. General

The Company is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd, Chennai, India), incorporated under the laws of the Netherlands on 21 July 2005, having its corporate seat at Amsterdam, with offices at Hoogoorddreef 15, Amsterdam.

1.2. Summary of activities

During the year under review the Companies activities remained holding activities.

During the year the major shareholder of the Company's Indonesian subsidiary carried out a capital injection in the subsidiary, which decreased the interest of the Company from 24.75% to 22.78%.

1.3. Future outlook

It is the intention to liquidate the Company.

Amsterdam, 29 April 2016.

Mr. R.C. Elshout
Title : Director

Mr. H. Lakshmanan
Title : Director

Mr. P.J. Stegeman
Title : Director

Mr. V.N. Venkatanathan
Title : Director

SGG Management (Netherlands) B.V.
Title : Director

2. BALANCE SHEET AS AT 31 MARCH 2016

(before appropriation of result)

	Notes	31 March 2016		31 March 2015	
		USD	USD	USD	USD
ASSETS					
Fixed Assets	5.1				
Financial fixed assets		-	-	-	-
Current assets	5.2				
Receivables and prepayments		11,660		7,983	
Cash at bank		505,970		570,052	
			517,630		578,035
Total assets			<u>517,630</u>		<u>578,035</u>
SHAREHOLDER'S EQUITY AND LIABILITIES					
Shareholder's equity	5.3				
Paid up share capital		25,650,518		24,240,134	
Foreign currency translation reserve		(7,781,972)		(8,631,624)	
Revaluation reserve subsidiary		4,291,239		-	
Other reserves		(19,851,815)		(19,802,235)	
Undistributed result		(1,739,378)		4,750,736	
			496,592		557,011
Short-term liabilities	5.5				
Creditors		5,504		5,698	
Other payable and accrued expenses		15,534		15,326	
			21,038		21,024
Total shareholder's equity and liabilities			<u>517,630</u>		<u>578,035</u>

3. INCOME STATEMENT FOR THE PERIOD FROM 1 APRIL 2015 UP TO AND INCLUDING 31 MARCH 2016

	Notes	2015 / 2016		2014 / 2015	
		USD	USD	USD	USD
Salary expenses	6.1	10,487		11,760	
General and administrative expenses	6.2	44,712		48,575	
			(55,199)		(60,335)
Interest income and similar income	6.3	3,355		2,019	
Interest expense and similar expenses	6.4	(8,575)		(7,694)	
			(5,220)		(5,675)
Result associate	6.5	(1,678,959)		4,816,746	
Result on ordinary activities before taxation			<u>(1,739,378)</u>		<u>4,750,736</u>
Corporate income tax	6.6		-		-
Result after taxation			<u>(1,739,378)</u>		<u>4,750,736</u>

TVS MOTOR COMPANY (EUROPE) B.V.

4. General notes

4.1. Summary of significant accounting policies

General

The Company is a private company with limited liability (a wholly-owned subsidiary of TVS Motor Company Ltd, Chennai, India), incorporated under the laws of the Netherlands on 21 July 2005, having its corporate seat at Amsterdam, with offices at Hoogoorddreef 15, Amsterdam.

Summary of activities

During the year under review the Companies activities remained holding activities.

4.2. General

The financial statements have been prepared in conformity with generally accepted accounting policies in the Netherlands. According to group policy, the annual report and administration have been prepared in United States Dollars instead of Euro's.

Comparison with previous year

The principles of valuation and determination of the result have changed in comparison with previous year, due to the intention of management to liquidate the Company in the next year. As a consequence, the valuation has changed to net realisable value. This change only has an impact on the valuation of the financial fixed assets.

Going Concern

It is the intention of management to liquidate the Company in the coming year. This liquidation will be carried out free of will and management has full intent to pay all her debts. As a consequence, the Company has not made any changes in the applied accounting principles.

The intention to liquidate the Company has resulted in a change of the accounting policies to net realisable value.

Valuation

All assets and liabilities are stated at face value, unless stated otherwise.

Financial fixed assets

Companies over which the Company has a significant influence (considered to be over 20% of the voting shares) are valued at net asset value but not lower than a nil value.

Foreign exchange results on net equity of subsidiaries is added to or deducted from the foreign exchange reserve.

Income and expenses

Income and expenses are attributed to the period to which they relate.

Translation of foreign currencies

Assets and liabilities denominated in foreign currencies are converted into United States Dollars (USD) at the balance sheet date closing rate. Transactions made during the year under review are accounted for at the rate prevailing at the transaction date. The exchange differences are reflected in the financial result for the period. The following exchange rates prevailing at balance sheet date are used:

1 EUR = 1.13850 USD 2014 / 2015 : 1 EUR = 1.0759 USD

1,000 IDR = 0.0758 USD 2014 / 2015 : 1,000 IDR = 0.0766 USD

4.3. Taxation

The taxes are calculated over the results, taking all tax credit facilities into account.

A deferred tax asset is recognized to the extent that it is probable that future tax profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5. Notes to the balance sheet as at 31 March 2016

5.1. Fixed assets

5.1.1. Financial fixed assets

During the year under review, the Company continued to hold its investment in PT TVS Motor Company Indonesia, which was established within the framework of the Foreign Capital Investment Law No.1 year 1967 as amended by Law No.11 year 1970 and based on a notarial deed No.21 dated August 8, 2005. The deed of establishment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia on September 5, 2005.

During 2015-2016 the subsidiary received additional capital stock subscription amounting to USD 10,000,000 (1,000,000 new shares). The company holding in PTTVS remains at 2,870,000 number of shares. Consequent to the increase in total number of shares, the shareholding of TVSM B.V. in PTTVS, Indonesia has reduced from 24.75% (as per 31 March 2015) to 22.78%.

The financial statements of the subsidiary show a net asset value as per 31 March 2015 of Rp 176,874,943,718 (31 March 2014: Rp 157,380,747,188). The interest held by the Company corresponds to a net asset value of Rp 40,292,112,179 positive (USD 3,053,115 positive) as at 31 March 2016.

Management expects the subsidiary to have losses in the coming years. As a consequence management changed the valuation of the subsidiary to net realisable value being nil as per 31 March 2016.

	Valuation method	%	31 March 2016 USD	31 March 2015 USD
PT. TVS Motor Company Indonesia	Net asset value	22.78	—	—
			—	—

Movement during the year is specified as follows:

	31 March 2016 USD	31 March 2015 USD
<i>PT. TVS Motor Company Indonesia</i>		
Opening balance	—	—
Result for the period	(2,783,423)	(2,813,213)
Adjustment result previous years due to increase of participating interest	1,461,906	10,901,532
Foreign exchange result on net equity	849,669	(4,816,746)
Revaluation subsidiary	829,290	—
Adjustment valuation	—	(541,745)
	357,442	2,729,828
Impairment loss	(357,442)	(2,729,828)
	—	—

	31 March 2016 USD	31 March 2015 USD
5.2. <u>Current assets</u>		

5.2.1. <u>Receivables and prepayments</u>		
Prepaid management fees	8,102	7,983
VAT receivable	3,558	—
	11,660	7,983

5.2.2. <u>Cash at bank</u>		
HSBC Bank, EUR current account	25,759	19,545
HSBC Bank, USD current account	480,211	550,507
	505,970	570,052

The cash balances are at free disposal of the Company.

5.3. <u>Shareholder's equity</u>		
The authorized share capital of the Company amounts to EUR 50,000,000, divided into 500,000 ordinary shares with a nominal value of EUR 100 each. The issued and paid-up capital amounts to USD 25,650,518 as per 31 March 2015 (EUR 22,530,100).		

Movement during the period can be summarised as follows:

	31 March 2016 USD	31 March 2015 USD
<u>Paid up share capital</u>		
Opening balance	24,240,134	31,064,501
Revaluation of share capital at balance sheet date	1,410,384	(6,824,367)
Balance as at 31 March	25,650,518	24,240,134
<u>Foreign currency translation reserve</u>		
Opening balance	(8,631,624)	(3,814,878)
Revaluation of subsidiary	849,652	(4,816,746)
Balance as at 31 March	(7,781,972)	(8,631,624)
<u>Revaluation reserve</u>		
Opening balance	—	—
Revaluation of subsidiary	4,219,239	—
Balance as at 31 March	4,219,239	—
<u>Other reserves</u>		
Opening balance	(19,802,235)	(23,814,518)
Revaluation of share capital at balance sheet date	(1,410,384)	6,824,367
Revaluation of subsidiary	(3,389,932)	—
Appropriation of result	4,750,736	(2,812,084)
Balance as at 31 March	(19,851,815)	(19,802,235)
<u>Undistributed result</u>		
Opening balance	4,750,736	(2,812,084)
Appropriation of result	(4,750,736)	2,812,084
Result for the period	(1,739,378)	4,750,736
Balance as at 31 March	(1,739,378)	4,750,736
Total shareholder's equity	496,592	557,011

TVS MOTOR COMPANY (EUROPE) B.V.

5.4. Short-term liabilities	31 March 2016	31 March 2015	6.5. Result associate	31 March 2016	31 March 2015
	USD	USD		USD	USD
5.4.1. Taxes			Result PT. TVS Motor Company Indonesia	(2,783,423)	(2,813,213)
Corporate income tax current year	-	-	Adjustment result previous periods	1,461,906	10,901,532
5.4.2. Other payable and accrued expenses			Impairment loss	(357,442)	(2,729,828)
Creditors	-	-	Adjustment valuation	-	(541,745)
Tax advisory fees	2,490	3,479		<u>(1,678,959)</u>	<u>4,816,746</u>
Audit fees	10,755	9,218	6.6. Corporate income tax		
Salary (and salary administration)	2,289	2,629	Corporate income tax current year	-	-
	<u>15,534</u>	<u>15,326</u>		<u>-</u>	<u>-</u>
6. Notes to the income statement for period of 1 April 2015 up to and including 31 March 2016			Director and employees		
	31 March 2016	31 March 2015	The Company has five Directors (2014/2015: five) and one employee (2014/2015: one) during the period under review.		
	USD	USD	Amsterdam, 29 April 2016		
6.1. Salary expenses					
Wages	10,487	11,760			Mr. R.C. Elshout
	<u>10,487</u>	<u>11,760</u>			<i>Title : Director</i>
6.2. General and administrative expenses					Mr. H. Lakshmanan
Domiciliation and management fees	10,683	17,425			<i>Title : Director</i>
Administrative and accounting fees	21,106	16,900			Mr. P.J. Stegeman
Audit fees	11,053	9,218			<i>Title : Director</i>
Tax advisory fees	1,626	4,959			Mr. V.N. Venkatanathan
Other general expenses	244	73			<i>Title : Director</i>
	<u>44,712</u>	<u>48,575</u>			SCG Management (Netherlands) B.V.
6.3. Interest income and similar income					<i>Title : Director</i>
Foreign exchange results	-	2,019	7. Supplementary information		
VAT receivable previous year	3,355	-	Audit		
	<u>3,355</u>	<u>2,019</u>	The auditor's report is included on the next page.		
6.4. Interest expense and similar expenses			Distribution of profits, according to article 22 of the Articles of Association.		
Bank charges	6,728	5,402	The profits shall be at the disposal of the annual general meeting of shareholders. The Company may only make distributions to the shareholders and other entitled persons to the extent that the shareholders' equity exceeds the sum of the paid- and called-up part of the capital. No profit shall be distributed on shares held by the Company itself. Distributions of profits shall take place after the adoption of the annual accounts which show that the distribution is permitted.		
Foreign exchange results	1,847	2,292	Appropriation of the result		
	<u>8,575</u>	<u>7,694</u>	The result after tax for the financial year ended 31 March 2016 is included in the item undistributed result in Shareholder's equity (note 5.3).		
			Appropriation of the result of previous years		
			The result after tax for the financial year ended 31 March 2015 has been added to the other reserves.		
			Post-balance sheet date events		
			It is the intention to liquidate the Company.		

**RE-STATED ACCOUNTS OF
TVS MOTOR COMPANY (EUROPE) B.V.**

TVS MOTOR COMPANY (EUROPE) B.V.

BALANCE SHEET AS AT 31ST MARCH 2016

Sl. No.	Particulars	Note Number	US \$ in Mn.	Rupees in crores
			As at 31.03.2016	As at 31.03.2016
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	I	31.06	126.52
	(b) Reserves and surplus	II	(30.57)	(123.24)
2	Non-current liabilities			
	(a) Long-term borrowings		-	-
	(b) Long-term provisions		-	-
3	Current liabilities			
	(a) Short-term borrowings		-	-
	(b) Trade payables		0.02	0.14
	(c) Other current liabilities		-	-
	(d) Short-term provisions		-	-
	Total		<u>0.51</u>	<u>3.42</u>
II	ASSETS			
1.	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets		-	-
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments	III	-	-
	(c) Deferred tax assets (Net)		-	-
	(d) Long-term loans and advances		-	-
	(e) Other non current assets		-	-
2.	Current assets			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and bank balances	IV	0.50	3.35
	(e) Short-term loans and advances	V	0.01	0.07
	(f) Other current assets		-	-
	Total		<u>0.51</u>	<u>3.42</u>

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Sl. No.	Particulars	Note Number	US \$ in Mn.	Rupees in crores
			Year ended 31.03.2016	Year ended 31.03.2016
I	Revenue from operations		-	-
II	Other income	VI	-	0.02
III	Total Revenue (I + II)		<u>-</u>	<u>0.02</u>
IV	Expenses:			
	Cost of materials consumed		-	-
	Purchases of Stock-in-trade		-	-
	Changes in inventories of finished goods work-in-process and stock-in-trade		-	-
	Employee benefits expense	VII	0.01	0.07
	Finance costs	VIII	-	0.01
	Depreciation and amortization expense		-	-
	Other expenses	IX	0.05	0.33
	Total expenses		<u>0.06</u>	<u>0.41</u>
V	Profit before exceptional and extraordinary items and tax (III-IV)		(0.06)	(0.39)
VI	Exceptional Items - Income / (Loss)		-	-
VII	Profit before extraordinary items and tax (V-VI)		(0.06)	(0.39)
VIII	Extraordinary items - Income / (Loss)		-	-
IX	Profit before tax (VII+VIII)		(0.06)	(0.39)
X	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
XI	Profit / (Loss) for the period (IX-X)		<u>(0.06)</u>	<u>(0.39)</u>

TVS MOTOR COMPANY (EUROPE) B.V.

Notes on Accounts

S. Particulars No.	US \$ in Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
I SHARE CAPITAL		
Authorised, issued and subscribed share capital		
Authorised		
500,000 Ordinary shares of EURO 100/- each	66.78	311.64
Issued, subscribed and paid up		
225,301 Ordinary shares of EURO 100/- each	31.06	126.52
	<u>31.06</u>	<u>126.52</u>
II RESERVES AND SURPLUS		
a. Capital reserve		
Foreign currency translation reserve	—	12.77
b. Surplus - Balance in Statement of Profit and Loss		
Opening balance	(30.51)	(135.62)
(+) Net profit / (Loss) for the current year	(0.06)	(0.39)
Closing balance	<u>(30.57)</u>	<u>(136.01)</u>
Total (a) + (b)	<u>(30.57)</u>	<u>(123.24)</u>
III NON CURRENT INVESTMENTS		
Trade Investments		
Investment in equity instruments	27.76	134.19
Less: Provision for diminution in investment	27.76	134.19
Total	<u>—</u>	<u>—</u>
IV CASH AND BANK BALANCES		
Balances with banks	0.50	3.35
	<u>0.50</u>	<u>3.35</u>

Notes on Accounts - (continued)

S. Particulars No.	US \$ in Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
V SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good:		
Advance Tax	—	0.02
Prepaid expense	0.01	0.05
Total	<u>0.01</u>	<u>0.07</u>
VI OTHER INCOME		
Interest	—	0.02
Total	<u>—</u>	<u>0.02</u>
VII EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	0.01	0.07
Total	<u>0.01</u>	<u>0.07</u>
VIII FINANCE COST		
Others - Exchange Fluctuation	—	0.01
Total	<u>—</u>	<u>0.01</u>
IX OTHER EXPENSES		
Audit fees	0.01	0.07
Miscellaneous expenses	0.04	0.26
Total	<u>0.05</u>	<u>0.33</u>

PT. TVS MOTOR COMPANY INDONESIA

Independent Auditors' Report

No.GA 116 0393 TVS AI

The Stockholders, Board of Commissioners and Directors
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, 2016, 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.

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT. TVS Motor Company Indonesia as of March 31, 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Emphasis of a matter

We draw your attention to Note 31 to the financial statements which indicates that the Company incurred a total comprehensive loss of Rp 118,281,803,470 during the year ended March 31, 2016 and, as of that date, the Company's current liabilities exceeded its current assets by Rp 166,190,557,193. Further, the Company incurred a deficit of Rp 1,349,619,562,276 as of March 31, 2016, as a result of recurring losses from operations due to gross losses and significant operating expenses. Management's plans concerning these matters are also discussed in Note 31 to the financial statements.

Also, as discussed in Note 2 to the financial statements, in 2016, the Company adopted several Statement of Financial Accounting Standards (PSAK) which have been applied retrospectively and the prior year corresponding figures have been restated.

Our opinion is not modified in respect of these matters.

OSMAN BING SATRIO & ENY
Alvin Ismanto
License of Public Accountant No. AP. 0556
April 21, 2016

STATEMENT OF FINANCIAL POSITION MARCH 31, 2016

	Notes	March 31, 2016 Rp	March 31, 2015*) Rp	March 31, 2014*) Rp
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	5	30,984,603,733	27,449,296,143	16,581,261,674
Trade accounts receivable	6			
Related party	27	3,784,871,568	696,254,200	–
Third parties - net of allowance for impairment losses of Rp 582,399,879 and Rp 57,523,011 at March 31, 2015 and 2014, respectively		30,632,599,042	25,813,669,472	18,110,151,525
Inventories - net of allowance for obsolescence of Rp 1,435,699,732, Rp1,959,536,813 and Rp 4,834,855,317 at March 31, 2016, 2015 and 2014, respectively	7	83,655,925,038	82,685,392,869	63,904,348,157
Prepaid taxes - current	8	34,245,411,429	20,978,037,021	10,386,317,604
Advances to suppliers	9	3,204,392,667	2,891,764,515	247,106,101
Other current assets		4,106,417,269	5,081,017,970	6,572,257,360
Total Current Assets		190,614,220,746	165,595,432,190	115,801,442,421
NON-CURRENT ASSETS				
Prepaid taxes - non-current	8	5,930,753,663	7,078,297,947	8,523,458,538
Deferred tax assets - net	26	67,851,131,734	88,858,896,874	60,449,028,873
Property, plant, and equipment - net of accumulated depreciation of Rp 140,080,176,455, Rp 123,873,189,815 and Rp 107,436,948,822 at March 31, 2016, 2015 and 2014, respectively	10	415,357,873,545	377,344,616,524	485,810,788,571
Security deposits		1,087,823,637	1,127,418,694	917,085,887
Deferred charges - net of accumulated amortization of Rp 138,277,605,557, Rp 133,313,455,433 and Rp 127,731,043,296 at March 31, 2016, 2015 and 2014, respectively	11, 27	1,654,716,708	6,618,866,832	12,201,278,969
Total Non-current Assets		491,882,299,287	481,028,096,871	567,901,640,838
TOTAL ASSETS		682,496,520,033	646,623,529,061	683,703,083,259

*) As restated (Note 2)

See accompanying notes to financial statements which are an integral part of the financial statements.

PT. TVS MOTOR COMPANY INDONESIA

	Notes	March 31, 2016 Rp	March 31, 2015*) Rp	March 31, 2014*) Rp
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Bank loans	12	227,428,259,294	150,363,907,136	119,493,666,150
Trade accounts payable	13			
Related party	27	55,859,568,551	60,014,693,102	4,577,063,482
Third parties		14,705,364,375	10,253,476,071	9,170,718,115
Other accounts payable	14			
Related party	27	1,491,934,802	897,566,177	467,824,695
Third parties		4,623,177,571	6,263,906,601	9,937,992,534
Taxes payable	15	622,552,405	2,527,500,741	720,001,346
Accrued expenses	16	22,358,888,326	19,822,180,799	28,509,670,579
Current maturities of loan from a financial institution	17	28,941,680,000	52,312,187,120	66,329,815,056
Advance from customer		773,352,615	320,666,132	6,773,457
Total Current Liabilities		356,804,777,939	302,776,083,879	239,213,525,414
NON-CURRENT LIABILITIES				
Bank loan - net of current maturities	12	-	10,764,556,410	15,508,457,725
Loan from a financial institution - net of current maturities	17	28,978,560,600	56,895,385,000	94,624,208,424
Loan from a shareholder	18, 27	105,436,345,776	103,911,505,584	79,828,000,000
Post-employment benefits obligation	19	14,401,892,000	14,895,251,000	9,828,213,000
Total Non-current Liabilities		148,816,798,376	186,466,697,994	199,788,879,149
EQUITY				
Capital stock - Rp 97,400 (US\$ 10) par value per share				
Authorized - 15,000,000 shares in 2016 and 12,500,000 shares in 2015 and 2014, respectively				
Subscribed and paid-up - 12,597,000 ordinary shares in 2016. 11,597,000 ordinary shares in 2015 and 7,300,000 Class A shares and 3,897,000 Class B shares in 2014	20	1,226,947,800,000	1,129,547,800,000	1,090,587,800,000
Foreign exchange rate difference on paid-in capital	21	50,287,020,000	9,911,020,000	(2,380,980,000)
Revaluation surplus	22	244,396,214,244	195,262,077,544	273,754,721,781
Actuarial gains	19	4,863,471,750	2,289,270,750	3,568,616,250
Deficit		(1349,619,562,276)	(1,179,629,421,106)	(1,120,829,479,335)
Total Equity		176,874,943,718	157,380,747,188	244,700,678,696
TOTAL LIABILITIES AND EQUITY		682,496,520,033	646,623,529,061	683,703,083,259

*) As restated (Note 2)

See accompanying notes to financial statements which are an integral part of the financial statements.

PT. TVS MOTOR COMPANY INDONESIA

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended March 31, 2016

	Notes	2016 Rp	2015*) Rp
NET SALES	23, 27	179,981,018,040	225,908,161,104
COST OF GOODS SOLD	24, 27	(210,814,920,461)	(245,323,642,075)
GROSS LOSS		(30,833,902,421)	(19,415,480,971)
Marketing	25	(16,726,306,485)	(32,078,664,890)
General and administrative	25, 27	(60,997,898,871)	(68,149,537,604)
Finance cost		(34,390,587,577)	(29,835,297,627)
Loss on foreign exchange - net		(10,566,923,090)	(48,057,399,786)
Interest income		481,373,000	994,878,930
Loss on sale and disposal of property, plant and equipment	10	(1,588,690)	(536,222,438)
Others - net		3,195,391,104	3,423,566,297
Final tax expense		-	(6,469,166,835)
LOSS BEFORE TAX		(149,840,443,030)	(200,123,324,924)
INCOME TAX BENEFIT (EXPENSE)	26	(20,149,698,140)	27,970,738,916
NET LOSS FOR THE YEAR		(169,990,141,170)	(172,152,586,008)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus	22	49,134,136,700	34,860,000,000
Remeasurement of defined benefits obligation	19	3,432,268,000	(1,705,794,000)
Related tax benefit (expense)	26	(858,067,000)	426,448,500
Total Other Comprehensive Income, net of tax		51,708,337,700	33,580,654,500
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(118,281,803,470)	(138,571,931,508)

*) As restated (Note 2)

See accompanying notes to financial statements which are an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2016

Notes	Capital Stock Rp	Foreign exchange rate difference on paid-in capital Rp	Other comprehensive income			Total Equity Rp
			Revaluation Surplus Rp	Actuarial gains Rp	Deficit Rp	
Balance as of April 1, 2014 prior to change in accounting policy	1,090,587,800,000	(2,380,980,000)	273,754,721,781	-	(1,120,829,479,335)	241,132,062,446
Change in accounting policy	2	-	-	3,568,616,250	-	3,568,616,250
Restated balance as of April 1, 2014*)	1,090,587,800,000	(2,380,980,000)	273,754,721,781	3,568,616,250	(1,120,829,479,335)	244,700,678,696
Issuance of shares	20, 21	38,960,000,000	12,292,000,000	-	-	51,252,000,000
Other comprehensive income						
Revaluation surplus	22	-	-	34,860,000,000	-	34,860,000,000
Reversal of revaluation surplus - Sale of Land	10, 22	-	(113,352,644,237)	-	113,352,644,237	-
Actuarial loss on defined benefits obligation, net of tax	-	-	-	(1,279,345,500)	-	(1,279,345,500)
Loss for the year *)	-	-	-	-	(172,152,586,008)	(172,152,586,008)
Balance as of March 31, 2015*)	1,129,547,800,000	9,911,020,000	195,262,077,544	2,289,270,750	(1,179,629,421,106)	157,380,747,188
Issuance of shares	20, 21	97,400,000,000	40,378,000,000	-	-	137,776,000,000
Other comprehensive income						
Revaluation surplus	22	-	-	49,134,136,700	-	49,134,136,700
Actuarial gain on defined benefits obligation, net of tax	-	-	-	2,574,201,000	-	2,574,201,000
Loss for the year	-	-	-	-	(169,990,141,170)	(169,990,141,170)
Balance as of March 31, 2016	1,226,947,800,000	50,287,020,000	244,396,214,244	4,863,471,750	(1,349,619,582,276)	176,874,943,718

*) As restated (Note 2)

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, 2016

	2016 Rp	2015*) Rp
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax per statement of profit or loss and other comprehensive income	(149,840,443,030)	(200,123,324,924)
Adjustments for:		
Amortization of deferred charges	4,964,150,124	5,582,412,137
Interest and finance charges	34,390,587,577	29,835,297,627
Depreciation of property, plant and equipment	16,296,202,415	17,068,366,779
Loss on disposal of property, plant and equipment	1,588,690	536,222,438
Provision for employee benefits expense	3,034,110,000	3,472,534,000
Provision of allowance for inventory obsolescence	984,061,769	1,071,866,759
Provision for allowance for impairment losses	-	582,399,879
Interest income	(481,373,000)	(994,878,930)
Net unrealized loss on foreign exchange	8,500,241,660	23,533,504,056
Operating cash flows before changes in working capital	(82,150,873,795)	(119,435,600,179)
Changes in working capital:		
Trade accounts receivable	(7,695,504,826)	(7,867,330,531)
Inventories	(1,954,593,938)	(19,852,911,471)
Prepaid taxes	(12,264,451,036)	(10,108,513,968)
Advances to suppliers	(312,628,152)	(2,644,658,414)
Other current assets	964,127,819	1,514,464,519
Trade accounts payable	(544,118,103)	54,874,393,641
Other accounts payable	(1,080,194,837)	(3,771,052,973)
Taxes payable	(1,904,948,336)	1,807,499,395
Accrued expenses	(6,758,043,061)	1,620,747,120
Advance from customer	452,686,483	313,892,675
Cash used in operations	(113,248,541,782)	(103,549,070,186)
Income tax paid	(1,002,923,372)	(345,787,314)
Employee benefits paid	(95,201,000)	(111,290,000)
Proceed from tax refund	1,147,544,284	1,295,061,871
Net Cash Used in Operating Activities	(113,199,121,870)	(102,711,085,629)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in security deposits	43,015,537	(171,679,126)
Interest received	491,845,882	971,653,799
Acquisitions of property, plant and equipment	(5,206,738,754)	(3,783,572,051)
Proceed from sale disposal of property, plant and equipment	29,827,328	129,505,154,881
Net Cash Provided by (Used in) Investing Activities	(4,642,050,007)	126,521,557,503
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock issuance	137,776,000,000	51,252,000,000
Proceeds from bank loans	503,661,480,813	158,371,981,158
Payment of bank loans	(439,457,233,437)	(116,957,135,903)
Payment of loan from a financial institution	(55,842,753,960)	(64,647,408,000)
Interest and financial charges paid	(25,095,836,989)	(41,934,414,872)
Net Cash Provided by (Used in) Financing Activities	121,041,656,427	(13,914,977,617)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,200,484,550	9,895,494,257
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	27,449,296,143	16,581,261,674
Effect of foreign exchange rate changes	334,823,040	972,540,212
CASH AND CASH EQUIVALENTS AT END OF YEAR	30,984,603,733	27,449,296,143

CASH FLOWS FROM INVESTING ACTIVITIES

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*) As restated (Note 2)

See accompanying notes to financial statements which are an integral part of the financial statements.

PT. TVS MOTOR COMPANY INDONESIA

NOTES TO FINANCIAL STATEMENTS

March 31, 2016 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 through 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. 1 dated March 3, 2016 of Rismalena Kasri, 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.01.03-0031798 dated March 16, 2016. The increase in authorized shares had been confirmed by notarial deed No. 5 dated February 12, 2016 of Rismalena Kasri, S.H., notary in Jakarta and acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-AH.01.02-0002929 dated February 15, 2016.

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, 2016 and 2015, the Company has 325 and 345 employees, respectively.

The Company's management as of March 31, 2016 consists of the following:

President Commissioner	: Nihal Kaviratne Vijaya Devadas, CBE
Commissioners	: Kunnath Narayanan Radhakrishnan
	: Dr. Juwono Sudarsono
	: Rangaswami Ramakrishnan
President Director	: Ramaswamy Anandakrishnan
Director	: Venkataraman Thiyagarajan

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATION OF PSAK ("ISAK")

a. Standards effective in the current year

In the current year, the Company adopted the following new and revised standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting period beginning on January 1, 2015.

- PSAK 1 (revised 2013), Presentation of Financial Statements

The amendments to PSAK 1 introduce new terminology for the statement of comprehensive income. Under the amendments to PSAK 1, the statement of comprehensive income is renamed as a "statement of profit or loss and other comprehensive income". The amendments to PSAK 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to PSAK 1, require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (1) items that will not be reclassified subsequently to profit or loss; and (2) items that may be reclassified subsequently to profit or loss when specific conditions are met.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

- PSAK 24 (revised 2013), Employee Benefits

The amendments to PSAK 24 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of PSAK 24 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of PSAK 24 are replaced with a "net interest" amount under PSAK 24 (revised 2013) which is calculated by applying the discount rate to the net defined benefit liability or asset.

These changes have had an impact on the amounts recognized in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, PSAK 24 (revised 2013) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of PSAK 24 (revised 2013). The Company has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis.

- PSAK 46 (revised 2014), Income Taxes

The amendments to PSAK 46: (1) remove references to final tax which was previously scoped in the standard; and (2) established a rebuttable presumption that the carrying amount of an investment property measured using the fair value model in PSAK 13, Investment Property will be recovered entirely through sale.

Under the amendments, unless the presumption is rebutted, the measurement of the deferred tax liability or deferred tax asset is required to reflect the tax consequences of recovering the carrying amount of the investment property through sale. The "sale" presumption is rebutted if the investment property is depreciable and the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Impact on asset, liability and equity as of March 31, 2014 / April 1, 2014 of the application of PSAK 24 (revised 2013), Employee Benefits:

	As previously reported	Adjustments	As restated
	Rp	Rp	Rp
Deferred tax assets - net	61,638,567,623	(1,189,538,750)	60,449,028,873
Post-employment benefits obligation	14,586,368,000	(4,758,155,000)	9,828,213,000
Other comprehensive income	273,754,721,781	3,568,616,250	277,323,338,031

Impact on assets, liability and equity as of March 31, 2015 of the application of PSAK 24 (revised 2013), Employee Benefits:

	As previously reported	Adjustments	As restated
	Rp	Rp	Rp
Deferred tax assets - net	89,608,585,124	(749,688,250)	88,858,896,874
Post-employment benefits obligation	17,894,004,000	(2,998,753,000)	14,895,251,000
Other comprehensive income	195,262,077,544	2,289,270,750	197,551,348,294
Deficit	1,179,589,215,106	40,206,000	1,179,629,421,106

Impact on profit or loss and other comprehensive income for the year ended March 31, 2015 of the application of PSAK 24 (revised 2013), Employee Benefits:

	As previously reported	Adjustment PSAK 24	Adjustment PSAK 46	As restated
	Rp	Rp	Rp	Rp
General and administrative	(68,095,929,604)	(53,608,000)	-	(68,149,537,604)
Final tax expense	-	-	(6,469,166,835)	(6,469,166,835)
Income tax benefit (expense)	21,488,170,081	13,402,000	6,469,166,835	27,970,738,916
Other comprehensive income	34,860,000,000	(1,279,345,500)	-	33,580,654,500

Below are the new and revised standards and interpretation that did not have a significant impact on presentation and amounts reported in the financial statements:

- PSAK 4 (revised 2013), Separate Financial Statements
- PSAK 15 (revised 2013), Investments in Associates and Joint Ventures
- PSAK 48 (revised 2014), Impairment of Assets
- PSAK 50 (revised 2014), Financial Instruments: Presentation
- PSAK 55 (revised 2014), Financial Instruments: Recognition and Measurement
- PSAK 60 (revised 2014), Financial Instruments: Disclosures
- PSAK 65, Consolidated Financial Statements
- PSAK 66, Joint Arrangements
- PSAK 67, Disclosures of Interests in Other Entities
- PSAK 68, Fair Value Measurements
- ISAK 26, Reassessment of Embedded Derivatives

b. Standards and Interpretations in issue but not yet adopted

Standard and improvements to standards effective for periods beginning on or after January 1, 2016, with early application permitted are as follows:

Standard

- PSAK 110 (revised 2015), Accounting for Sukuk,

Improvements

- PSAK 5: Operating Segments,
- PSAK 7: Related Party Disclosures,

- PSAK 13: Investments Property,
- PSAK 16: Property, Plant and Equipment,
- PSAK 19: Intangible Assets,
- PSAK 22: Business Combination,
- PSAK 25: Accounting Policies, Changes in Accounting Estimates and Errors,
- PSAK 53: Share-based Payments, and
- PSAK 68: Fair Value Measurement.

Amendments to standards and interpretation which are effective for periods beginning on or after January 1, 2016, with retrospective application are as follows:

- PSAK 4: Separate Financial Statements about Equity Method in Separate Financial Statements,
- PSAK 15: Investment in Associates and Joint Venture about Investment Entities: Applying the Consolidation Exception,
- PSAK 24: Employee Benefits about Defined Benefit Plans: Employee Contributions,
- PSAK 65: Consolidation Financial Statements about Investment Entities: Applying the Consolidation Exception,
- PSAK 67: Disclosures of Interest in Other Entities about Investment Entities: Applying the Consolidation Exception, and
- ISAK 30: Levies.

Amendments to standards effective for periods beginning on or after January 1, 2016, with amendments to be applied prospectively are as follows:

- PSAK 16: Property, Plant and Equipment about Clarification of Acceptable Methods of Depreciation and Amortization,
- PSAK 19: Intangible Asset about Clarification of Acceptable Methods of Depreciation and Amortization, and
- PSAK 66: Joint Arrangements about Accounting for Acquisitions of Interests in Joint Operation.

Amendments to standard and interpretation effective for periods beginning on or after January 1, 2017, with early application permitted are amendments to PSAK 1: Presentation of Financial Statements about Disclosure Initiative and ISAK 31, Scope Interpretation of PSAK 13: Investment property.

Standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are PSAK 69: Agriculture and amendments to PSAK 16: Agriculture: Bearer Plants.

As of the issuance date of the financial statements, management is still evaluating the effect of these standards and interpretations on the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

These financial statements are not intended to present the financial position, result of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

b. Basis of Presentation

The financial statements, except for the statement of cash flows, are prepared under the accrual basis of accounting. The reporting currency used in the preparation of the financial statements is the Indonesian 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.

The statements of cash flows are prepared using the indirect method with classifications of cash flows into operating, investing and financing activities.

Historical cost is generally based on the fair value of the consideration given in exchange for good and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of PSAK 30, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PSAK 14 or value in use in PSAK 48.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements

are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c. Foreign Currency Transactions and Balances

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of 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 person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- An entity is related to the reporting entity if any of the following condition applies:
 - The entity, and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - The entity is controlled or jointly controlled by a person identified in (a).
 - A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the 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 equivalent, trade and other accounts receivable, other current assets and security deposit 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.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at each reporting date. Loans and receivables 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 affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

Loan and receivables that are assessed not to be impaired individually are, in addition, 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 impairment 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 receivable is reduced by the impairment loss 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.

If, in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 collateralised borrowing for the proceeds received.

f. Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities 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 payables, accrued expenses, bank loans, loan from a financial institution and from a shareholder are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

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

The Company only offsets financial assets and liabilities and present the net amount in the statement of financial position where the Company:

- currently has a legal enforceable right to set off the recognized amount; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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:

	<u>Years</u>
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 150,000 units in 2016 and 2015.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Land is not depreciated and effective 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 recognised 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 recognised in profit of 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.

i. Impairment of Non-Financial Assets

At reporting dates, 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 against earnings.

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.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

n. Deferred Charges

Expenses related to product development are deferred and amortized using the straight-line method over 36 months.

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 Revenue

Interest revenue is accrued on time basis, by reference to the principal outstanding and at the applicable interest rate.

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 recognised in other comprehensive income in the period in which they occur. Remeasurement recognised 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 recognised 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 categorised 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 cost in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

r. Income Tax

The tax currently payable is based on taxable profit for 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 the 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 it is probable the taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized in 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 consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when there is an intention to settle its current tax assets and current tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period 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 Note 6.

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 7.

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Estimated Useful Lives of Property, Plant and Equipment and Deferred Charges

The useful life of each item of the Company's property, plant and equipment and product development costs are 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 and deferred charges is disclosed in Note 10 and 11, respectively.

Realization of Deferred Tax Assets

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 amount of deferred tax assets - net is disclosed in Note 26.

Income Taxes

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 recognises 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 recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. 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 8, 15 and 26.

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, 2016 and 2015, the carrying value of land amounted to Rp 272,063,000,000 and Rp 222,928,863,300, respectively (Note 10).

5. CASH AND CASH EQUIVALENTS

	2016 Rp	2015 Rp
Cash on hand	133,334,957	86,487,343
Cash in banks		
Rupiah		
Bank Danamon Indonesia	365,854,370	1,237,580,826
Bank Mandiri	244,993,479	-
Bank SBI Indonesia	151,761,895	51,731,623
The Hongkong and Shanghai Banking Corporation Limited, Jakarta	143,516,391	1,376,839,668
Bank Ina Perdana	117,167,240	57,856,255
Bank DBS Indonesia	56,332,971	108,983,726
Sub total	1,079,626,346	2,832,992,098
U.S. Dollar		
Bank Danamon Indonesia	5,236,823,475	268,144,017
Bank SBI Indonesia	3,455,543,129	574,036,687
Bank DBS Indonesia	904,046,744	725,777,200
The Hongkong and Shanghai Banking Corporation Limited, Jakarta	106,807,544	5,794,658,798
Bank Mandiri	92,421,538	-
Sub total	9,795,642,430	7,362,616,702
Total	10,875,268,776	10,195,608,800
Time deposits		
Rupiah		
Bank Ina Perdana	6,700,000,000	6,700,000,000
U.S. Dollar		
Bank SBI Indonesia	13,276,000,000	10,467,200,000
Sub total	19,976,000,000	17,167,200,000
Total	30,984,603,733	27,449,296,143
Interest rate per annum		
Rupiah	8.0% - 9.75%	7.5% - 12.5%
U.S. Dollar	1.75% - 2.50%	3.0% - 4.0%

6. TRADE ACCOUNTS RECEIVABLE

	2016 Rp	2015 Rp
a) By debtor		
Related party - TVS Motor Company Limited, India (Note 27)	3,784,871,568	696,254,200
Third parties		
Agrocorp International Pte Ltd	18,318,339,718	4,184,747,308
Stargold Motorcycle Co	6,141,942,260	-
OKI General Tradin LLC	1,529,926,240	-
Sunshine (Far East) Ltd - Guinea	1,416,858,000	3,265,243,040
PT Simpbur Motor Lestari	886,455,445	6,689,615,375
PT Motormart Multi Artha	589,999,145	2,003,024,698
PT Terang Kemuliaan Raja	316,659,191	409,239,757
CV Bumi Indo Jaya	171,830,903	504,982,689
PT Gemilang Surya Motorindo	86,156,245	210,976,203
Niroo Motor Shiraz Co Ltd.	-	5,200,890,000
Cv Max-Auto TVS	-	558,517,638
Others (Below Rp 500,000,000 each)	1,174,431,895	3,368,832,643
Subtotal	30,632,599,042	26,396,069,351
Allowance for impairment losses	-	(582,399,879)
Subtotal	30,632,599,042	25,813,669,472
Net	34,417,470,610	26,509,923,672
b) By age category		
Not yet due	21,373,154,157	14,583,880,499
Past due		
1 - 30 days	9,968,792,415	4,154,375,088
31 - 60 days	320,782,977	1,861,526,396
61 - 90 days	401,726,167	2,829,174,967
91 - 120 days	-	1,404,755,776
121 - 180 days	120,849,453	892,162,710
181 - over 365 days	2,232,165,441	1,366,448,115
Subtotal	34,417,470,610	27,092,323,551
Allowance for impairment losses	-	(582,399,879)
Total	34,417,470,610	26,509,923,672
c) By currency		
Singapore Dollar	16,562,827,686	-
US Dollar	14,661,831,722	13,205,825,124
Rupiah	3,192,811,202	13,886,498,427
Subtotal	34,417,470,610	27,092,323,551
Allowance for impairment losses	-	(582,399,879)
Total	34,417,470,610	26,509,923,672

The changes in allowance for impairment losses are as follows:

	2016 Rp	2015 Rp
Beginning balance	582,399,879	57,523,011
Provision during the year (Note 25)	-	582,399,879
Write off during the year	(582,399,879)	(57,523,011)
Ending Balance	-	582,399,879

The average credit period on sales of goods is 45 days. Interest of 2% per month is charged on trade receivables that are past due over 45 days from the date of the invoice.

Included in the Company's trade accounts receivable are past due but not impaired receivables with carrying amounts of Rp 13,044,316,453 and Rp 11,926,043,173 as of March 31, 2016 and 2015, respectively.

Management believes that the allowance for impairment losses for trade accounts receivable from third parties as of March 31, 2015 is adequate to cover possible losses on uncollectible accounts. The Company did not provide allowance for impairment losses as of March 31, 2016 as management believes that all such receivables will be collected. No allowance for impairment losses was provided on trade accounts receivable from related parties as management believes that all such receivables are collectible.

Trade accounts receivable are used as collateral for a bank loan (Note 12).

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7. INVENTORIES

	2016 Rp	2015 Rp	April 1, 2014 Rp	Additions Rp	Deduction Rp	Revaluation Rp	March 31, 2015 Rp
Revalued amount							
Land			317,400,000,000	52,200,000	129,383,336,700	34,860,000,000	222,928,863,300
Cost :							
Buildings	5,295,639,033	9,279,111,327	79,976,632,565	487,264,726	547,360,369	-	79,896,536,922
Machinery and tools	79,478,239,773	74,898,747,371	103,415,565,421	750,462,345	719,931,036	-	103,446,096,730
Moulds and dies	317,745,964	467,070,984	82,435,124,323	1,975,899,081	-	-	84,411,023,404
Office equipment and furnitures	85,091,624,770	84,644,929,682	9,240,411,750	537,745,899	22,875,000	-	9,755,282,649
Vehicle	(1,435,699,732)	(1,959,536,813)	780,003,334	-	-	-	780,003,334
Total	83,655,925,038	82,685,392,869	593,247,737,393	3,783,572,051	130,673,503,105	34,860,000,000	501,217,806,339
Accumulated depreciation:							
Buildings	1,959,536,813	4,834,855,317	26,988,775,283	4,012,395,845	64,149,596	-	30,937,021,532
Machinery and tools	984,061,769	1,071,866,759	59,838,493,352	9,823,387,039	545,101,190	-	69,116,779,201
Moulds and dies	(1,507,898,850)	(3,947,185,263)	11,598,458,711	2,738,990,910	-	-	14,337,449,621
Office equipment and furnitures	1,435,699,732	1,959,536,813	8,508,752,422	409,857,797	22,875,000	-	8,895,735,219
Vehicle			502,469,054	83,735,188	-	-	586,204,242
Total	107,436,948,822	17,068,366,779	107,436,948,822	17,068,366,779	632,125,786	-	123,873,189,815
Net Book Value	485,810,788,571	485,810,788,571	485,810,788,571	485,810,788,571	485,810,788,571	485,810,788,571	377,344,616,524

The change in allowance for inventory obsolescence is as follows:

	2016 Rp	2015 Rp
Beginning balance	1,959,536,813	4,834,855,317
Provision during the year	984,061,769	1,071,866,759
Write-off during the year	(1,507,898,850)	(3,947,185,263)
Ending Balance	1,435,699,732	1,959,536,813

Management believes that allowance for decline in value of inventories is adequate.

As of March 31, 2016 and 2015, all inventories are insured with total coverage of US\$ 7,000,000 to PT Fairfax Insurance Indonesia, PT Asuransi FPG Indonesia, PT ACE Jaya Proteksi and PT Asuransi Tokio Marine Indonesia

Inventories are used as collateral for a bank loan (Note 12).

8. PREPAID TAXES

	2016 Rp	2015 Rp
Income tax (Note 26)	1,322,148,372	888,070,312
Value added tax (VAT)	38,854,016,720	27,168,264,656
Total	40,176,165,092	28,056,334,968
Claim for VAT refund - noncurrent portion	(5,930,753,663)	(7,078,297,947)
Current portion	34,245,411,429	20,978,037,021

Value added tax includes claims for VAT refund of Rp 5,930,753,663 and Rp 7,078,297,947 as of March 31, 2016 and 2015, respectively, representing payments for tax assessment letters for fiscal year 2008. As of the date of these financial statements the Company is still waiting for the decision from the supreme court.

In 2015, the Company has applied for a VAT refund amounting to Rp 19,946,064,092. As of the date of these financial statements, the tax office is still reviewing the Company's claim.

Management believes that these claims are recoverable.

9. ADVANCES TO SUPPLIERS

This account represents advances made by the Company to its suppliers for the purchase of raw materials, tools and other components.

10. PROPERTY, PLANT AND EQUIPMENT

	April 1, 2015 Rp	Additions Rp	Deductions Rp	Revaluation Rp	March 31, 2016 Rp
Revalued amount:					
Land	222,928,863,300	-	-	49,134,136,700	272,063,000,000
Cost:					
Buildings	79,896,536,922	46,000,000	-	-	79,942,536,922
Machinery and tools	103,446,096,730	633,192,750	22,030,000	-	104,057,259,480
Moulds and dies	84,411,023,404	4,183,982,000	-	-	88,595,005,404
Office equipment and furnitures	9,755,282,649	343,564,004	98,601,793	-	10,000,244,860
Vehicle	780,003,334	-	-	-	780,003,334
Total	501,217,806,339	5,206,738,754	120,631,793	49,134,136,700	555,438,050,000
Accumulated depreciation:					
Buildings	30,937,021,532	3,994,914,824	-	-	34,931,936,356
Machinery and tools	69,116,779,201	9,857,385,597	18,387,639	-	78,955,777,159
Moulds and dies	14,337,449,621	2,002,906,570	-	-	16,340,356,191
Office equipment and furnitures	8,895,735,219	359,870,231	70,828,136	-	9,184,777,314
Vehicle	586,204,242	81,125,193	-	-	667,329,435
Total	123,873,189,815	16,296,202,415	89,215,775	-	140,080,176,455
Net Book Value	377,344,616,524	377,344,616,524	377,344,616,524	377,344,616,524	415,357,873,545

Depreciation expense was allocated to the following:

	2016 Rp	2015 Rp
Manufacturing cost	15,855,206,989	16,574,773,796
General and administrative expenses (Note 25)	440,995,426	493,592,983
Total	16,296,202,415	17,068,366,779

The Company owns a piece of land located in Karawang, Ciampel – Kutaneagara, Jawa Barat with a total area of 126,541 square meters as of March 31, 2016 and 2015, 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 all the land were acquired legally and supported by sufficient evidence of ownership.

In 2015, the Company sold a parcel of land, adjacent to its Karawang factory with a total area 73,459 square meters for Rp 129,383,336,700. Revaluation surplus amounting to Rp 113,352,644,237 was reclassified directly to deficit.

An independent valuation of the Company's land was performed by KJPP Susan Widjojo & Rekanand KJPP Hendra Gunawan and Partners (a member of Colliers International) to determine the fair value of the land as of March 31, 2016 and 2015, respectively. The valuation which conforms to standards established by the Indonesian Appraisal Association was determined using the market approach.

As of March 31, 2016 and 2015, property, plant and equipment except land were insured with PT Fairfax Insurance Indonesia, PT Asuransi FPG Indonesia, PT ACE Jaya Proteksi, and PT Ansuransi Tokio Marine Indonesia, against earthquake, fire, lightning, explosion and other possible risk for US\$ 31,500,000 and US\$ 31,700,000, respectively. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

Loss from disposal in 2016 and 2015 are as follows:

	2016 Rp	2015 Rp
Proceeds	29,827,328	129,505,154,881
Net book value	(31,416,018)	(130,041,377,319)
Loss on sale and disposal	(1,588,690)	(536,222,438)

11. DEFERRED CHARGES

This account consists of :

	2016 Rp	2015 Rp
Product development	139,932,322,265	139,932,322,265
Accumulated amortization	(138,277,605,557)	(133,313,455,433)
Net	1,654,716,708	6,618,866,832

Movement of accumulated amortization is as follows:

	2016 Rp	2015 Rp
Beginning Balance	133,313,455,433	127,731,043,296
Amortization of product development	4,964,150,124	5,582,412,137
Ending balance	138,277,605,557	133,313,455,433

Amortization expenses for product development are recorded under cost of goods sold (Note 24).

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12. BANK LOANS	2016 Rp	2015 Rp	13. TRADE ACCOUNTS PAYABLE	2016 Rp	2015 Rp
Rupiah					
The Hongkong and Shanghai Banking Corporation	-	16,670,059,759	a. By Creditors		
Bank DBS Indonesia	20,942,423,825	12,819,150,037	Related party - TVS Motor Company Limited,		
Bank SBI Indonesia	-	5,000,000,000	India (Note 27)	55,859,568,551	60,014,693,102
Subtotal	<u>20,942,423,825</u>	<u>34,489,209,796</u>	Third parties		
U.S. Dollar			PT Setia Guna Sejati	3,329,710,099	1,515,207,516
Bank SBI Indonesia (US\$ 13,697,579 in 2016 and US\$ 6,200,000 in 2015)	181,849,059,202	81,120,800,000	PT Dharma Polimetal	1,215,075,500	1,196,503,705
Bank DBS Indonesia (US\$ 1,855,738 in 2016 and US\$ 1,339,597 in 2015)	24,636,776,267	17,419,672,730	Other (below Rp 1 billion each)	10,160,578,776	7,541,764,850
The Hongkong and Shanghai Banking Corporation (US\$ 2,147,568 in 2015)	-	28,098,781,020	Sub total	14,705,364,375	10,253,476,071
Subtotal	<u>206,485,835,469</u>	<u>126,639,253,750</u>	Total	<u>70,564,932,926</u>	<u>70,268,169,173</u>
Total	<u>227,428,259,294</u>	<u>161,128,463,546</u>	b. By Currency		
Less: Non-current portion - Bank DBS Indonesia	-	(10,764,556,410)	Rupiah	12,421,448,160	8,945,228,846
Current portion of bank loan	<u>227,428,259,294</u>	<u>150,363,907,136</u>	U.S. Dollar	58,143,484,766	61,322,940,327
			Total	<u>70,564,932,926</u>	<u>70,268,169,173</u>
The bank loan is repayable as follows:					
	2016 Rp	2015 Rp	14. OTHER ACCOUNTS PAYABLE	2016 Rp	2015 Rp
Due in the year			Related party-TVS Motor Company Limited,		
2015	-	150,363,907,136	India (Note 27)	1,491,934,802	897,566,177
2016	<u>227,428,259,294</u>	<u>10,764,556,410</u>	Third parties		
Total	<u>227,428,259,294</u>	<u>161,128,463,546</u>	PT Surya Cipta Swadaya		
Accrued interest	1,254,606,322	890,700,288	Talisman Insurance Broker	859,153,518	1,011,192,422
Total	<u>228,682,865,616</u>	<u>162,019,163,834</u>	PT Super Sukses Anugerah	468,284,020	-
			PT Eka Consol Utama Line	467,948,267	-
			CV. YAP GLOBAL MOTOR	307,106,287	-
			PT Tabitha Express	244,644,574	353,843,829
			Pusaka Prima Transport	164,450,520	509,415,480
			PT Speedmark Logistik Indonesia	70,001,125	769,213,573
			PT Panorama Tours Indonesia	64,920,749	375,431,763
			Others (below Rp 300,000,000 each)	1,976,668,511	3,244,809,534
			Sub total	<u>4,623,177,571</u>	<u>6,263,906,601</u>
			Total	<u>6,115,112,373</u>	<u>7,161,472,778</u>
			Other accounts payable to a related party represents bank charges and information technology service fees in 2016 and 2015.		
Bank SBI Indonesia			15. TAXES PAYABLE	2016 Rp	2015 Rp
The Company obtained a revolving credit facility from Bank SBI Indonesia with a maximum credit limit of US\$ 16,350,000, which is a combination of demand loan and foreign exchange facility and LC facility. The foreign exchange facility has a maximum credit limit of US\$ 500,000. The facility is secured by a Standby Letter of Credit (SBLC) issued by the State Bank of India, CAG, Chennai – India amounting to US\$ 16,000,000. In March 2016, the Company renewed the loan which will be due in March 2017. The loan bears interest rate of 13.50% per annum for IDR denominated loans and 7.5% per annum for USD currency.			Income taxes		
In January 2016, the Company paid all its IDR denominated loans.			Article 21	489,380,424	588,069,124
Interest expense recognized in the statements of profit and loss and other comprehensive income to Rp 9,826,992,865 and Rp 6,146,457,912 in 2016 and 2015, respectively.			Article 4(2) Final	48,194,800	107,477,587
			Article 26	40,835,480	1,780,716,232
The Hongkong and Shanghai Banking Corporation Limited, Jakarta (HSBC)			Article 23	38,138,309	44,422,599
As per mutual agreement between the Company and HSBC, Indonesia, the Company repaid all the outstanding facilities in 2016.			Article 22	6,003,392	6,815,199
Interest rate per annum ranges from 6% - 6.5% for USD denominated loan and 12.0% - 12.8% for IDR denominated loan in 2016 and 5.0% - 5.5% for USD denominated loan and 11.8% - 13.2% for IDR denominated loan in 2015.			Total	<u>622,552,405</u>	<u>2,527,500,741</u>
Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 3,918,748,170 and Rp 2,127,481,973 in 2016 and 2015, respectively.			16. ACCRUED EXPENSES	2016 Rp	2015 Rp
Bank DBS Indonesia			Provision for sales, marketing and warranty expenses	9,789,232,501	15,237,369,388
In May 2013, the Company obtained loan facilities from DBS Bank through trade finance facility for accounts payable financing, with a maximum credit limit of US\$ 2,000,000, term loan to finance the procurement of tooling and equipment for new types of scooter, with a maximum credit limit of US\$ 3,000,000 and overdraft to finance working capital with maximum credit limit Rp 15,000,000,000. The loan facilities will mature between June 2016 to February 2017.			Interest	5,789,618,594	1,142,243,300
Interest rate per annum is at 6.50% and 11.00% for USD and IDR denominated loans, respectively.			Professional fees	2,612,811,225	1,451,900,000
Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 2,015,061,871 and Rp 3,690,855,224 in 2016 and 2015, respectively.			Employees' social security	1,235,981,066	625,528,761
The working capital facility is collateralized by the Company's inventories for US\$ 1,000,000 and Rp 7,500,000,000 and trade accounts receivable for US\$ 1,000,000 and Rp 7,500,000,000 and letter of awareness from TVS Motor Company Limited.			Others	2,931,244,940	1,365,139,350
The term loan facility is collateralized by the Company's tooling and equipment with minimum mortgage amount of US\$ 3,000,000.			Total	<u>22,358,888,326</u>	<u>19,822,180,799</u>
The loan requires the Company to maintain certain positive covenants.					

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17. LOAN FROM A FINANCIAL INSTITUTION

	2016 Rp	2015 Rp
US\$ 20 Million IFC loan	–	23,789,067,120
US\$ 12 Million IFC loan	58,016,120,531	85,700,200,523
Total	58,016,120,531	109,489,267,643
Less current maturities	(28,941,680,000)	(52,312,187,120)
Non-current portion	29,074,440,531	57,177,080,523
Unamortized transaction costs-net of current portion	(95,879,931)	(281,695,523)
Long-term loans from a financial institution - net	<u>28,978,560,600</u>	<u>56,895,385,000</u>

Loan from a financial institution is repayable as follows:

	2016 Rp	2015 Rp
Due in the year		
2015	–	52,312,187,120
2016	28,941,680,000	28,523,120,000
2017	29,074,440,531	28,653,960,523
Total	<u>58,016,120,531</u>	<u>109,489,267,643</u>
Accrued interest	141,088,360	251,543,012
Total	<u>58,157,208,891</u>	<u>109,740,810,655</u>

On September 21, 2007, the Company obtained a long-term credit facility from International Finance Corporation (IFC) with maximum credit limit of US\$ 20,000,000. The loan has a term of 8 years, payable semi-annually starting September 15, 2010 and bears a fixed interest rate of 3.72% per annum. This loan is collateralized by the Company's property, plant and equipment (Note 10). As of March 31, 2015 this loan has outstanding principal balance of US\$ 1,818,180. The loan has been fully repaid in September 2015.

On March 19, 2009, the Company entered into a new loan agreement with IFC amounting to US\$ 12,000,000. The loan has a term of 9 years, payable semi-annually starting March 15, 2013 and bears a fixed interest rate of 5.52% per annum. This loan is guaranteed by TVS Motor Company Ltd., India. As of March 31, 2016 and 2015, this loan has outstanding principal balance of US\$ 4,370,000 (Rp 58,016,120,531) and US\$ 6,550,000 (Rp 85,700,200,523), respectively.

Interest expense recognized in the statement of profit or loss and other comprehensive income amounted to Rp 4,935,247,041 and Rp 7,374,137,497 in 2016 and 2015, respectively.

The above loans were obtained for the construction and commercial operation of the Company's motor vehicle plant in Jakarta. These loan requires certain negative covenants.

18. LOAN FROM A SHAREHOLDER

On April 10, 2007, the Company obtained a fixed rate long-term credit facility from TVS Motor Company (Europe) B.V., a shareholder of the Company, with maximum credit limit of US\$ 15,000,000 and payable upon maturity. The loan has an initial term of 3 years, bears fixed interest rate of 8.25% per annum payable on a monthly basis, and can be renewed upon agreement of both parties.

On March 31, 2014, part of this loan amounting to US\$ 8,000,000 was converted to 800,000 Class A shares and the balance of US\$ 7,000,000 together with accrued interest of US\$ 941,876 were assigned by TVS Motor Company (Europe) B.V. to TVS Motor (Singapore) Pte., Limited. The loan bears fixed interest rate of 8.25% per annum and can be renewed upon agreement of both parties. On March 23, 2016, the loan was renewed for another 3 years. The outstanding balance amounted to US\$ 7,941,876 as of March 31, 2016 and 2015, respectively.

Interest expense recognized in the statement of Profit or loss and other comprehensive income amounted to Rp 9,055,601,100 and Rp 8,837,147,611 in 2016 and 2015, respectively.

19. 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 252 employees, 333 employees and 216 employees in 2016, 2015 and 2014, 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.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy 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:

	2016 Rp	2015 Rp
Service cost		
Current service cost	2,857,431,000	2,593,003,000
Past service cost and (gain) or loss from settlements	(1,011,133,000)	–
Interest cost	1,187,812,000	879,531,000
Components of defined benefits cost recognised in profit or loss (Note 25)	<u>3,034,110,000</u>	<u>3,472,534,000</u>
Remeasurement on the net defined benefit obligation		
Actuarial gains and losses arising from changes in financial assumptions	(2,123,591,000)	1,778,697,000
Actuarial gains and losses arising from experience adjustments	(1,308,677,000)	(72,903,000)
Components of defined benefit costs recognised in other comprehensive income	<u>(3,432,268,000)</u>	<u>1,705,794,000</u>
Total	<u>(398,158,000)</u>	<u>5,178,328,000</u>

The amounts recognized in statement of financial position arising from the Company's obligation with respect to its post-employment benefits are as follows:

	2016 Rp	2015 *) Rp	2014 *) Rp
Post-employment benefits obligation	<u>14,401,892,000</u>	<u>14,895,251,000</u>	<u>9,828,213,000</u>

Changes in the present value of unfunded benefit obligations are as follows:

	2016 Rp	2015 Rp
Beginning of the year	14,895,251,000	9,828,213,000
Current service cost	2,857,431,000	2,593,003,000
Interest cost	1,187,812,000	879,531,000
Remeasurement:		
Actuarial gains and losses arising from changes in financial assumptions	(2,123,591,000)	1,778,697,000
Actuarial gains and losses arising from experience adjustments	(1,308,677,000)	(72,903,000)
Past service cost and gain on settlements	(1,011,133,000)	–
Benefit payment	(95,201,000)	(111,290,000)
End of the year	<u>14,401,892,000</u>	<u>14,895,251,000</u>

*) As restated (Note 2)

Significant actuarial assumptions for the determination of the defined benefits obligation are discount rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the defined benefits obligation would decrease to Rp 12,803,366,000 (increase to Rp 16,306,023,000).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit 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.

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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 benefit obligation liability recognised in the statement of financial position.

The average duration of the defined benefit obligation at March 31, 2016 is 18.3 year.

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:

	2016	2015
Discount rate per annum	8.5%	8%
Salary increment rate per annum	8%	8.5%
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

20. CAPITAL STOCK

Name of Stockholders	2016		
	Ordinary Shares	Percentage of Ownership %	Total Capital Stock Rp
TVS Motor (Singapore) Pte., Limited	4,430,000	35%	431,482,000,000
TVS Motor Company (Europe) B.V.	2,870,000	23%	279,538,000,000
TVS Motor Company Limited, India	5,297,000	42%	515,927,800,000
Total	12,597,000	100%	1,226,947,800,000

Name of Stockholders	2015		
	Ordinary Shares	Percentage of Ownership %	Total Capital Stock Rp
TVS Motor (Singapore) Pte., Limited	4,430,000	38%	431,482,000,000
TVS Motor Company (Europe) B.V.	2,870,000	25%	279,538,000,000
TVS Motor Company Limited, India	4,297,000	37%	418,527,800,000
Total	11,597,000	100%	1,129,547,800,000

Movements in paid-in capital are as follows:

	2016 Rp	2015 Rp
Beginning of the year	1,129,547,800,000	1,090,587,800,000
Issuance of capital stock	97,400,000,000	38,960,000,000
End of the year	1,226,947,800,000	1,129,547,800,000

Changes in the Company's outstanding Class A shares are as follows:

	2016	2015
	Number of Shares	Number of Shares
Beginning of the year	11,597,000	7,300,000
Issuance of capital stock for cash	1,000,000	400,000
Conversion of Class B to Class A shares	-	3,897,000
End of the year	12,597,000	11,597,000

In 2016, the Company received additional capital stock subscription amounting to US\$ 10,000,000 (equivalent to Rp 137,776,000,000) from TVS Motor Company Limited, India.

In 2015, the Company received additional capital stock subscription amounting to US\$ 4,000,000 (equivalent to Rp 51,252,000,000) from TVS Motor Company Limited, India.

Changes in the Company's outstanding Class B shares are as follows:

	2015
	Number of Shares
Beginning of the year	3,897,000
Conversion of Class B to Class A shares	(3,897,000)
End of the year	-

In 2015, all of the outstanding Class B shares were converted to Class A shares. As stated in notarial deed No.30 dated September 22, 2014 by Sastryani Jasoprawiro, S.H., notary in Jakarta and approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter No. AHU-07344.40 dated October 14, 2014.

21. 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:

	2016 Rp	2015 Rp
Beginning balance	9,911,020,000	(2,380,980,000)
Foreign exchange rate difference on issuance of shares	40,376,000,000	12,292,000,000
Ending balance	50,287,020,000	9,911,020,000

22. REVALUATION SURPLUS

This amount represents the increase in value of land due to revaluation.

	2016 Rp	2015 Rp
Beginning balance	195,262,077,544	273,754,721,781
Revaluation surplus	49,134,136,700	34,860,000,000
Sale of portion of land	-	(113,352,644,237)
Ending balance	244,396,214,244	195,262,077,544

23. NET SALES

	2016 Rp	2015 Rp
Sales	181,920,564,920	228,041,079,709
Less sales discounts	(1,939,546,880)	(2,132,918,605)
Net	179,981,018,040	225,908,161,104

21.64% in 2016 and 0.33% in 2015, of the total net sales were made to TVS Motor Company Limited, India, the ultimate holding company (Note 27b).

Details of net sales to dealers representing more than 10% of the total net sales are as follows:

Name of Customers	2016		2015	
	Rp	%	Rp	%
Sunshine (Far East) Ltd.	41,193,356,039	22.89%	22,629,183,344	10.02%
TVS Motor Company Ltd.	38,939,727,537	21.64%	744,656,700	0.33%
Agrocorp International Pte Ltd.	33,391,998,308	18.55%	13,486,655,500	5.97%
PT Simpura Motor Lestari	3,941,565,926	2.19%	35,930,241,795	15.90%
Niroo Motor Shiraz Co Ltd	2,037,812,700	1.13%	68,217,975,126	30.20%
Total	119,504,460,510		141,008,712,465	

24. COST OF GOODS SOLD

	2016 Rp	2015 Rp
Raw materials and components used	139,625,056,872	180,441,487,775
Direct labor	9,400,111,150	9,766,341,781
Overhead	57,806,280,145	52,848,214,000
Total Manufacturing Cost	206,831,448,167	243,056,043,556
Finished goods		
At beginning of year	9,279,111,327	11,546,709,846
At end of year	(5,295,639,033)	(9,279,111,327)
Cost of Goods Sold	210,814,920,461	245,323,642,075

55.89% in 2016 and 52.15% in 2015 of the total purchases of raw materials and components were made from TVS Motor Company Limited, India, the ultimate holding company (Note 27c).

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25. OPERATING EXPENSES

	2016 Rp	2015 Rp
Marketing		
Advertising and market research	15,491,341,547	25,091,232,338
Services, trainings, and promotions	257,792,827	1,266,940,302
Dealer development and public relations	233,339,005	1,667,146,475
Subvention charges	210,388,399	1,682,100,000
Free service charges	118,219,318	1,700,711,275
Others	415,225,389	670,534,500
Total	16,726,306,485	32,078,664,890
	2016 Rp	2015 *) Rp
General and administrative		
Salaries and allowances (Note 27)	21,265,539,460	21,997,321,597
Rental	7,508,555,896	7,966,026,373
Honorarium	6,596,263,453	7,057,630,605
Travel and transportation	6,025,571,109	7,581,228,542
Consultancy fees	5,309,631,453	7,769,760,682
Post-employment benefits (Note 19)	3,034,110,000	3,472,534,000
Training and development	2,132,567,273	2,295,879,686
Insurance	1,858,433,730	1,697,032,866
Data processing	1,710,798,319	1,661,082,496
Research and development	1,465,429,552	1,095,106,558
Taxes, permit and license	1,211,290,776	1,001,111,265
Professional fees	715,885,668	696,169,600
Telecommunication	588,313,832	1,068,287,424
Depreciation (Note 10)	440,995,426	493,592,983
Office supplies	390,535,746	514,360,823
Business meeting	147,171,967	484,922,038
Postage and courier	73,303,726	111,273,983
Repairs and maintenance	58,144,988	237,424,256
Recruitment	34,455,799	51,425,902
Provision for impairment losses (Note 6)	-	582,399,879
Others	430,900,698	314,966,046
Total	60,997,898,871	68,149,537,604

26. INCOME TAX

Tax expense of the Company consists of:

	2016 Rp	2015 *) Rp
Deferred tax	(20,149,698,140)	27,983,419,501
Current tax	-	(12,680,585)
Total income tax benefit (expense)	(20,149,698,140)	27,970,738,916
*) As restated (Note 2)		
Current tax		
The reconciliation between loss before tax per statements of profit or loss and other comprehensive income and fiscal loss is as follows:		
	2016 Rp	2015 *) Rp
Loss before tax per statements of profit or loss and other comprehensive income	(149,840,443,030)	(200,123,324,924)
Temporary differences:		
Provision for employee benefits - net	2,938,909,000	3,361,244,000
Depreciation of property, plant and equipment	957,147,130	(7,373,879)
Employee vehicle ownership program	(754,863,747)	276,367,207
Provision for accrued expenses	(5,448,136,887)	666,006,446
Amortization of deferred charges	-	5,582,412,137
Total	(2,306,944,504)	9,878,655,911
Permanent differences:		
Amortization of deferred charges	4,964,150,124	-
Employee welfare	3,410,606,745	3,944,829,372
Tax expenses	557,273,751	412,293,402
Provision for inventory obsolescence	984,061,769	1,071,866,759
Interest income already subjected to final tax	(491,846,068)	(971,814,040)
Provision for impairment losses	-	582,399,879
Final tax on land	-	6,469,166,835
Others	160,495,558	91,859,921
Total	9,584,741,879	11,600,602,128
Fiscal loss before fiscal loss carryforward	(142,562,645,655)	(178,644,066,885)
Fiscal loss carryforward - net of expired portion	(707,468,755,706)	(699,527,725,627)
Tax correction (unappealed tax case)	20,566,849,352	-
Tax expense	-	(12,680,585)
Total accumulated fiscal loss	(829,464,552,009)	(878,184,473,097)
Current tax	Nil	Nil
	2016 Rp	2015 Rp
Prepaid taxes		
2016	1,002,923,372	-
2015	319,225,000	345,787,314
2014	-	542,282,998
Prepaid taxes (Note 8)	1,322,148,372	888,070,312

*) As restated (Note 2)

In 2015, the Company received a refund of Rp 1,295,061,871 and wrote off prepaid income taxes article 28A for 2011 amounting to Rp 12,680,585 which was recorded under tax expense in the statement of profit or loss and other comprehensive income.

Deferred Tax

The details of the Company's deferred tax assets (liabilities) are as follows:

	April 1, 2014 *) Rp	Credited (charged to profit or loss for the year *) Rp	Credited to Other Comprehensive Income Rp	March 31, 2015 *) Rp	Credited (charged to profit or loss for the year) Rp	Charged to Other Comprehensive Income Rp	March 31, 2016 Rp
Deferred tax asset (liabilities):							
Fiscal loss	70,876,577,454	25,513,755,523	-	96,390,332,977	(17,424,520,778)	-	78,965,812,199
Accrued expense	3,596,842,237	166,501,612	-	3,763,343,849	(1,316,035,724)	-	2,447,308,125
Deferred charges	798,836,700	1,395,603,034	-	2,194,439,734	(2,194,439,734)	-	-
Employee vehicle ownership program	160,739,838	69,091,802	-	229,831,640	(188,715,937)	-	41,115,703
Property, plant and equipment	(17,441,020,606)	(1,843,470)	-	(17,442,864,076)	239,286,783	-	(17,203,577,293)
Post-employment benefits obligation	2,457,053,250	840,311,000	426,448,500	3,723,812,750	734,727,250	(858,067,000)	3,600,473,000
Deferred Tax Asset - Net	60,449,028,873	27,983,419,501	426,448,500	88,858,896,874	(20,149,698,140)	(858,067,000)	67,851,131,734

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.

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A reconciliation between the tax expense and the amounts computed by applying the effective tax rates to profit before tax is as follows:

	2016 Rp	2015 *) Rp
Loss before tax per statements of profit or loss and other comprehensive income	(149,840,443,030)	(200,123,324,924)
Tax benefit at effective tax rates	(37,460,110,758)	(50,030,831,231)
Unrecognized deferred tax on fiscal loss	53,065,182,192	19,147,261,198
Tax effect of permanent differences	2,396,185,470	2,900,150,532
Derecognition of deferred tax on deferred charges	2,194,439,734	-
Correction of tax base	(45,998,498)	-
Adjustment of tax expense	-	12,680,585
Tax expense (benefit)	<u>20,149,698,140</u>	<u>(27,970,738,916)</u>

27. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

- TVS Motor Company (Europe) B.V. and TVS Motor (Singapore) Pte., Limited, are stockholders of the Company.
- TVS Motor Company Limited, India (TVS India) is the ultimate holding company of the Company and a stockholder.

*) As restated (Note 2)

Transactions with Related Parties

The Company entered into certain transactions with related parties, including the following:

- Compensation paid to the Commissioners and Directors of the Company amounted to Rp 14,349,118,192 and Rp 12,040,264,494 in 2016 and 2015, respectively.
- Net sales to a related party accounted for 21.64% in 2016 and 0.33% in 2015, of the total net sales. At reporting date, the receivables from these net sales were presented as trade accounts receivable, which constituted 0.55% and 0.11% of the total assets as of March 31, 2016 and 2015, respectively.
- Purchases from a related party constituted 55.89% in 2016 and 52.15% in 2015 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 11.05% and 12.27% of the total liabilities as of March 31, 2016 and 2015, respectively.
- The Company also entered into non-trade transactions such as other accounts payable (Note 14), product developments (Note 11), foreign guarantee charges and license agreements with a related party (Note 13).
- The Company obtained a loan from a shareholder and incurred interest expense as discussed in Note 18.

28. SIGNIFICANT CONTRACTS AND AGREEMENTS

- The Company entered into a License and Technical Assistance Agreement (the "Agreement") dated February 26, 2007 with TVS Motor Company Limited (the "Licensor"), India, a stockholder, for 5 years and can be renewed upon mutual agreement by both parties. In accordance with the Agreement, the Company is required to pay technical assistance fee amounting to INR 20,000,000 per annum. In addition to such agreement, the Company is also required to pay royalty starting April 1, 2009.

On April 1, 2010, both parties amended the Agreement relating to royalty. The Licensor, agreed to waive the Company's royalty obligation starting April 1, 2010 until the Company achieves a monthly sales of 10,000 units of two wheelers. In addition, both parties agreed to extend the validity of this Agreement until March 31, 2017.

On January 1, 2012, the parties once again amended the Agreement. The parties have mutually agreed to waive the payment of technical fees from April 1, 2014 up to March 31, 2017.

- On March 8, 2014, the Company entered into supplemental agreement to the long term credit facility agreement dated April 10, 2007 with TVS Motor Company (Europe) B.V granting rights of conversion of loan into shares of the Company (Note 18).

29. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

	March 31, 2016		March 31, 2015	
	Foreign Currency	Equivalent in Rp	Foreign Currency	Equivalent in Rp
Assets				
Cash and cash equivalents USD	1,743,870	23,151,617,187	1,366,262	17,876,173,445
Trade accounts receivable				
Related party USD	285,091	3,784,871,568	53,214	696,254,200
Third parties USD	819,295	10,876,960,154	956,097	12,509,570,924
SGD	1,684,927	16,562,827,686	-	-
Security deposits USD	17,815	236,510,214	23,365	305,707,660
Total assets		<u>54,612,786,809</u>		<u>31,387,706,229</u>
Liabilities				
Bank loans USD	15,553,317	206,485,835,469	9,678,940	126,639,253,750
Trade accounts payable				
Related party USD	4,207,560	55,859,568,551	4,586,877	60,014,693,102
Third parties USD	172,033	2,283,916,215	99,988	1,308,247,225
Other accounts payable				
Related party USD	112,378	1,491,934,802	68,600	897,566,177
Third parties USD	63,843	847,585,377	171,380	2,242,330,487
Accrued expenses USD	446,333	5,925,516,775	251,614	3,292,121,805
Loan from a financial institution USD	4,362,778	57,920,240,600	8,346,650	109,207,572,120
Loan from a shareholder USD	7,941,876	105,436,345,776	7,941,876	103,911,505,584
Total liabilities		<u>436,250,943,565</u>		<u>407,513,290,250</u>
Net Liabilities		<u>(381,638,156,756)</u>		<u>(376,125,584,021)</u>

The conversion rates used by the Company are as follows:

	March 31, 2016	March 31, 2015
	Rp	Rp
USD	13,276	13,084
SGD	9,830	9,508

30. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Categories and Classes of Financial Instruments

	Loans and receivables	March 31, 2016 Liabilities at amortized cost	Total
	Rp	Rp	Rp
Financial Assets			
Cash and cash equivalents	30,984,603,733	-	30,984,603,733
Trade accounts receivable			
Related party	3,784,871,568	-	3,784,871,568
Third parties	30,632,599,042	-	30,632,599,042
Other current assets	2,033,185,383	-	2,033,185,383
Security deposit	1,087,823,637	-	1,087,823,637
Financial Liabilities			
Trade accounts payable			
Related party	-	(55,859,568,551)	(55,859,568,551)
Third parties	-	(14,705,364,375)	(14,705,364,375)
Other accounts payable			
Related party	-	(1,491,934,802)	(1,491,934,802)
Third parties	-	(4,623,177,571)	(4,623,177,571)
Accrued expenses	-	(22,358,888,326)	(22,358,888,326)
Bank loans	-	(227,428,259,294)	(227,428,259,294)
Loan from a financial institution	-	(57,920,240,600)	(57,920,240,600)
Loan from a shareholder	-	(105,436,345,776)	(105,436,345,776)
Total	<u>68,523,083,363</u>	<u>(489,823,779,295)</u>	<u>(421,300,695,932)</u>

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	March 31, 2015		Total Rp
	Loans and receivables Rp	Liabilities at amortized cost Rp	
Financial Assets			
Cash and cash equivalents	27,449,296,143	-	27,449,296,143
Trade accounts receivable			
Related party	696,254,200	-	696,254,200
Third parties	25,813,669,472	-	25,813,669,472
Other current assets	2,204,551,602	-	2,204,551,602
Security deposit	1,127,418,694	-	1,127,418,694
Financial Liabilities			
Trade accounts payable			
Related party	-	(60,014,693,102)	(60,014,693,102)
Third parties	-	(10,253,476,071)	(10,253,476,071)
Other accounts payable			
Related party	-	(897,566,177)	(897,566,177)
Third parties	-	(6,263,906,601)	(6,263,906,601)
Accrued expenses	-	(19,822,180,799)	(19,822,180,799)
Bank loans	-	(161,128,463,546)	(161,128,463,546)
Loan from a financial institution	-	(109,207,572,120)	(109,207,572,120)
Loan from a shareholder	-	(103,911,505,584)	(103,911,505,584)
Total	57,291,190,111	(471,499,364,000)	(414,208,173,889)

b. Capital Risk Management

The Company manages capital risk to ensure that it will be able to continue as 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), loan from a financial institution (Note 17), loan from a shareholder (Note 18) and equity, consisting of subscribed and paid-up capital (Note 20), foreign exchange rate difference on paid-in capital (Note 21) and revaluation surplus (Note 22).

The gearing ratio as of March 31, 2016 and 2015 are as follows:

	March 31, 2016 Rp	March 31, 2015 Rp
Debt	390,784,845,670	374,247,541,250
Cash and cash equivalents	30,984,603,733	27,449,296,143
Debt - net	359,800,241,937	346,798,245,107
Equity	176,784,943,718	157,380,747,188
Net debt to equity ratio	204%	220%

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 operation 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 Board of Directors.

i. Interest rate risk management

The interest rate risk exposure relates to the amount of assets or liabilities which is subject to a risk that a movement in interest rates will adversely affect the profit for the year. The risks on interest income and interest expense are limited as the Company's financial instruments with variable interest rate are short-term in nature and obtains long-term financing from banks and shareholders at a fixed rate of interest. The Company has a policy of obtaining financing from banks which offer the most favorable interest rate. Approvals from the Directors and Commissioners must be obtained before committing the Company to any of the instruments to manage the interest rate risk exposure.

Financial instruments that are exposed to interest rate risk are included in the liquidity table in item (iv).

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 29.

The following table details the Company's sensitivity to changes of Indonesian Rupiah against other currencies. 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.

	2016		2015	
	Percentage of changes in exchange rate	Effect on profit or loss after tax Rp	Percentage of changes in exchange rate	Effect on profit or loss after tax Rp
US Dollar	4%	11,946,029,534	4%	11,283,767,521

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.

The Company's credit risk is primarily attributed to its cash in banks, trade accounts receivable, other current assets and security deposits. The Company places its bank balances with credit worthy financial institutions, while trade accounts receivable are entered with respected and credit worthy third and related parties. With respect to the distributors to whom credit is extended for the sale of vehicles, the Company has a policy of obtaining bank guarantees and / or assets for collateral, which is the basis for setting-up the distributor's 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 controlled by counterparty limits that are reviewed and approved by the management annually. In respect of export transactions, the Company supplies its products to its distributors outside Indonesia based on letters of credit issued by reputable banks or based on advance remittance of money by telegraphic transfer. Goods are shipped out only after ensuring receipt of letters of credit or funds covering the value of exports or part of it depending on the assessment of each party carried out by the management.

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 and land certificates. Trade accounts receivable amounting to Rp 29,711,458,260 as of March 31, 2016 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 board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company receives support from shareholders to finance its ongoing working capital requirements.

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The table below summarizes the maturity profile of financial assets and liabilities based on remaining maturity of contractual undiscounted payments as of March 31, 2016 and 2015.

March 31, 2016						
Weighted average effective interest rate	Less than 1 month Rp	1 - 3 months Rp	3 months to 1 year Rp	1 - 5 years Rp	5+ years Rp	Total Rp
Financial assets						
Non-interest bearing						
Cash on hand	133,334,957	-	-	-	-	133,334,957
Trade receivables	10,437,421,776	22,227,059,242	1,752,989,592	-	-	34,417,470,610
Security deposits	-	-	-	1,087,823,637	-	1,087,823,637
Other current assets	302,372,283	252,390,459	2,056,335,070	-	-	2,611,097,812
Variable interest rate instruments						
Cash in banks	1.75% - 2.5%	10,741,933,819	-	-	-	10,741,933,819
Fixed interest rate instruments						
Time Deposits	2.0% - 10.0%	13,298,126,667	7,278,423,611	-	-	20,576,550,278
Total		<u>34,913,189,502</u>	<u>29,757,873,312</u>	<u>3,809,324,662</u>	<u>1,087,823,637</u>	<u>69,568,211,113</u>
Financial liabilities						
Non-interest bearing						
Trade accounts payable						
Related party	-	35,782,416,734	20,077,151,817	-	-	55,859,568,551
Third party	3,065,529,782	8,513,747,547	3,126,087,046	-	-	14,705,364,375
Other accounts payable						
Related party	-	1,491,934,802	-	-	-	1,491,934,802
Third party	2,390,846,532	2,232,331,049	-	-	-	4,623,177,571
Accrued expense	10,318,770,715	7,650,544,942	4,389,571,919	-	-	22,358,887,576
Variable interest rate instruments						
Bank loans	5.15% - 13%	1,048,578,839	2,079,249,682	2,575,269,320	-	5,703,097,841
Fixed interest rate instruments						
Bank loans	6.5%	1,429,968,045	3,431,973,973	14,256,078,880	202,673,093,565	221,791,114,463
Loan from a financial institution	5.52%	291,032,266	873,096,798	31,744,774,640	30,279,953,904	63,188,857,608
Loan from a shareholder	8.25%	765,788,660	2,297,365,980	8,698,498,527	131,531,841,356	143,293,494,523
Total		<u>19,310,514,829</u>	<u>64,352,661,507</u>	<u>84,867,432,149</u>	<u>364,484,888,825</u>	<u>533,015,497,310</u>
Maturity GAP		<u>15,602,674,673</u>	<u>(34,594,788,195)</u>	<u>(81,058,107,487)</u>	<u>(363,397,065,188)</u>	<u>(463,447,286,197)</u>
March 31, 2015						
Weighted average effective interest rate	Less than 1 month Rp	1 - 3 months Rp	3 months to 1 year Rp	1 - 5 years Rp	5+ years Rp	Total Rp
Financial assets						
Non-interest bearing						
Cash on hand	86,487,343	-	-	-	-	86,487,343
Trade receivables	8,145,007,228	17,142,222,741	1,222,693,703	-	-	26,509,923,672
Security deposits	-	-	-	1,127,418,694	-	1,127,418,694
Other current assets	187,478,217	287,782,227	3,177,629,575	-	-	3,652,890,019
Variable interest rate instruments						
Cash in bank	1.5% - 3%	10,212,601,481	-	-	-	10,212,601,481
Fixed interest rate instruments						
Time Deposit	3.0% - 10.0%	12,230,342,460	5,044,152,540	-	-	17,274,495,000
Total		<u>30,861,916,729</u>	<u>22,474,157,508</u>	<u>4,400,323,278</u>	<u>1,127,418,694</u>	<u>58,863,816,209</u>
Financial liabilities						
Non-interest bearing						
Trade accounts payable						
Related party	-	-	60,014,693,102	-	-	60,014,693,102
Third party	5,774,094,275	4,479,381,796	-	-	-	10,253,476,071
Other accounts payable						
Related party	-	897,566,177	-	-	-	897,566,177
Third party	3,131,201,735	3,132,704,866	-	-	-	6,263,906,601
Accrued expense	2,126,982,035	11,857,380,917	5,837,817,847	-	-	19,822,180,799
Floating interest rate instruments						
Bank loans	5.4% - 15%	1,099,802,176	2,180,798,315	3,125,632,451	12,030,212,052	18,436,444,994
Fixed interest rate instruments						
Bank loans	6.5%	14,541,634,986	14,607,861,999	122,905,875,802	-	152,055,372,787
Loan from a financial institution	5.52%	437,120,211	1,325,939,790	57,115,511,500	61,127,715,296	120,006,286,797
Loan from a shareholder	8.25%	661,697,400	1,985,092,200	8,572,699,211	138,202,302,427	149,421,791,237
Total		<u>27,772,532,818</u>	<u>40,466,726,059</u>	<u>257,572,229,913</u>	<u>211,360,229,775</u>	<u>537,171,718,565</u>
Maturity GAP		<u>3,089,383,910</u>	<u>(17,992,568,551)</u>	<u>(253,171,906,635)</u>	<u>(210,232,811,081)</u>	<u>(478,307,902,355)</u>

d. Fair value of financial instruments

Fair value of financial instruments carried at amortized cost

Except as shown in the following table, management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values:

	March 31, 2016		March 31, 2015	
	Carrying value	Fair value	Carrying value	Fair value
	Rp	Rp	Rp	Rp
Loan from a shareholder	105,436,345,776	107,976,373,056	103,911,505,584	99,022,921,507
Loan from financial institution	58,016,120,531	59,313,247,150	109,489,267,643	110,742,380,496

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair value of non financial asset and financial liabilities are determined as follows:

- Fair value of financial liabilities are determined in accordance with generally accepted pricing models on discounted cash flow analysis.
- Fair value of the land and building was determined based on market approach that considers current market value from identical or comparable assets transaction, income approach that considers the value of income generated by the assets during its useful life and calculating the value through conversion process from revenue into equity through appropriate discount rate, also cost approach that is based on cost principal that will be paid by the buyer in the market for the assets that valued less than its cost to buy or build the comparable assets, except for unfair timing factor, inconvenience, risk or other factors.

The following table provide an analysis of fair value of assets and liabilities, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

	March 31, 2016			
	Level 1	Level 2	Level 3	Total
	Rp	Rp	Rp	Rp
Non-financial assets				
Land	-	272,063,000,000	-	272,063,000,000
Liabilities to which fair value are disclosed				
Loan from a shareholders	-	107,976,373,056	-	107,976,373,056
Loans from financial institution	-	59,313,247,150	-	59,313,247,150
Total	-	439,352,620,206	-	439,352,620,206

In 2016, there is no movement of fair value measurement method from level 1 to level 2, and vice versa.

31. OTHER MATTERS

The Company incurred a totalling comprehensive loss of Rp 118,281,803,470 during the year ended March 31, 2016 and, as of that date, the Company's current liabilities exceeded its current assets by Rp 166,190,557,193. Further, the Company incurred a deficit of Rp 1,349,619,562,276 as of March 31, 2016, as a result of recurring losses from operations due to gross losses and significant operating expenses. The Company was also unable to operate at expected capacity and incurred significant fixed costs. The Company is also still developing its market share and introducing its brand in Indonesia. In introducing its new brand, the Company has to compete with the existing wellknown brands. They are also developing their networks to distributors, dealers and consumer finance companies.

Nevertheless, the Company's management believes that they maintain considerable financial resources, including support from the Company's ultimate shareholder.

Management also implemented and continues to implement the following measures:

- Focus on increasing sales volume and improvement to gross margin;
- Focus on increasing brand awareness and conversion at dealerships;
- Expand the network at select areas;
- Introduce new products and ensure continued customer satisfaction;
- Aim to create own niche segment in the market;
- Thrust on exports; and
- Reduction in fixed cost

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.

32. EVEN AFTER THE REPORTING PERIOD

Based on the circular resolution dated April 1, 2016, the shareholders of the Company appointed Mr. Venkataraman Thiyagarajan as the only Director of the Company.

33. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The preparation and fair presentation of the financial statements on pages 2 to 44 were the responsibilities of the management, and were approved by the Directors and authorized for issue on April 21, 2016.

**RE-STATED ACCOUNTS OF
PT. TVS MOTOR COMPANY INDONESIA**

PT. TVS MOTOR COMPANY INDONESIA

BALANCE SHEET AS AT 31ST MARCH 2016

Sl. No	Particulars	Note Number	IDR in Mn.	Rupees in crores
I EQUITY AND LIABILITIES				
1	Shareholders' funds			
	(a) Share capital	I	1,226,947.80	623.90
	(b) Reserves and surplus	II	(1,000,701.51)	(542.21)
2	Non-current liabilities			
	(a) Long-term borrowings	III	134,414.91	67.21
	(b) Deferred tax liabilities (Net)		-	-
	(c) Long-term provisions	IV	14,401.89	7.20
3	Current liabilities			
	(a) Short-term borrowings	V	221,852.18	110.92
	(b) Trade payables		99,038.93	49.52
	(c) Other current liabilities	VI	35,913.66	17.96
	(d) Short-term provisions		-	-
	Total		<u>731,867.86</u>	<u>334.50</u>
II ASSETS				
Non-current assets				
1	(a) Fixed assets			
	(i) Tangible assets	VII	534,235.08	235.68
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Long-term loans and advances	VIII	7,018.57	3.51
	(d) Other non current assets		-	-
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	IX	83,655.93	41.83
	(c) Trade receivables	X	34,417.47	17.21
	(d) Cash and bank balances	XI	30,984.60	15.50
	(e) Short-term loans and advances	XII	37,449.80	18.72
	(f) Other current assets	XIII	4,106.41	2.05
	Total		<u>731,867.86</u>	<u>334.50</u>

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Sl. No	Particulars	Note Number	IDR in Mn.	Rupees in crores
I	Revenue from operations	XIV	183,176.41	88.80
II	Other income	XV	481.37	0.23
III	Total Revenue (I + II)		<u>183,657.78</u>	<u>89.03</u>
IV	Expenses:			
	Cost of materials consumed	XVI	138,477.84	67.28
	Purchases of Stock-in-trade	XVI	-	-
	Changes in inventories of finished goods work-in-process and stock-in-trade	XVI	3,983.47	1.78
	Employee benefits expense	XVII	57,208.74	27.74
	Finance costs	XVIII	43,432.67	21.05
	Depreciation and amortization expense		18,733.67	13.07
	Other expenses	XIX	61,179.30	29.68
	Total expenses		<u>323,015.69</u>	<u>160.60</u>
V	Profit before exceptional and extraordinary items and tax (III-IV)		(139,357.91)	(71.57)
VI	Exceptional items		-	-
VII	Profit before extraordinary items and tax		(139,357.91)	(71.57)
VIII	Extraordinary items - Income		-	-
IX	Profit before tax		(139,357.91)	(71.57)
X	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
XI	Profit (Loss) for the period (IX-X)		<u>(139,357.91)</u>	<u>(71.57)</u>

PT. TVS MOTOR COMPANY INDONESIA

Notes on Accounts

	IDR in Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
I SHARE CAPITAL		
Authorised issued and subscribed share capital		
Authorised 15,000,000 Ordinary shares of IDR.97,400 each	1,461,000.00	730.50
Issued, subscribed and paid-up 12,597,000 Ordinary shares of IDR.97,400 each	1,226,947.80	623.90
	<u>1,226,947.80</u>	<u>623.90</u>
II RESERVES AND SURPLUS		
(a) Capital reserve		
(i) Exchange difference on paid up Capital	50,287.02	25.14
(ii) Foreign currency translation reserve	-	(42.01)
	<u>50,287.02</u>	<u>(16.87)</u>
(b) Revaluation Reserve	244,396.21	122.20
(c) General reserve		
Opening Balance	(5,698.14)	(0.81)
(+) Current Year Transfer from Statement of Profit and Loss	-	-
Closing Balance	<u>(5,698.14)</u>	<u>(0.81)</u>
(d) Surplus - Balance in Statement of Profit and Loss		
Opening balance	(1,150,328.69)	(556.14)
(+) Net profit / (Loss) for the current year	(139,357.91)	(71.57)
(+) Transfer to Foreign currency translation reserve	-	(19.02)
Closing balance	<u>(1,289,686.60)</u>	<u>(646.73)</u>
Total (a)+(b)+(c)+(d)	<u>(1,000,701.51)</u>	<u>(542.21)</u>
III LONG TERM BORROWINGS		
(A) Secured		
Term loans		
From banks - International Finance Corporation	28,978.56	14.49
Total (A)	<u>28,978.56</u>	<u>14.49</u>
(B) Unsecured		
From related party	105,436.35	52.72
Total (B)	<u>105,436.35</u>	<u>52.72</u>
Total (A)+(B)	<u>134,414.91</u>	<u>67.21</u>

Notes on Accounts - (continued)

	IDR in Mn. As at 31.03.2016	Rupees in crores As at 31.03.2016
IV LONG TERM PROVISIONS		
Employee benefits:		
Pension	14,401.89	7.20
Total	<u>14,401.89</u>	<u>7.20</u>
V SHORT TERM BORROWINGS		
Secured		
From banks	221,852.18	110.92
Total	<u>221,852.18</u>	<u>110.92</u>
VI OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term borrowings		
International Finance Corporation and Banks	34,517.76	17.26
(b) Others		
(i) Statutory dues payable	622.55	0.31
(ii) Advance received from customers	773.35	0.39
Total (a) + (b)	<u>35,913.66</u>	<u>17.96</u>

PT. TVS MOTOR COMPANY INDONESIA

Notes on Accounts - (continued)

VII FIXED ASSETS										Rupees in crores
Description	Tangible						Intangible		Total (tangible and intangible) As at 31.03.2016	
	Land		Buildings	Plant & machinery tools, dies and jigs	Furniture & fixtures Equipments	Vehicles	Total as at 31.03.2016	Software		Total as at 31.03.2016
	Free hold	Lease hold								
Cost of assets										
As at 01-04-2015	106.45	-	44.52	141.86	4.66	0.37	297.86	-	-	297.86
Additions	24.57	-	0.34	2.85	0.17	-	27.93	-	-	27.93
Foreign exchange translation reserve adjustment	5.01	-	1.93	4.40	0.22	0.02	11.58	-	-	11.58
Sub-total	136.03	-	46.79	149.11	5.05	0.39	337.37	-	-	337.37
Sales / deletion	-	-	-	0.01	0.05	-	0.06	-	-	0.06
Total	136.03	-	46.79	149.10	5.00	0.39	337.31	-	-	337.31
Depreciation / Amortisation										
Upto 31-03-2015	-	-	15.23	69.82	4.25	0.28	89.58	-	-	89.58
For the year	-	-	2.27	10.59	0.17	0.04	13.07	-	-	13.07
Foreign exchange translation reserve adjustment	-	-	0.75	(1.94)	0.21	0.01	(0.97)	-	-	(0.97)
Sub-total	-	-	18.25	78.47	4.63	0.33	101.68	-	-	101.68
Withdrawn on assets sold / deleted	-	-	-	0.01	0.04	-	0.05	-	-	0.05
Total	-	-	18.25	78.46	4.59	0.33	101.63	-	-	101.63
Written down value										
As at 31-03-2016	136.03	-	28.54	70.64	0.41	0.06	235.68	-	-	235.68
As at 31-03-2015	106.45	-	29.29	72.04	0.41	0.09	208.28	-	-	208.28
CAPITAL WORK-IN-PROGRESS (AT COST)										
(a) Building										-
(b) Machinery										-
Total										-

VII FIXED ASSETS										IDR in Mn.
Description	Tangible						Intangible		Total (tangible and intangible) As at 31.03.2016	
	Land		Buildings	Plant & machinery tools, dies and jigs	Furniture & fixtures Equipments	Vehicles	Total as at 31.03.2016	Software		Total as at 31.03.2016
	Free hold	Lease hold								
As at 01-04-2015	222,928.86	-	93,316.39	298,905.25	9,755.28	780.00	625,685.78	-	-	625,685.78
Additions	49,134.14	-	687.43	5,700.58	343.56	-	55,865.71	-	-	55,865.71
Sub-total	272,063.00	-	94,003.82	304,605.83	10,098.84	780.00	681,551.49	-	-	681,551.49
Sales / deletion	-	-	-	22.03	98.60	-	120.63	-	-	120.63
Total	272,063.00	-	94,003.82	304,583.80	10,000.24	780.00	681,430.86	-	-	681,430.86
Depreciation / Amortisation										
Upto 31-03-2015	-	-	32,256.48	86,812.90	8,895.74	586.21	128,551.33	-	-	128,551.33
For the year	-	-	4,681.94	13,610.73	359.87	81.13	18,733.67	-	-	18,733.67
Sub-total	-	-	36,938.42	100,423.63	9,255.61	667.34	147,285.00	-	-	147,285.00
Withdrawn on assets sold / deleted	-	-	-	18.39	70.83	-	89.22	-	-	89.22
Total	-	-	36,938.42	100,405.24	9,184.78	667.34	147,195.78	-	-	147,195.78
Written down value										
As at 31-03-2016	272,063.00	-	57,065.40	204,178.56	815.46	112.66	534,235.08	-	-	534,235.08
As at 31-03-2015	222,928.86	-	61,059.91	212,092.35	859.54	193.79	497,134.45	-	-	497,134.45
CAPITAL WORK-IN-PROGRESS (AT COST)										
(a) Building										-
(b) Machinery										-
Total										-

PT. TVS MOTOR COMPANY INDONESIA

Notes on Accounts - (continued)

	IDR in Mn. As at/ Year ended 31.03.2016	Rupees in crores As at/ Year ended 31.03.2016
VIII LONG TERM LOANS AND ADVANCES		
(a) Deposits made	1,087.82	0.54
(b) Advance payment of tax less provisions	5,930.75	2.97
Total	<u>7,018.57</u>	<u>3.51</u>
IX INVENTORIES (at cost or net realisable value whichever is less)		
(a) Raw materials and components	78,042.54	39.02
(b) Finished goods	5,295.64	2.65
(c) Stores and spares	317.75	0.16
Total	<u>83,655.93</u>	<u>41.83</u>
X TRADE RECEIVABLES		
(a) Unsecured debts outstanding for a period exceeding six months		
(i) Considered good	2,232.17	1.12
(ii) Considered doubtful	—	—
	<u>2,232.17</u>	<u>1.12</u>
Less: Provision for doubtful debts	—	—
	<u>2,232.17</u>	<u>1.12</u>
(b) Other unsecured debts	32,185.30	16.09
Total	<u>34,417.47</u>	<u>17.21</u>
XI CASH AND BANK BALANCES		
Cash and cash equivalents		
(a) Balances with banks	10,875.27	5.44
(b) Balances with banks in Fixed Deposits	19,976.00	9.99
(c) Cash on hand	133.33	0.07
Total	<u>30,984.60</u>	<u>15.50</u>
XII SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
(a) Vendor advance	3,204.39	1.60
(b) Advance payment of tax less provisions	1,322.15	0.66
(c) Advance payment of Sales tax / VAT	32,923.26	16.46
Total	<u>37,449.80</u>	<u>18.72</u>
XIII OTHER CURRENT ASSETS		
Others	4,106.41	2.05
Total	<u>4,106.41</u>	<u>2.05</u>
XIV REVENUE FROM OPERATION		
(a) Sale of products	179,981.02	87.25
(b) Other operating revenues	3,195.39	1.55
	<u>183,176.41</u>	<u>88.80</u>
Less: Excise duty and service tax	—	—
Total	<u>183,176.41</u>	<u>88.80</u>
XV OTHER INCOME		
Interest	481.37	0.23
Total	<u>481.37</u>	<u>0.23</u>

Notes on Accounts - (continued)

	IDR in Mn. Year ended 31.03.2016	Rupees in crores Year ended 31.03.2016
XVI MATERIAL COST		
Cost of Materials consumed		
Opening stock of raw materials and components	72,939.21	34.82
Add: Purchases	143,581.17	71.48
	<u>216,520.38</u>	<u>106.30</u>
Less: Closing stock of raw materials	78,042.54	39.02
Consumption of raw materials	<u>138,477.84</u>	<u>67.28</u>
Purchases of stock in trade	—	—
Changes in inventory		
Opening stock:		
Work in process	—	—
Stock in trade	—	—
Finished goods	9,279.11	4.43
Total (A)	<u>9,279.11</u>	<u>4.43</u>
Closing stock:		
Work in process	—	—
Stock in trade	—	—
Finished goods	5,295.64	2.65
Total (B)	<u>5,295.64</u>	<u>2.65</u>
(A)-(B)	<u>3,983.47</u>	<u>1.78</u>
XVII EMPLOYEE BENEFITS EXPENSE		
(a) Salaries and wages	52,225.00	25.32
(b) Contribution to provident and other funds	1,456.51	0.71
(c) Welfare expenses	3,527.23	1.71
Total	<u>57,208.74</u>	<u>27.74</u>
XVIII FINANCE COSTS		
(a) Interest expense	34,390.59	16.67
(b) Others - Exchange Fluctuation	9,042.08	4.38
Total	<u>43,432.67</u>	<u>21.05</u>
XIX OTHER EXPENSES		
(a) Power and fuel	2,444.52	1.19
(b) Rent	9,062.75	4.39
(c) Repairs - buildings	1,786.44	0.87
(d) Repairs - machinery	992.89	0.48
(e) Insurance	1,858.43	0.90
(f) Rates and taxes (excluding taxes on income)	1,211.29	0.59
(g) Audit fees	715.89	0.35
(h) Packing and freight charges	10,144.94	4.92
(i) Advertisement and publicity	15,491.34	7.51
(j) Other marketing expenses	1,234.96	0.60
(k) Miscellaneous expenses	16,235.85	7.88
Total	<u>61,179.30</u>	<u>29.68</u>

SUNDARAM-CLAYTON (USA) LIMITED

Independent Auditor's Report

The Board of Directors
Sundaram-Clayton (USA) Limited

We have audited the accompanying financial statements of Sundaram Clayton (USA) Limited ('the Company'), an Illinois corporation, which comprise the balance sheets as at March 31, 2016 and March 31, 2015 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, 2016 and March 31, 2015 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.

Knave P.A.
Atlanta, Georgia

April 29, 2016

BALANCE SHEET

(All amounts in United States Dollars, unless otherwise stated)

	As at	
	March 31, 2016	March 31, 2015
ASSETS		
Current assets		
Cash & cash equivalents	25,615	15,015
Total assets	<u>25,615</u>	<u>15,015</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Other current liabilities and provisions	24,529	14,248
Total current liabilities	<u>24,529</u>	<u>14,248</u>
Stockholder's equity		
Common stock, \$1 par, 100 shares authorized; 100 shares issued and outstanding	100	100
Accumulated surplus	986	667
Total stockholder's equity	<u>1,086</u>	<u>767</u>
Total liabilities and stockholder's equity	<u>25,615</u>	<u>15,015</u>

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF INCOME

(All amounts in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2016	March 31, 2015
Revenues		
Service fees	10,137	6,598
Total revenues	<u>10,137</u>	<u>6,598</u>
Costs and expenses		
General and administrative expenses	9,673	6,271
Total costs and expenses	<u>9,673</u>	<u>6,271</u>
Income before tax	464	327
Income tax expense	145	64
Net income	<u>319</u>	<u>263</u>

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDER'S EQUITY

(All amounts are stated in USD unless otherwise stated)

For the year April 01, 2015 to March 31, 2016 and April 01, 2014 to March 31, 2015

Particulars	Common stock				Accumulated surplus US\$	Total stockholder's equity US\$
	Authorized		Issued & outstanding			
	Shares	Value US\$	Shares	Value US\$		
Balance as on April 01, 2014	100	100	100	100	404	504
Net income for the year	-	-	-	-	263	263
Balance as at March 31, 2015	100	100	100	100	667	767
Balance as at April 01, 2015	100	100	100	100	667	767
Net income for the year	-	-	-	-	319	319
Balance as at March 31, 2016	100	100	100	100	986	1,086

(The accompanying notes are an integral part of these financial statements)

SUNDARAM-CLAYTON (USA) LIMITED

STATEMENT OF CASH FLOWS

(All amounts are stated in USD unless otherwise stated)

	For the year ended	
	March 31, 2016	March 31, 2015
Cash flow from operating activities		
Net income	319	263
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Changes in assets and liabilities		
Other current liabilities	10,281	(5,364)
Net cash (used in) provided by operating activities	<u>10,600</u>	<u>(5,101)</u>
Net (decrease) increase in cash and cash equivalents	10,600	(5,101)
Cash and cash equivalents at the beginning of the year	15,015	20,116
Cash and cash equivalents at the end of the year	<u>25,615</u>	<u>15,015</u>
Supplemental cash flow information		
Income taxes paid	74	64

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. Business

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.

2. Basis of preparation

- The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States (“US GAAP”) to reflect the financial position, results of operation and cash flows of the Company.
- The financial statements are for the year April 01, 2015 to March 31, 2016 and previous year April 01, 2014 to March 31, 2015.

3. Estimates and assumptions

In preparing the Company’s financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. The important estimates made by the Company in preparing these financial statements include those on the provision of income taxes. Actual results could differ from those estimates.

4. 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 comprises of balance with bank.

5. Revenue recognition

The Company reports revenues, net of direct pass-through costs, which are costs billed and incurred for PEO worksite employees, primarily consisting of payroll wages and payroll taxes. Benefits and workers’ compensation fees for PEO worksite employees are included in PEO revenues and the associated costs are included in operating expenses.

6. Income taxes

The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. 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 the statement of income in the period of change. Based on management’s judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

7. 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 B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company comprise of:

	As at	
	March 31, 2016	March 31, 2015
Bank balance	25,615	15,015
Total	<u>25,615</u>	<u>15,015</u>

Cash balances in checking account with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$ 250,000. As at March 31, 2016 & March 31, 2015, the Company had \$ Nil cash at risk.

NOTE C – OTHER CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2016	March 31, 2015
Advance from related party (Refer note E)	24,425	14,215
Provision for tax	104	33
Total	<u>24,529</u>	<u>14,248</u>

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, 2016	March 31, 2015
Current tax	145	64
Total	<u>145</u>	<u>64</u>

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.

SUNDARAM-CLAYTON (USA) LIMITED

The tax years of 2012 through 2014 remain subject to examination by the taxing authorities.

NOTE E – RELATED PARTY TRANSACTIONS

- a) Details of related parties, their relationship and the respective transactions during the period are provided hereunder:

<u>Name of the related party</u>	<u>Relationship</u>
Sundaram Clayton Limited – USA branch office	Branch of Parent Company

- b) Summary of the transactions with related parties are as follows:

<u>Particulars</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Transactions during the period		
• PEO service charges	10,137	6,598
Balances at year end		
• Advance payable	24,425	14,215

NOTE F – CONCENTRATION OF RISKS

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, 2016 (March 31, 2015: \$ Nil). The advance payable to the parent company as at March 31, 2016 is \$ 24,425 (March 31, 2015: \$14,215).

NOTE G – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 29, 2016 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, 2016.

**RE-STATED ACCOUNTS OF
SUNDARAM-CLAYTON (USA) LIMITED**

SUNDARAM-CLAYTON (USA) LIMITED

BALANCE SHEET AS AT 31ST MARCH 2016

Sl. No.	Particulars	Note Number	in USD		Rupees in lakhs	
			As at 31.03.2016	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016
I	EQUITY AND LIABILITIES					
1	Shareholders' funds					
	(a) Share capital	I	100.00		0.06	
	(b) Reserves and surplus	II	986.00		6.62	
2	Non-current liabilities					
	(a) Long-term borrowings		-		-	
	(b) Deferred Tax liability (net)		-		-	
	(c) Long-term provisions	III	104.00		0.07	
3	Current liabilities					
	(a) Short-term borrowings		-		-	
	(b) Trade payables		-		-	
	(c) Other current liabilities	IV	24,425.00		16.22	
	(d) Short-term provisions		-		-	
	Total		25,615.00		16.97	
II	ASSETS					
1.	Non-current assets					
	(a) Fixed assets					
	(i) Tangible assets		-		-	
	(ii) Intangible assets		-		-	
	(iii) Capital work-in-progress		-		-	
	(iv) Intangible assets under development		-		-	
	(b) Non-current investments		-		-	
	(c) Long-term loans and advances		-		-	
	(d) Other non current assets		-		-	
2.	Current assets					
	(a) Current investments		-		-	
	(b) Inventories		-		-	
	(c) Trade receivables		-		-	
	(d) Cash and cash equivalents	V	25,615.00		16.97	
	(e) Short-term loans and advances		-		-	
	(f) Other current assets		-		-	
	Total		25,615.00		16.97	

Notes on Accounts

Sl. No.	in USD		Rupees in lakhs	
	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016
I	SHARE CAPITAL			
	Authorised, issued and subscribed share capital			
	Authorised			
	Ordinary shares of US \$ 1/- each	100.00		0.06
	Issued, subscribed and paid up			
	Ordinary shares of US \$ 1/- each	100.00		0.06
		<u>100.00</u>		<u>0.06</u>
II	RESERVES AND SURPLUS			
	Surplus - Balance in Statement of Profit and Loss			
	Opening balance	667.00		0.42
	(+) Net profit / (Loss) for the current year	319.00		0.41
	Closing balance	986.00		0.83
	Foreign currency translation reserve	-		(0.21)
	Total	986.00		0.62
III	LONG TERM PROVISION			
	Liability for expenses	104.00		0.07
	Total	104.00		0.07
IV	OTHER CURRENT LIABILITIES			
	Advance from related party	24,425.00		16.22
	Total	24,425.00		16.22

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Sl. No.	Particulars	Note Number	in USD		Rupees in lakhs	
			As at 31.03.2016	As at 31.03.2016	As at 31.03.2016	As at 31.03.2016
I	Revenue from operations	VI	10,137.00		6.82	
II	Other income		-		-	
III	Total Revenue (I + II)		10,137.00		6.82	
IV	Expenses:					
	Cost of materials consumed		-		-	
	Purchases of Stock-in-trade		-		-	
	Changes in inventories of finished goods work-in-process and stock-in-trade		-		-	
	Employee benefits expense		-		-	
	Finance costs		-		-	
	Depreciation and amortization expense		-		-	
	Other expenses	VII	9,673.00		6.32	
	Total expenses		9,673.00		6.32	
V	Profit before tax (III-IV)		464.00		0.50	
VI	Tax expense:					
	(1) Current tax		145.00		0.09	
	(2) Deferred tax		-		-	
VII	Profit / (Loss) for the period (V-VI)		319.00		0.41	

V CASH AND CASH EQUIVALENTS

Balances with banks	25,615.00	16.97
Total	25,615.00	16.97

VI REVENUE FROM OPERATIONS

Service fees	10,137.00	6.82
Total	10,137.00	6.82

VII OTHER EXPENSES

General & Administrative Expenses	9,673.00	6.32
Total	9,673.00	6.32

SUNDARAM HOLDING USA INC.

Independent Auditor's Report

The Board of Directors
Sundaram Holding USA, Inc.

We have audited the accompanying financial statements of Sundaram Holding USA, Inc. ('the Company'), which comprise the balance sheet as at March 31, 2016 and the related statement of loss, changes in stockholders' deficit and cash flows for the period September 09, 2015 (date of inception) to March 31, 2016 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, 2016 and the results of its operations and its cash flows for the period then ended, in accordance with the accounting principles generally accepted in the United States of America.

Knay P.A.
Atlanta, Georgia

April 27, 2016

BALANCE SHEET

(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2016
ASSETS	
Current assets	
Cash and cash equivalents	1,000
Total assets	<u>1,000</u>
LIABILITIES AND STOCKHOLDER'S DEFICIT	
Current liabilities	
Payable to related party(Refer Note D)	310,318
Total current liabilities	<u>310,318</u>
Stockholders' deficit	
Common stock, \$1 par, 10,000,000 shares authorized; 1,000 shares issued and outstanding	1,000
Accumulated deficit	(310,318)
Total stockholders' deficit	<u>(309,318)</u>
Total liabilities and stockholders' deficit	<u>1,000</u>

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF LOSS

(All amounts in United States Dollars, unless otherwise stated)

	For the period September 09, 2015 to March 31, 2016
Costs and expenses	
General and administrative expenses	310,318
Total costs and expenses	<u>310,318</u>
Loss before tax	(310,318)
Income tax expense	-
Net loss	<u>(310,318)</u>

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF STOCKHOLDERS' DEFICIT

(All amounts in United States Dollars, except number of shares)

For the period September 09, 2015 (date of inception) to March 31, 2016

Particulars	Common stock				Accumulated surplus US\$	Total stockholder's deficit US\$
	Authorized		Issued & outstanding			
	Shares	Value US\$	Shares	Value US\$		
Balance as on September 09, 2015	10,000,000	10,000,000	-	-	-	-
Common stock issued	-	-	1,000	1,000	-	1,000
Net loss	-	-	-	-	(310,318)	(310,318)
Balance as at March 31, 2016	10,000,000	10,000,000	1,000	1,000	(310,318)	(309,318)

(The accompanying notes are an integral part of these financial statements)

SUNDARAM HOLDING USA INC.

STATEMENT OF CASH FLOWS

(All amounts in United States Dollars unless otherwise stated)

	For the period September 09, 2015 to March 31, 2016
Cash flow from operating activities	
Net loss	(310,318)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Changes in assets and liabilities	
Payable from related party	310,318
Net cash provided by operating activities	-
Cash flow from financing activities	
Issuance of common stock	1,000
Net cash provided by financing activities	<u>1,000</u>
Net increase in cash and cash equivalents	<u>1,000</u>
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	<u>1,000</u>
Supplemental cash flow information	
Income taxes paid	-

(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 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. Business

Sundaram Holding USA Inc. (the "Company"), was incorporated in the State of Delaware on September 09, 2015. The Company is a jointly owned subsidiary of Sundaram Auto Components Limited (75%) and Sundaram-Clayton Limited (25%). The Company is a member in three single member limited liability companies - Green Hills Land Holding LLC, Component Equipment Leasing LLC and Workspace Projects LLC. All the three LLCs are in a dormant state and there are no transactions occurred during the period for them.

2. Basis of preparation

- a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ("US GAAP") to reflect the financial position, results of operations and cash flows of the Company.
- b. The financial statements are for the period September 09, 2015 (date of inception) to March 31, 2016. These are the first set of financial statements produced by the Company from the date of incorporation. Comparative figures are not presented in the balance sheet, the statement of loss, the statement of stockholders' equity, the statement of cash flows and the related notes to the financial statements as required by ASC 205 - "Presentation of Financial Statements".

3. 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 realization of deferred tax assets 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.

4. Going concern issue

The Company was incorporated on September 09, 2015 and the first set of financial statements are for the period from September 09, 2015 to March 31, 2016 (approximately 6 months). The Company is in its start-up phase and is expected to start operations once the set-up for commercial production is completed. The financial statements of the Company have been prepared on the assumption that it remains a going concern. The management considers that the parent companies will continue to finance the company through equity as and when the need arises.

5. 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 comprises of cash in hand.

6. 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.

7. Income taxes

Income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. The Company is subject to income taxes in the United States. Significant judgments and estimates are required in determining the income tax expense.

The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the period 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 the statement of income in the period of change. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

8. 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.

SUNDARAM HOLDING USA INC.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company comprise of:

	As at
	March 31, 2016
Cash in hand	1,000
Total	1,000

Cash in hand comprises of cash received for shares issued and held in trust with the officer of the Company.

NOTE C - INCOME TAXES

The income tax expense for the period is \$ Nil. 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 components of deferred taxes at March 31, 2016 are as follows:

	As at
	March 31, 2016
Non-current deferred tax assets	
Startup organization costs	46,548
Less : Valuation allowance	(46,548)
Deferred tax asset, net	-

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change.

Given the early stage of the operations of the Company, the negative evidence outweighs the positive evidence and it is considered more likely than not that the benefit from deferred tax asset may not be realized in the foreseeable future. In recognition of this risk, a valuation allowance of \$ 46,548 has been recorded at March 31, 2016.

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. This had no material effect on the Company's financial position, results of operations or cash flows. The due date for the first tax return is on June 15, 2016.

NOTE D – RELATED PARTY TRANSACTIONS

a) Details of related parties, their relationship and the respective transactions during the period are provided hereunder:

Name of the related party	Relationship
Sundaram-Clayton Limited	Shareholder

b) Summary of the transactions with related parties are as follows:

Particulars	For the period September 09, 2015 to March 31, 2016
Transactions during the period	
• Expenses incurred by Sundaram-Clayton Limited on behalf of Sundaram Holding USA Inc.	310,318
Balances at year end	
• Advance payable	310,318

NOTE E - 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.

NOTE F - STOCKHOLDERS' EQUITY

Authorized

Authorized stock 10,000,000 at par \$ 1.

Common stock issued

Common stock issued as at March 31, 2016 was 1,000 shares of \$ 1 par

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 G - SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 27, 2016 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, 2016.

**RE-STATED ACCOUNTS OF
SUNDARAM HOLDING USA INC.**

SUNDARAM HOLDING USA INC.

BALANCE SHEET AS AT 31ST MARCH 2016

Sl. No.	Particulars	Note Number	USD Mn.	Rupees in crores
			As at 31.03.2016	As at 31.03.2016
I EQUITY AND LIABILITIES				
1	Shareholders' funds			
	(a) Share capital	I	-	0.01
	(b) Reserves and surplus	II	(0.31)	(2.06)
2	Non-current liabilities			
	(a) Long-term borrowings		-	-
	(b) Long-term provisions		-	-
3	Current liabilities			
	(a) Short-term borrowings		-	-
	(b) Trade payables		0.31	2.06
	(c) Other current liabilities		-	-
	(d) Short-term provisions		-	-
	Total		-	0.01
II ASSETS				
1.	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets		-	-
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Long-term loans and advances		-	-
	(d) Other non current assets		-	-
2.	Current assets			
	(a) Current investments		-	-
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and bank balances	III	-	0.01
	(e) Short-term loans and advances		-	-
	(f) Other current assets		-	-
	Total		-	0.01

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

Sl. No.	Particulars	Note Number	As at	As at
			31.03.2016	31.03.2016
I	Revenue from operations		-	-
II	Other income		-	-
III	Total Revenue (I + II)		-	-
IV	Expenses:			
	Cost of materials consumed		-	-
	Purchases of Stock-in-trade		-	-
	Changes in inventories of finished goods work-in-process and stock-in-trade		-	-
	Employee benefits expense		-	-
	Finance costs		-	-
	Depreciation and amortization expense		-	-
	Other expenses	IV	0.31	2.03
	Total expenses		0.31	2.03
V	Profit before tax (III-IV)		(0.31)	(2.03)
VI	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax		-	-
VII	Profit (Loss) for the period (V-VI)		(0.31)	(2.03)

Notes on Accounts

Sl. No.	USD Mn.	Rupees in crores
	As at 31.03.2016	As at 31.03.2016
I SHARE CAPITAL		
Authorised, issued and subscribed share capital		
Authorised		
	10,000,000 Ordinary shares of US \$ 1/- each	66.26
Issued, subscribed and paid up		
	1,000 Ordinary shares of US \$ 1/- each	0.01
		0.01
II RESERVES AND SURPLUS		
(a)	Foreign currency translation reserve	(0.03)
(b)	Surplus - Balance in Statement of Profit and Loss	
	Opening balance	-
	(+) Net profit / (Loss) for the current year	(2.03)
	Closing balance	(2.03)
	Total (a) + (b)	(2.06)
III CASH AND BANK BALANCES		
	Cash in Hand	0.01
	Total	0.01
IV OTHER EXPENSES		
	General & Administrative Expenses	2.03
	Total	2.03